

A round up of policy events and news

Top stories

1. Queen's Speech

The Queen's Speech and the State Opening of Parliament took place on the 8th of May. In total 18 new Bills were announced. Of most interest are: the Care Bill, the Pensions Bill and the Mesothelioma Bill.

Care Bill: The Care Bill has started its passage through the Houses of Parliament. The Bill seeks to implement the proposed changes put forward in the 2012 White Paper, *Caring for our future: reforming care and support*, which followed the Commission on the Funding of Care and support, chaired by Andrew Dilnot, and to meet the recommendations of the Law Commission in its report on Adult Social Care. It aims to introduce a cap on the cost of social care, and give carers the legal right to support from their local council. It will provide protection to people whose care provider goes out of business and give everyone a legal entitlement to a personal care budget, which they can receive as a direct payment to spend as they wish. The Bill will introduce an Ofsted-style rating system for hospitals and care homes and give new powers of intervention to the chief inspector of hospitals. It will create two new public bodies, Health Education England and the Health Research Authority. These will provide additional training and support for health professionals. The bill will apply to England only, although the Health Research Authority will co-operate with organisations across the UK. [Links: *Care Bill \(Parliament website\)* & *Care Bill fact sheets*](#)

Pensions Bill: The Pensions Bill has been introduced into Parliament following its announcement in the Queen's Speech. The Bill includes reforms to both state and private pensions, and bereavement benefits. Measures include:

- the introduction of a single-tier pension; an increase in the State Pension age to 67 and the establishment of a framework for considering future changes in light of increasing life expectancy;
- provisions for a system of automatic transfers of small pension pots, which aims to reduce the number of dormant pots and make it easier for people to keep track of their pensions savings and secure a better income in retirement;
- the introduction of a new statutory objective for the Pensions Regulator to take account of the sustainable growth of employers, and contains a number of smaller amendments in relation to private pensions legislation, including some measures relating to automatic enrolment into workplace pension schemes; and
- the reform of the existing suite of bereavement benefits. [Pensions Bill \(Parliament website\)](#)

Mesothelioma Bill: This piece of legislation seeks to establish a payment scheme to ensure that people with Diffuse Mesothelioma could receive payments where no liable employer or insurer could be traced. [Click here](#)

2. FCA launches a thematic review of the insurance claims process

Martin Wheatley, Chief Executive of the Financial Conduct Authority, has announced, in a speech to BIBA's annual conference, a thematic review into the insurance claims process. The review will focus on household and travel claims. It will include an assessment of sales made through brokers and regulated advisers selling general insurance policies. Findings and recommendations are expected by the end of 2013. [Click here](#)

3. FCA bans the promotion of UCIS and close substitutes to ordinary retail investors

Following a consultation process, the FCA has published final rules banning the promotion of Unregulated Collective Investment Schemes (UCIS) and certain other "non-mainstream pooled investments" (NMPIS) to the vast majority of retail investors in the UK. Such products should only be offered to high net worth or sophisticated investors. The rules will take effect from 1 January 2014. [Click here](#)

4. Treasury minister on the importance of insurance

The Financial Secretary to the Treasury, Greg Clark MP, has given a speech (at an Insurance Day summit) on the insurance industry in which he set out the four main challenges it is facing. The Minister identifies them as:

- demographics and the impact of an ageing population;
- information and what the proliferation means for fairness and privacy;
- trust and confidence; and
- renewing and improving the UK's economic infrastructure.

He also praised the contribution insurance makes to the UK economy and its continued innovation and use of technology. [Click here](#)

5. Banking Commission

Publication: The Parliamentary Commission on Banking Standards has collected its evidence and is currently working on its final report. The report is expected to be published in mid-June. [Committee web page](#)

Westminster and Whitehall

Announcements

Automatic transfers: consolidating pension savings: The Department for Work and Pensions has published a paper setting out proposals for a system for the automatic transfer of small pension pots when people change jobs. It covers eligibility criteria for automatic transfers, including which schemes, individuals and pension pots should be subject to the requirements. [Click here](#)

Government tackles “high and inappropriate” pension charges: The Government has announced that it intends to protect consumers by tackling “high and inappropriate” pensions charges. This follows a review of consultancy charges in the past six months which concluded that existing measures to prevent advisers deducting high charges from members’ pension pots are inadequate. The Government therefore intends to ban consultancy charges in automatic enrolment schemes. The ban will apply to both occupational and personal pension schemes and the Government intends to lay regulations before Parliament as soon as possible. It also plans to publish a consultation in the autumn, in light of a forthcoming Office of Fair Trading report on the workplace pension market, which will set out proposals to tackle high and inappropriate pension charges, including a cap on default fund charges in defined contribution schemes. [Press release & ministerial statement](#)

Labour on workplace pension market: Gregg McClymont MP, Labour’s Shadow Pensions Minister, has put forward his Party’s views on pensions at work. In a pamphlet published by the Fabian Society, he spells out Labour’s call for greater transparency over the fees charged by providers to manage pension schemes and calls for more occupational pension funds to be run by trustees. [Click here](#)

Regulators and Bank of England

Announcements & Publications

FCA guidance on dealing fairly with interest-only mortgage customers: The FCA has published guidance (GC13/2) on dealing fairly with interest-only mortgage customers who risk being unable to repay their loan. The guidance is based on the findings from an external review on the maturity of interest-only mortgages. The guidance sets out what the FCA expect firms to do to ensure the fair treatment of customers who are unable to repay the capital sum at the end of the mortgage term. [Click here](#)

FCA policy statement on tracing employers’ liability insurers: The FCA has published a policy statement (PS13/2) on the new rules on employers’ liability insurance. Firms affected have to implement the proposed changes by 4 December 2013. [Click here](#)

FCA publishes responses to discussion paper on transparency: The Financial Conduct Authority (FCA) has published the responses it has received to its discussion paper on transparency DP 13/1. The FCA is currently reviewing the responses and we will publish a Feedback Statement in June. At the same time, the FCA will publish the FCA Transparency Framework, which will set out how we will appraise and evaluate our transparency initiatives. [Click here](#)

MOU between FCA & PRA: HM Treasury has published a ‘*Memorandum of understanding: between the Financial Conduct Authority and the Bank of England, including the Prudential Regulation Authority*’. [Click here](#)

Corporate governance of the FCA: The FCA has published a document entitled “Corporate governance of the Financial Conduct Authority” which summarises the corporate framework of the FCA. This framework establishes how the FCA is constituted, directed and controlled by its governing body, the Board. [Click here](#)

Ombudsman publishes note on misrepresentation: The Financial Ombudsman Service (FOS) has published a technical note on misrepresentation and non-disclosure which explains its approach to complaints where an insurer says a consumer did not “disclose” (tell the insurer) everything they should have when taking out an insurance policy. [Click here](#)

FOS annual review 2012/2013: The Financial Ombudsman Service (FOS) has published its annual review for 2012/2013. The annual review focuses on consumer complaints relating to insurance, credit, banking, savings and investments. [Click here](#) Headlines include:

- the ombudsman received over 2 million enquiries and complaints from consumers during the year;
- the ombudsman tackled a record 508,881 new cases – an increase of 92 per cent compared to last year;
- payment protection insurance (PPI) made up 74 per cent of all cases, with the number of PPI cases rising to 378,699 – more than double the previous year; and
- four of the UK’s largest banking groups accounted for 62 per cent of all complaints received, up from 52 per cent last year.

BoE annual report 2013: The Bank of England (BoE) has published its annual report 2013 setting out its strategic priorities for 2013/2014. One of the priorities is around integrating microprudential supervision into the BoE, including by maintaining effective co-operation with the FCA. [Click here](#)

European & International News

Solvency II – PRA update: The PRA has sent a letter to all firms affected by the Solvency II Directive. The letter provides an update on the European timetable and the implications on the work that must be completed in the coming months. There continues to be significant uncertainty over the timetable and final shape of the Solvency II regime. [Click here](#). The PRA has also sent a letter to all firms in the Solvency II internal model approval process regarding the introduction of early warning indicators in the Individual Capital Adequacy Standards (ICAS) regime. [Click here](#)

European Parliament opinion on IMD 2: The European Parliament's Internal Market and Consumer Protection Committee has published its opinion on the proposal for a Directive amending the Insurance Mediation Directive (2002/92/EC) (IMD 2). Points covered include: remuneration rules; geographical scope; and the scope of the Directive. The Parliament is due to consider the IMD2 legislative proposal in its plenary session to be held from 21 to 24 October 2013. [Click here](#)

EIOPA publishes discussion paper on a possible EU-single market for personal pension products: Following a request by the European Commission to the European Insurance and Occupational Pensions Authority (EIOPA) to provide technical advice on the prudential regulations and consumer protection measures needed to create a single market for personal pensions, EIOPA has published a discussion paper on a possible EU-single market for personal pension products. The discussion paper focuses on three key aspects of personal pensions:

- a possible definition of a personal pension;
- potential cross-border frameworks (passporting and the so-called second regime (also known as the 28th regime) which would create a uniform European system as an alternative to the different national regimes; and
- consumer protection, including information disclosure and selling practices.

The deadline for comments is 16 August 2013. [Click here](#)

EIOPA Chair's statement on future powers: Gabriel Bernardino, Chair of the European Insurance and Occupational Pensions Authority (EIOPA), has called for an enlargement of its powers in the regulation and supervision of European insurance and reinsurance companies and groups. The enlargement of powers would apply to banning or restricting financial activities, powers in relation to personal pensions, and oversight role in relation to internal models and an enhanced supervisory role for the largest important cross-border insurance groups. He also called for EIOPA to be financed in such a way as to ensure its operational independence. [Click here](#)

Mortgage Credit Directive - final compromise text: The text of the Mortgage Credit Directive that has been provisionally agreed between the Council and the European Parliament has been published. The next stage is for the provisional text to be formally approved by Parliament in a plenary sitting, scheduled for 2 July 2013, and endorsed by EU Member States. [Click here](#),

Hong Kong SFC introduces enhanced disclosure requirements for investment-linked assurance schemes: The Hong Kong Securities and Futures Commission (SFC) has published a circular introducing enhanced disclosure requirements applicable to investment-linked assurance schemes (ILAS). The SFC has worked closely with the Hong Kong Office of the Commissioner of Insurance, the Hong Kong Monetary Authority and the Hong Kong Federation of Insurers to develop effective enhanced disclosure requirements. [Click here](#)

Consultations (closing date order – nearest first)

FCA consultation on 2013/14 regulatory fees and levies: The FCA has published a consultation paper (CP13/1) on the proposed 2013/14 regulatory fees and levies for the FCA, the Financial Ombudsman Service (FOS) and the Money Advice Service. This paper consults on the FCA's proposed fee rates to raise the £432.1 million annual funding requirement. The paper also considers the FOS general levy which the FOS has requested to be raised by 30 per cent to £23 million and the Money Advice Service's total funding requirement of £78.3 million. Closing date: 9 June. [Click here](#)

PRA consultation on 2013/14 regulatory fees: The PRA has published a consultation paper (CP3/13) on the proposed fee rates to meet the PRA's 2013/14 annual funding requirement of £214.2 million (including PRA transition costs of £14.8 million). Closing date: 9 June. [Click here](#)

ECON consults on enhancing coherence of the EU financial services legislation: The European Parliament Committee on Economic and Monetary Affairs (ECON) has launched a public consultation on ways to further enhance the

coherence of EU financial services legislation as part of the transition to the single financial services rulebook. The consultation is expected to determine ECON's future priorities and the priorities for the incoming European Parliament in 2014. Closing date: 14 June. [Click here](#)

EIOPA consults on guidelines for the preparation of Solvency: The European Insurance and Occupational Pensions Authority (EIOPA) has launched a public consultation on guidelines intended to support both national competent authorities (NCAs) and undertakings in their preparation for the Solvency II Directive requirements. EIOPA is aiming to publish the final guidelines in autumn 2013. Closing date: 19 June.

EIOPA consults on guidelines for complaints-handling by insurance intermediaries: The European Insurance and Occupational Pensions Authority (EIOPA) has launched a consultation on guidelines for complaints-handling by insurance intermediaries. These guidelines are a follow up of previous EIOPA guidelines on complaints-handling by insurers and aim to ensure a "complete circle of protection" for consumers. Closing date: 28 June 2013. EIOPA is aiming to publish the final guidelines by autumn 2013 after which the 'comply or explain process' will be initiated. [Click here](#)

European Commission launches consultation of third pillar retirement products: The European Commission has launched a public consultation on third pillar retirement products and individual pension plans, focusing on the provision of information to customers, selling practices and consumer protection. The consultation closes on 19 July 2013. [Click here](#)

FCA consults on MMR data reporting: The FCA has issued a consultation paper (CP13/2) "*Mortgage Market Review – Data Reporting*". The FCA is proposing new rules on data collection to help them to supervise the new requirements set out in the Mortgage Market Review (MMR), including new rules on responsible lending and new prudential requirements for non-deposit taking mortgage lenders. Consultation closes 15 August 2013. [Click here](#)

Appointments

Nick Prettejohn, Chairman of Brit Insurance Holdings NV, and a Director of Legal and General plc, has been **appointed to the Board of the Prudential Regulation Authority**. Before taking up the appointment on 10th June, Mr Prettejohn will resign from the Board of Legal and General.

Robin Fieth has been announced as the next CEO of the Building Societies Association. Mr Fieth is currently the Executive Director, Members and Operations at the Institute of Chartered Accountants in England and Wales (ICAEW) and takes over on 1 December.

Chris Hannant is the new **Director General of the Association of Professional Financial Advisers**. Mr Hannant is currently Director of Policy at APFA.

Lady Barbara Judge has been reappointed as **Chair of the Pension Protection Fund**. She has held the post for three years and will continue to do so for another three years.

Forward Look

2013

Q2: a feedback statement to DP13/1 on "How the FCA could be more transparent".

Q2: a policy statement to CP13/7 on "Consumer credit regulation - our proposed regime".

Q2: a policy statement to CP12/12 on “Payments to platform service providers and cash rebates from providers to consumers”.

Q2/3: a consultation paper on "Conduct and prudential consumer credit rules".

June 17: Pensions Bill Second Reading

June 26: Government Spending Review announced

July 2: proposal for the recast Insurance Mediation Directive (IMD 2).

July 2: proposal for a Regulation on packaged retail investment products (PRIIPS).

Q3/4: Policy statement to CP12/20 on “Review of the client money rules for insurance intermediaries”.

22 October: Indicative date for the European Parliament plenary sitting to consider the legislative proposals for Markets in Financial Instruments Directive (MiFID2).

Q3/4: a policy statement to CP11/23 on “Solvency II and linked long-term insurance business”.

Q3/4: a feedback to CP11/22 and CP12/13 on “Transposition of Solvency II”.

Q3/4: a policy statement to CP12/20 on “Review of the client money rules for insurance intermediaries”.

Q4: Solvency II (Directive 2009/138/EC) Level 2/implementing measures, due.

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