Public affairs update

Winter edition - covering late October, November & early December 2014 Vol. 8 Issue 9

A round up of policy events and news

1. Top story

Chancellor's Autumn Statement The Chancellor George Osborne has delivered his final Autumn Statement before next May's General Election. The most eye-catching announcement was the overhaul of the Stamp Duty system, with an end to the residential slab system.

Economic overview

The Chancellor was able to point to the UK being the "fastest growing economy in the world", with the Office for Budget Responsibility's (OBR) prediction for 2014 GDP growth revised up to 3.0% (up from 2.7% in March). However, the OBR did cut its medium term forecasts with 2016 growth down from 2.6% to 2.2%. Inflation was forecast to be 1.5% this year, 1.2% next and 1.7% in 2016. The Chancellor will also miss his self imposed deficit reduction targets.
National debt will be 80.4% of GDP this year. It will peak at 81.1% next year then go down to 80.7% in 2016, then 78.%, then 76.2%, then 72.8% in 2019.
Borrowing forecast to be £91.3bn this year, down from £97.5bn forecast. Then it will be £75bn, then £40.9bn, then £14.5bn, then a surplus of £4bn in 2018-19. In 2019-20 there will be a surplus of £23bn.

Pensions & saving

- The 55 per cent death tax that currently applies when you pass an unused pension pot on to your loved ones will be abolished. This was announced during this year's Conservative Party conference.
- Next April, ISAs will be increased to a £15,240 limit.
- When people die before 75, they can pass unused pension pots and ISA tax free.
- When someone dies, their spouses will be able to inherit ISAs and keep tax free status.

Housing

- The residential slab system will be abolished altogether. In future each rate will only apply to the part of the property price that falls within that band. The changes will come in to effect from midnight tonight and there will be a motion to introduce this.
- Stamp duty will be cut for the 98 per cent of homebuyers who pay it.
- Only homes that cost just over £937,000 will see their stamp duty bill go up under this system – gradually to start with, rising to more substantial sums for the most expensive homes.

New rates of stamp duty	
Purchase price of property (£)	**New rates paid on the part of the property price within each tax band**
0-125,000	0%
125,001-250,000	2%
250,001-925,000	5%
925,001-1,500,000	10%
1,500,001 and over	12%

Flooding

- In an announcement prior to the speech, the government outlined its plans to invest £2.3 billion in over 1,400 flood defence schemes over the next 6 years. This forms the backbone of the governments 'investment plan' which sets out what they expect to achieve from the money invested in flood risk management in the next six years. Projects include the Humber Estuary, the Boston Barrier and the Somerset levels. *Click here*

Business & economy

- National Insurance payment for young apprentices (under 25) will be abolished.
- A 25 per cent tax on profits generated by multinationals from economic activity in the UK which they then artificially shift out of the country will be introduced.
- The Funding for Lending scheme will be extended by a further year and focusing it exclusively on smaller firms.
- Small business rate relief will be doubled for another year.
- A full review of the structure of business rates will be introduced and businesses will be consulted on the restructure.
- There will be an increase to the personal allowance threshold to higher rate taxpayers paying 40 per cent tax. So the higher rate threshold increases from £41,865 this year to £42,385 next year.
- Non-doms will have to pay £60,000 to preserve their non-dom tax status and a new £90,000 charge will be introduced for those resident in this country for 17 of the past 20 years.

Links
Autumn Statement website: *Click here*
Autumn Statement document: *Click here*

2. General insurance

Government announce whiplash injury fraud task force In a speech at the ABI's Motor Insurance conference, Secretary of State for Justice, Chris Grayling announced the formation of a fraud task force to investigate potential further regulation of claims management firms to stem fraudulent and exaggerated whiplash injury claims. The task force will be chaired by Law Commissioner David Hertzell. The task force will focus on: The perception that insurance fraud is considered to be 'fair game' by consumers; practices that fail to deter claims fraud and whether aspects of the legal framework can be strengthened to reduce fraud.

Links
Whiplash reform programme: *Click here*
Chris Grayling's ABI speech: *Click here*

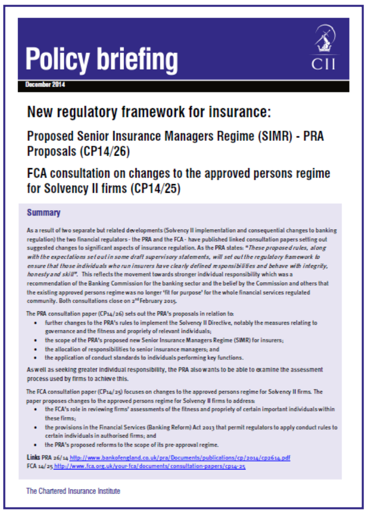
New regulatory framework for insurance: PRA & FCA consultations As a result of two separate but related developments (Solvency II implementation and consequential changes to banking regulation) the two financial regulators - the PRA and the FCA - have published linked consultation papers setting out suggested changes to significant aspects of insurance regulation. As the PRA states: "*These proposed rules, along with the expectations set out in some draft supervisory statements, will set out the regulatory framework to ensure that those individuals who run insurers have clearly defined responsibilities and behave with integrity, honesty and skill".* This reflects the movement towards stronger individual responsibility which was a recommendation of the Banking Commission for the banking sector and the belief by the Commission and others that the existing approved persons regime was no longer 'fit for purpose' for the whole financial services regulated community. Both consultations close on 2nd February 2015.

The PRA consultation paper (CP14/26) sets out the PRA's proposals in relation to:

- further changes to the PRA's rules to implement the Solvency II Directive, notably the measures relating to governance and the fitness and propriety of relevant individuals;
- the scope of the PRA's proposed new Senior Insurance Managers Regime (SIMR) for insurers;
- the allocation of responsibilities to senior insurance managers; and
- the application of conduct standards to individuals performing key functions.

As well as seeking greater individual responsibility, the PRA also wants to be able to examine the assessment process used by firms to achieve this.

The FCA consultation paper (CP14/25) focuses on changes to the approved persons regime for Solvency II firms. The paper proposes changes to the approved persons regime for Solvency II firms to address:



- the FCA's role in reviewing firms' assessments of the fitness and propriety of certain important individuals within these firms;
- the provisions in the Financial Services (Banking Reform) Act 2013 that permit regulators to apply conduct rules to certain individuals in authorised firms; and
- the PRA's proposed reforms to the scope of its pre-approval regime.

Links PRA Proposed Senior Insurance Managers Regime (SIMR) consultation (26/14) *click here*
FCA consultation changes to the approved persons regime for Solvency II firms (14/25) *click here*

The CII has produced a briefing covering both consultation papers:
http://bit.ly/1rT5Q7C

The PRA's approach to with-profits insurance business – CP22/14 The PRA has issued a consultation paper (CP) setting out proposed changes to their regulation of UK with-profits insurance business. The changes will apply to firms that write with-profits business, and contains a draft supervisory statement which sets out the PRA's expectations of firms. CP 22/14 clarifies the PRA's role and objectives in relation to with-profits business, to take into account:

- changes in the UK regulatory landscape and the framework of coordinated supervision of with-profits business as set out in the with-profits Memorandum of Understanding (MoU) with the Financial Conduct Authority (FCA);
- the new PRA Rulebook, and how this will affect the current designation of with-profits provisions within the existing shared Handbook; and
- the introduction of Solvency II.

This CP is of interest to all UK insurance firms that write with-profits business, as well as those with closed with-profits funds. It is relevant to all such firms whether or not they are within the scope of Solvency II. *Click here*

FCA issues thematic reviews on how firms should manage financial crime risks The FCA has published two thematic reviews relating to financial crime risks. One covers managing bribery and corruption risk in commercial insurance broking. The review found that most insurance intermediaries sampled had controls that failed to manage bribery and corruption risk effectively. In particular, bribery and corruption risk assessments were often too narrow and senior management oversight was inadequate. As a result of these thematic reviews, the FCA has proposed to update the "*Financial Crime: A Guide for Firms*" to include best practices and to identify areas that firms need to improve. The deadline for comments on the proposed guidance is 6 February 2015.
Links *Review of small commercial insurance intermediaries*
FCA's updated financial crime guide.

FSB seeks comments on the Identification of Critical Functions for Systemically Important Insurers The Financial Stability Board (FSB) has launched a public consultation on guidance for the identification of the critical functions and critical shared services for systemically important insurers. The guidance should assist national authorities in implementing the recovery and resolution planning requirements set out in the FSB Key Attributes of Effective Resolution Regimes for Financial Institutions and in the policy measures of the International Association of Insurance Supervisors for globally systemically important insurers. The consultation closes on December 15. *Click here*

PRA consults on policyholder protection The PRA has published a consultation paper "Policyholder protection" (CP21/14) on proposed changes to its rules for insurance policyholder protection. The consultation paper is one of a series of consultations aimed at replacing the Compensation sourcebook (COMP) and those parts of the Fees sourcebook (FEES) applicable to the Financial Services Compensation Scheme (FSCS) levies that the PRA inherited from the FSA. The proposed changes include:

- increased insurance limits for compensation to protect policyholders in the event of an insurer failing. The PRA proposes to increase the limit to 100 per cent of cover for annuities, pure protection, claims arising from death or incapacity and professional indemnity insurance;
- FSCS protection will be provided for policyholders who have an outstanding protected claim against an insurer where the claim was covered by the FSCS before their policies transferred to a successor firm; and
- the FSCS will be given the power to seek recovery from insurers and third parties after the payment of compensation through automatic and electronic assignment and automatic subrogation of claimants' rights.

The deadline for comments is 6 January 2015. The PRA plans on publishing a policy statement containing the final rules, a summary of the feedback received and an updated policy for the FSCS in the first half of 2015. The final rules are planned to take effect in July 2015. *Click here*

3. Retirement

Guidance Guarantee update Following their consultation on the Budget 2014 pension reforms, Government and FCA are progressing the retirement reforms towards an April 2015 launch:

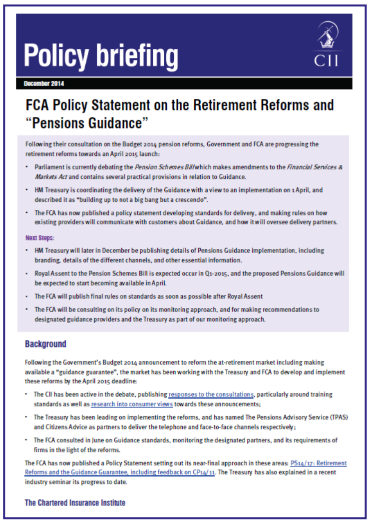
- In November the Chancellor announced that, from April, Citizens Advice will provide expert face to face guidance, and telephone guidance will be provided by the Pensions Advisory Service.
- Parliament is currently debating the *Pension Schemes Bill* which makes amendments to the *Financial Services & Markets Act* and contains several practical provisions in relation to Guidance.
- HM Treasury is coordinating the delivery of the Guidance with a view to an implementation on 1 April, and described it as "building up to not a big bang but a crescendo".

- The FCA has now published a policy statement developing standards for delivery, and making rules on how existing providers will communicate with customers about Guidance, and how it will oversee delivery partners.

Next Steps:

- HM Treasury will later in December be publishing details of Pensions Guidance implementation, including branding, details of the different channels, and other essential information.
- Royal Assent to the Pension Schemes Bill is expected occur in Q1-2015, and the proposed Pensions Guidance will be expected to start becoming available in April.
- The FCA will publish final rules on standards as soon as possible after Royal Assent

The FCA will be consulting on its policy on its monitoring approach, and for making recommendations to designated guidance providers and the Treasury as part of our monitoring approach.


Policy briefing

CII

December 2014

FCA Policy Statement on the Retirement Reforms and "Pensions Guidance"

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Background

Following the Government's Budget 2014 announcement to reform the at-retirement market including making available a "guidance guarantee", the market has been working with the Treasury and FCA to develop and implement these reforms by the April 2015 deadline:

- The CII has been active in the debate, publishing responses to the consultations, particularly around training standards as well as research into consumer views towards these announcements;
- The Treasury has been leading on implementing the reforms, and has named The Pensions Advisory Service (TPAS) and Citizens Advice as partners to deliver the telephone and face-to-face channels respectively;
- The FCA consulted in June on Guidance standards, monitoring the designated partners, and its requirements of firms in the light of the reforms.

The FCA has now published a Policy Statement setting out its near-final approach in these areas: PS14/17: Retirement Reforms and the Guidance Guarantee, including feedback on CP14/11. The Treasury has also explained in a recent industry seminar its progress to date.

The Chartered Insurance Institute

The CII/PFS has produced a briefing on the latest Guidance Guarantee developments http://bit.ly/1pXsmuR

FCA consults on charges in workplace personal pension schemes Following an announcement by the pensions minister, Steve Webb, the FCA has published a consultation paper entitled "*Charges in workplace personal pension schemes*" (CP14/24). This consultation sets out new rules for a charge cap for default funds used for automatic enrolment in workplace pension schemes and for banning certain charging practices. Proposals include:

- *From April 2015.* A cap on the charges within default funds equivalent to 0.75 per cent per annum of funds under management;
- *From April 2015.* Preventing firms from paying or receiving consultancy charges;
- *From April 2016.* Preventing firms from paying commission or other charges for advice which are not initiated by scheme members; and
- *From April 2016.* Preventing firms from using differential charges based on whether the member is currently contributing or not.

The consultation closes on 31 December 2014. The FCA expects to publish a policy statement and rules in February 2015 with a view to the rules coming into force on 6 April 2015. *Click here*

NEST launches tool for intermediaries - NEST Connect NEST has launched a new online multi-client delegated access function called NEST Connect, built specifically for intermediaries. With NEST Connect intermediaries can:

- Set-up directly with NEST as a delegate organisation.
- Manage NEST for all their clients through one account.
- Create bespoke access levels for different users within the intermediary organisation.

4. Savings, investments & financial advice

John Griffiths-Jones - The vital relationship between the regulator and the advisory industry In a speech given at the APFA annual dinner, FCA Chairman John Griffiths-Jones concentrated on the "*vital*" relationship between the regulator and the advisory industry, and several other important topics for advisors – including supporting the transition from "*industry to profession*". He highlighted the three main messages he'd picked up from advisors since he became chairman:

1. *We want to do the right thing, we certainly don't want to get into trouble with you or the FOS, but your rules are complicated.*
2. *We want to have access to you when we need to understand something, particularly new rules.*
3. *And, the commonly understood meaning of the words 'advice' vs 'guidance' and 'restricted' vs 'independence' has been severely stressed.*

On the RDR he pointed out that since implementation, the sector looked "*remarkably alive and well*".

On the pension reforms he said "*And as it has turned out, the reforms to the at-retirement market that will come into play next year will only increase the need and value of quality financial advice from you.. For many people, the best way to do this will be through the assistance of an advisor."*

On change in the industry: "*In the past five years we have seen significant change - in the main for the better – from an industry where there was reliance by many advisory firms on product providers for remuneration by commission, for training and for other support, to one that is more resilient, and more transparent with its customers in terms of price and services".*

On professionalism: "*In many respects the early days of change were all about distribution, hence the name, Retail Distribution Review, however alongside these changes we have seen an equally significant shift toward an industry with increased standards of professionalism.*

We are seeing this transformation happening in practice, and we want to support and encourage this transformation. And for us, when we talk about professionalism, we mean something more than just professional qualifications and certificates. Rather we mean a state of mind that dictates how you conduct yourself and how you conduct your firm when dealing with customers.

We have all learnt somewhat painfully from the banking sector that tone at the top is no substitute for tone at the till in the eyes of the public. I am sure the same is true for financial advisors." *Click here*

FCA Investment scams campaign Using funds recovered from the proceeds of crime, the FCA has launched a national campaign to warn people about investment fraud and how to spot a potential scam. *Click here*

FCA consults on restrictions on the retail distribution of regulatory capital instruments The FCA has published a consultation paper on rules to restrict the retail distribution of regulatory capital instruments. The FCA is proposing new requirements that would apply when mutual society shares are sold to retail investors. The FCA is also consulting on plans to make permanent the temporary rules, announced in August 2014, which placed restrictions on the retail distribution of contingent convertible securities (CoCos). The new rules proposed by the FCA are intended to ensure that there are appropriate safeguards in place so that such complex instruments are offered only to investors who are able to make informed decisions about them. The consultation closes on 29 January 2015. *Click here*

Sesame Ltd for 'pay-to-play' arrangements Sesame has been fined £1,598,000 for setting up a pay-to-play scheme. Sesame's arrangement effectively undermined the ban on commission payments brought in by the Retail Distribution Review. The pay-to-play scheme meant that the range of products recommended to Sesame clients under its restricted advice service was influenced by the amount of services Sesame had sold to product providers.

5. From the regulators (general)

Competition in the interests of consumers In a speech on 17 October at Mansion House Martin Wheatley, Chief Executive of the FCA, considered how competition can be used to improve consumer outcomes. He set out early successes for the regulator, including thematic reviews into retirement income and GI add ons. He also said that a new approach would need to be adopted: "*competition will not simply sit as a discrete function within the FCA – the responsibility of a handful of teams. Instead, we have to bring competition thinking, as it relates to our objectives and remit, into every decision, in every rule, in every action we take*." Mr Wheatley touched the FCA's newly operative Project Innovate and then considered consumers' ability to embrace choice. In concluding he set out the role of the FCA: "*Our role is ensuring that the right incentives are in place for both the regulator and the regulated; that the rules of the game are such that firms can thrive in the public interest*." *Click here*

FCA Complaints thematic review The FCA has published the findings of its thematic review of complaints handling. The complaints processes at 15 major retail financial firms were considered. The review did not deal with PPI complaints, which have been addressed separately.

Though some firms had shown innovations, such as greater engagement of senior management, the review highlighted further points for improvement. For example:

- Firms do not always consider the impact on consumers when designing and implementing processes and procedures.
- There are inconsistencies in the amount of redress offered, particularly for distress and inconvenience.
- Firms take a narrow approach to root cause analysis (which should enable them to determine, and fix, the underlying reason for a complaint), which may affect their awareness of wider issues.
- There are weaknesses in some firms' management information.

While the firms involved in the review have agreed to make changes, we are asking all firms, not just those that took part in the review, to consider the findings and take steps to ensure that their complaints procedures have the interests of consumers at their heart. *Click here*

FCA thematic review findings on in-house investment products The FCA has published a thematic review report on the conflicts of interest arising from wealth management and private banking firms' use of in-house investment products (TR14/19). Although most firms were found to recognise the risk of conflicts of interest, the regulator did highlight areas for improvement, including:

- firms did not articulate clearly enough how in-house investment products were aligned with customers' interests;
- some firms did not monitor the level of in-house investment products in customer portfolios; and
- communications with customers were not always clear regarding the extent to which in-house investment products might feature in customer portfolios. *Click here*

FCA confirms price cap rules for payday lenders The FCA has published final rules relating to a price cap on high-cost, short-term credit (HCSTC). The final rules come into effect on 2 January 2015. The terms of the FCA price cap for HCSTC loans will be as follows:

- when loans are taken out or rolled over, the interest and fees charges must not exceed 0.8 per cent per day of the amount borrowed;
- if a borrower defaults, fees must not exceed £15, and firms can continue to charge interest after default but not above the initial rate; and
- borrowers must never have to pay more in fees and interest than 100 per cent of what they borrowed.

The FCA will review the price cap in the first half of 2017. Most HCSTC firms must apply for FCA authorisation between 1 December 2014 and 28 February 2015. The FCA plans to publish a further consumer credit consultation paper in January 2015, which is expected to include proposals to address issues in financial promotions, credit broking, the treatment of guarantors and referring customers in arrears to sources of debt advice. *Click here*

The FCA's new competition powers: what do they mean for the financial services industry? Deb Jones, director of competition, FCA, has delivered a speech on the FCA's new competition powers. From April 2015, the new competition powers will give the FCA the ability to enforce against breaches of the Competition Act 1998 and to refer markets to the Competition and Markets Authority for in-depth investigation. The FCA will be able to exercise two functions in relation to the provision of financial services:

- the power to conduct market studies and make market investigation references under the Enterprise Act 2002; and
- the power to enforce against breaches of the prohibitions on anti-competitive behaviour set out in the Competition Act 1998 and Treaty on the Functioning of the EU.

The new powers bring the FCA into line with other sector regulators and should enable the FCA will be better placed to detect competition law breaches where they arise, and be able to step in quickly to take action. *Click here*

6. Mortgages

Speech on the post-MMR world Linda Woodall, Director of Mortgage and Consumer Lending, FCA, has given a speech entitled "*What life looks and feels like post the wake of the Mortgage Market Review (MMR*)", to the Council of Mortgage Lenders (CML). The speech, outlined the next steps in terms of the FCA's thematic work and the future challenges facing the mortgage industry.

Ms Woodall said that it had, generally speaking, been "business as usual" for most firms. She also predicted a gentle slowing of lending activity due to the continuing impact of tighter lending rules and a softening of the London market.

The FCA recognised that there would be a number of credit-worthy existing mortgage borrowers who would not be able to pass the new affordability tests under the MMR. Lenders told the FCA that they wanted the flexibility to be able to help such borrowers and to minimise the impact of the new rules. The FCA has seen cases where borrowers looking to downsize and so substantially reduce their monthly payments have been told that the new payments are not affordable. The FCA contends that this is not common sense and questions whether firms are truly thinking about their customers' best interests: is refusing this change a good outcome for that consumer? Will they be better or worse off if we allow them to downsize or move to a better deal without borrowing more?

The FCA has three key objectives and will be assessing whether a firm has:

- executed a cohesive, joined-up mortgage advice strategy;

- a well-designed mortgage advice process – one that is engaging, supportive and flexible and where the staff are well-trained and capable and act in the consumer's best interests; and
- a robust monitoring and oversight procedure in place in order to be able to identify poor outcomes such as providing unsuitable advice and also to ensure that the advice process drives positive outcomes for consumers.

The FCA plans to publish its findings in June 2015 with the aim of helping firms to move beyond prescriptive compliance with the MMR rules and strive to deliver best practice and good customer outcome. Disclosure is one key area where the FCA has no discretion to deviate from the Mortgage Credit Directive and so the European standardised information sheet will replace the FCA's key facts illustration from 22 March 2019. *Click here*

Guidance on the Financial Policy Committee's recommendation on loan to income ratios in mortgage lending The FCA has made guidance available relating to the Financial Policy Committee (FPC) made a recommendation about the loan to income (LTI) ratio for residential mortgages. The recommendation stated:

"The PRA and the FCA should ensure that mortgage lenders do not extend more than 15% of their total number of new residential mortgages at loan to income ratios at or greater than 4.5. This recommendation applies to all lenders which extend residential mortgage lending in excess of £100m a year. The recommendation should be implemented as soon as is practicable".

The guidance sets out:

- how firms are expected to act in light of the FPC's recommendation
- how the FCA will determine which firms should apply the LTI limit when the guidance comes into effect
- how the FCA will determine which firms should apply the LTI limit on an on-going basis
- how the FCA will monitor if a firm's mortgage lending is consistent with our expectations on the LTI limit and what supervisory action may be taken. *Click here*

7. Financial capability

Church of England proposes savings clubs for primary schools The Church of England has proposed a network of savings clubs in primary schools to help raise levels of children's financial awareness. The Archbishop of Canterbury's Task Group on Responsible Credit and Savings is putting forward plans for a pilot scheme where savings clubs administered by credit unions in primary schools would encourage children to save small, regular amounts of money. Children would also be given opportunities to take part in the running of the savings clubs, as junior cashiers or bank managers and their practical learning would be reinforced by classroom teaching materials.

The proposed teaching resources would cover areas such as understanding the role money plays in our lives, how to manage money and managing risks and emotions associated with money. The teaching pack would provide practical ideas for schools to promote values such as generosity including charitable giving and fundraising. Parents and school staff would be allowed to join the credit union as part of the "whole-community" approach of the programme, with parents given the chance to set up dedicated accounts to save for school or family-related expenses such as uniforms and school trips. *Click here*

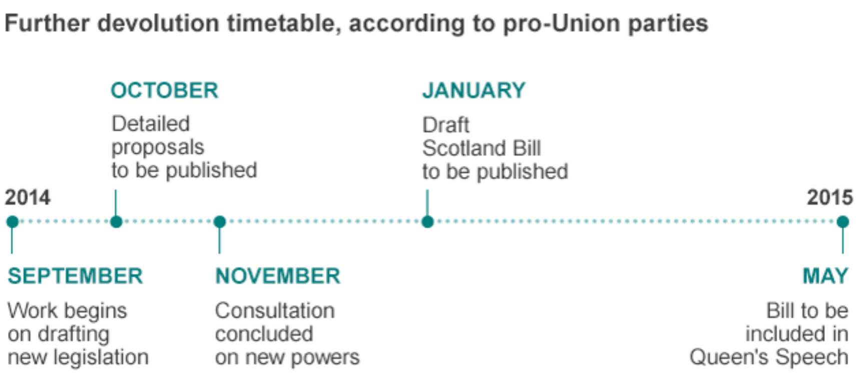
Financial Inclusion Commission: New cross-party national commission launched to help low-income households struggling with debt A new cross party commission has been set up to look at financial inclusion. The Commission is made up of senior parliamentarians (Labour, Conservative and Liberal Democrat), together with a range of experts in the field and is chaired by the former Ambassador, Sir Sherard Cowper-Coles. The President will be Sir Brian Pomeroy, Chair of the original Treasury Financial Inclusion Taskforce and non-executive director of the Financial Conduct Authority. Its core aim is to make financial inclusion a national priority ahead of the 2015 General Election, to explore the measures most urgently needed to extend access to financial services to those excluded, and to secure a pledge to tackle the problem in the manifestos of all major UK political parties.

8. Scotland

Smith Commission publishes findings As part of the debate surrounding the question of Scottish independence, Prime Minister David Cameron asked Lord Smith of Kelvin to oversee the process to take forward the devolution commitments on further powers for the Scottish Parliament. In November the Smith Commission published its report detailing Heads of Agreement on further devolution of powers to the Scottish Parliament. They include:

- The Scottish parliament will have complete power to set income tax rates and bands.
- Holyrood will control the first 10% of revenue raised from VAT.
- It will have increased borrowing powers, to be agreed with the UK government, to support capital investment and ensure budgetary stability.
- It will have control over a number of benefits including disability living allowance, the personal independence payment, winter fuel payments and the housing elements of universal credit, including the under-occupancy charge (bedroom tax).
- New powers to make discretionary payments in any area of welfare without the need to obtain prior permission from Department for Work and Pensions.
- All powers of support for unemployed people through employment programmes, mainly delivered at present through the Work Programme.
- It will have control over air passenger duty charged on people flying from Scottish airports.
- The block grant from the UK government to Scotland will continue to be determined via the operation of the Barnett formula. New rules to define how it will be adjusted at the point when powers are transferred and thereafter will be agreed by the Scottish and UK governments and put in place prior to the powers coming into force.
- MPs representing constituencies across the whole of the UK will continue to decide the UK's budget, including income tax.

The current timetable for the implementation of these changes is given below:



The Chartered Insurance Institute

9. Europe & international

Turning around the telescope – consumers at the centre of financial services policies Lord Hill, the new European Commissioner for Financial Stability, Financial Services and Capital Markets Union, has delivered a speech at the Economic and Social Committee. In his speech, Lord Hill considered how to make sure that financial markets bring benefits to the general public.

Lord Hill focused on the need to achieve a single market for all financial services that works properly in consumers' interests. Lord Hill drew attention to the difference between pricing and service levels across European markets to support his proposals. The creation of a single market would permit access to the best products and services on the market for specific consumer needs, clear and understandable products, an easier consumer experience through the use of digital devices and the availability of solutions "when things go wrong". Lord Hill identified the key aspects to achieving a single market:

- increasing transparency and reducing complexity;
- aligning business incentives with the interests of consumers; and
- bringing about a culture of true compliance. *Click here*

10.People moves

ABI Otto Thoresen is to stand down as Director General of the ABI at the end of January. He will be succeeded by Huw Evans. Mr Evans is currently Deputy Director General.

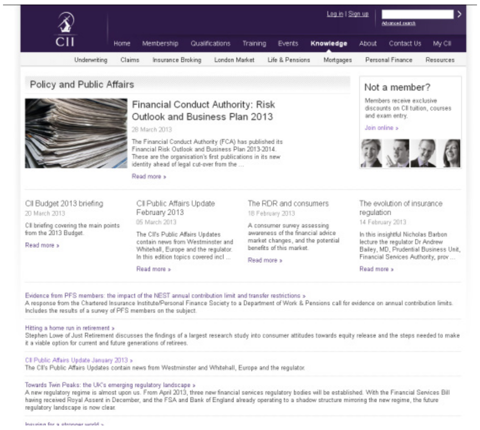
The ABI has also announced Barry O'Dwyer as Chairman of the Long Term Savings and Life Insurance Committee and Maurice Tulloch as Chairman of the General Insurance Council Management Committee.

NEST Following his decision to stand down from the ABI Otto Thorsen is to become the Chairman of NEST, replacing Laurence Churchill.

Pensions Regulator Leslie Titcomb, the FCA's Chief Operating Officer, is to become The Pensions Regulator's Chief Executive. She will take up the role from 2 March 2015.

Labour reshuffle Chris Bryant has moved from the shadow work and pensions team to become shadow arts minister. Helen Goodman MP has replaced him as a shadow work and pensions minister.

CII Policy & Public Affairs Online Content



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Latest publications include:

Guaranteed guidance – latest developments

A briefing summarising the latest developments on the Government's guaranteed guidance (GG) proposals for retirement.
http://bit.ly/1pXsmuR

A new regulatory framework for insurance

A briefing covering the PRA and FCA consultations on governance and the fitness and propriety of relevant individuals in insurance firms. *http://bit.ly/1rT5Q7C*

Ethical culture: Changing the story – Reasons to believe

The latest in our continuing series of ethical guidance presents a model for looking at cultural change and the cultural web. *http://bit.ly/1yPcZE8*

Drawdown reviews: providing valuable at-retirement services to customers

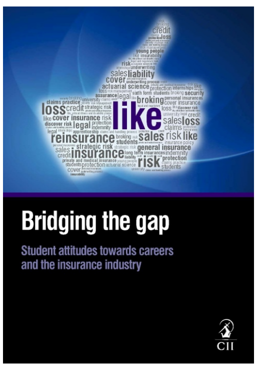
The latest paper in our Thinkpiece series, looking at looks at the current requirements for drawdown reviews and provides insight into how a robust and future-proof process can be developed. *http://bit.ly/1w3xBvT*

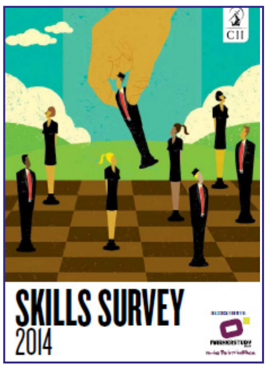
Skills Survey 2014

Our annual report on the state of skills in general insurance. *http://bit.ly/1zEP536*

Bridging the gap – student attitudes towards careers in insurance

A research report into student attitudes towards their future career prospects and their view of the insurance sector.
http://bit.ly/1pAXqLr





This update has been produced by the CII Group's Policy and Public Affairs team.

The CII is the world's leading professional organisation for insurance and financial services, with over 112,000 members in 150 countries. We are committed to maintaining the highest standards of technical expertise and ethical conduct in the profession through research, education and accreditation. Our Charter remit is *to protect the public by guiding the profession*.

For more information on the CII and its policy and public affairs function, including examples of the range of issues in financial services and insurance that we cover, please see: www.cii.co.uk/insight.

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