

A round up of policy events and news

1. General insurance

Thematic review on retail claims handling The FCA has published the initial findings of its thematic review on household and travel insurance claims handling. The regulator does not propose to make any new requirements or rule changes for firms in this area. It found that 65 per cent of household insurance customers were satisfied with the handling of their claim and 64 per cent of travel insurance claimants were satisfied.

The FCA has identified a number of areas "for further discussion" where it considers that improvements could further increase customer satisfaction, including the clarity of product documentation and the ownership of a claim and communication with clients while it is being progressed.

The FCA intends to finalise its findings and publish its full report later in May 2014. [Click here](#).

PRA general insurance related supervisory statements The PRA has issued two general insurance related supervisory statements. The first, SS3/14, relates to the PRA's approach to schemes of arrangement by general insurance firms. It includes an explanation of the regulator's role in assessing schemes of arrangement and the factors that will be used to judge the insurer's behaviour. [Click here](#)

The second, SS4/14, follows last year's consultation on capital extractions by run-off firms within the general insurance sector. It provides the PRA's expectations for run-off firms, in particular around ensuring sufficient regulatory capital to continue to meet their obligations to policyholders. [Click here](#)

2. FCA Post RDR Review and related issues

Results on thematic review on disclosure The FCA has published the second set of findings from examination of how advisers are implementing the RDR. These latest results focus on disclosure, finding that 73per cent of firms failed to correctly provide the required information on the cost of advice. The FCA's report also sets out the regulator's requirements and expectations i.e. that firms are expected to provide clients with clear information on the cost of advice and the services they offer.

Other findings include:

- 58per cent of firms failed to give clients generic information about costs at the outset.
- 50per cent of firms failed to give clear confirmation to the client of their own, individual costs.
- 58per cent of firms failed to meet other important requirements regarding the disclosure of costs
- 31per cent of 'restricted' firms failed to disclose that they were offering a restricted service only

- 34 per cent of firms failed to explain the cost of an ongoing service, and/or what clients will actually receive for this, and/or the client's right to cancel this service at any time.

[Click here](#)

FCA final guidance on changing customers to post-RDR unit classes The FCA has released final guidance setting out its expectation of firms that are involved in the transfer of investors in authorised funds from pre-retail distribution review (RDR) unit classes to post-RDR (clean) unit classes. The guidance covers:

- whether a conversion to a clean unit class should be treated in the same way as a switch of units;
- whether conversions can happen in bulk rather than individually;
- if conversions can happen without express consent of the relevant unit holder(s);
- whether advice is needed;
- the role of advisers in the conversion process; and
- whether a new disclosure document needs to be issued to each relevant unit holder before conversion.

[Click here](#)

3. Savings and retirement

FCA alert on investing pension monies into unregulated products through SIPPs The FCA has issued an alert on requirements for firms giving advice on self-invested personal pensions (SIPPs). The regulator previously raised concerns about pensions transfers or switches to SIPPs without consideration of the benefit for customers. The alert highlights serious and ongoing failures at authorised firms and refers firms to their obligations under the FCA's Principles for Businesses and Conduct of Business rules. [Click here](#)

FCA interim guidance on 2014 Budget pension reforms Following the changes to pensions legislation announced in this year's Budget the FCA has issued guidance (FG14/3) outlining its expectations of firms during the period April 2014 to April 2015. [Click here](#)

4. Review of PRA & FCA

HM Treasury review of enforcement decision making at the FCA and PRA HM Treasury has launched a review of the institutional arrangements and processes for enforcement decision-making at the FCA and the PRA. The first stage of this is a call for evidence on the effectiveness of existing enforcement decision-making by the FCA and PRA and whether the right balance of fairness, transparency, speed and efficiency is reached. The review will consider aspects of the enforcement process including the role of supervision, investigation and settlement process. The review closes on 4 July with the outcome reported to the Chancellor of the Exchequer by Autumn 2014. [Click here](#)

5. European update

MiFID II The European Parliament has approved MiFID II, a revision of the Markets in Financial Instruments Directive, which came into force in 2007. Its primary goals are to increase transparency and fair competition in capital markets, and to bring other non-equity asset classes such as FX and fixed income under the scope of the single European rulebook. Changes include a ban on the retention of any fees, commission and benefits received from

third parties by those offering independent investment advice. These can be received and passed on to clients, but cannot be received and retained by firms. EU member states have 24 months to adopt MiFID II into national law.

The FCA has published a number of new webpages covering MiFID II. [Click here](#)

EIOPA EU-wide insurance stress test The European Insurance and Occupational Pensions Authority (EIOPA) has launched an EU-wide stress test for the insurance sector. The aim of the test is to test the overall resilience of the insurance sector and to identify its major vulnerabilities. The results of the stress test will be published in November 2014. [Click here](#)

Towards an EU single market for personal pensions Gabriel Bernardino, Chairman, European Insurance and Occupational Pensions Authority (EIOPA) has recently given two speeches on the single market and how it impact on pensions and wider financial services. In both he set out the benefits of cross-border working but warned of the hurdles that exist to achieve this.

[Private pensions speech](#)

[Financial services speech](#)

6. Complaints data

The FCA's latest complaints data for the period July-December 2013 shows an overall fall of 15per cent compared to the previous six months. The top five in terms of number of complaints opened in the second half of 2013, are:

- Payment protection insurance (PPI) – 1,390,756 (a 22per cent decrease on the first half of 2013)
- Other general insurance products – 321,812 (a 3per cent increase on the first half of 2013)
- Current accounts – 303,110 (an 8per cent increase on the first half of 2013)
- Credit cards – 140,829 (a 14per cent decrease on the first half of 2013)
- Savings (including cash ISAs) and other banking products – 82,353 (a 16per cent decrease on the first half of 2013) [Click here](#)

BoE and FCA appoint new Complaints Commissioner The Bank of England (BoE) and the FCA have announced the appointment of Antony Townsend as the new Complaints Commissioner. The Commissioner is responsible for the conduct of the final stage of investigations into complaints in connection with how the FCA and the BoE exercise, or fail to exercise, their relevant functions and the role is independent from these organisations.

Forward Look

TBC: Update on FCA thematic work on conflicts of interest in general insurance.

TBC: FCA consultation paper on “Mortgage Credit Directive and transfer of second charge mortgages”.

TBC: FCA consultation paper on “Review of the client money rules for insurance intermediaries and feedback to CP12/20”.

22 May: Local and European election

2 June: FCA GI conduct risk conference

3 June: State Opening of Parliament and Queens Speech

11 June: Treasury consultation on changes to retirement options closes (annuities etc)

25 June: CII/Age UK financial services commission – final event

18 Sept: Scottish independence referendum

Sept/Oct: Political party conference season

Q3/4: FCA policy statement on “Transposition of Solvency II” – parts 1 & 2.

Q3/4: FCA policy statement to CP 11/23 on “Solvency II and linked long-term insurance business”.

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Latest publications include:

Latest Thinkpiece Martin Wheatley, '*Ethics to economic growth: Preventing culture from going south as profits head north*'.
<http://bit.ly/1p63woa>

RDR consumer research In February, we published the results of our third consumer survey on retail investment advice. The survey of 2,000 consumers showed that over 35% of unadvised customers would consider receiving advice as a result of the RDR changes. This research underpins the work we are doing in the Personal Finance Society on consumer confidence of the advice sector. <http://bit.ly/1bYoFc8>

FCA Risk Outlook and Business Plan 2014 The regulator has set out what it sees as the key risks for the coming year and its main areas of work. Our briefing covers the main points. <http://bit.ly/1gYhG9R>

Budget 2014 The Chancellor's annual budget address outlined a number of significant changes, including to financial choices at retirement, the simplification of ISAs and alterations to income tax thresholds.
<http://bit.ly/1dfem9Q>

Chancellor's pension reforms A policy briefing setting out the details and implications of the Government's widely-publicised pensions reforms announced in Budget 2014. <http://bit.ly/OUypiy>

FCA on financial incentives The FCA has published the latest findings of its thematic review into financial incentives. Our briefing covers the latest from the regulator on the topic. <http://bit.ly/1mf8FLA>

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

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