FCA
Financial Services Consumer Panel

Email: enquiries@fs-cp.org.uk

27 August 2026

By email: cp26-22@fca.org.uk

Dear Sir/Madam,

Financial Services Consumer Panel Feedback on the Financial Conduct Authority CP26/22: Simplifying the Insurance Rules.

The Financial Services Consumer Panel (the Panel) welcomes the opportunity to provide feedback on the FCA's CP26/22: Simplifying the Insurance Rules. The Panel supports the FCA's ambition of reducing consumer confusion and information overload by removing mandatory disclosures that do not help consumers choose policies whilst enabling and supporting the improvement of consumer confidence, understanding and capability.

The Panel also recognises that most retail general insurance products are now purchased online and supports greater personalisation of digital communications. In addition, removing the overlapping definitions of advice in the retail general insurance market and clarifying the boundary between a true personal recommendation and a simple non-advised sale is helpful. In addition, given the signposting to insurance specialist ask of the Government's Financial Inclusion Strategy, the Panel hold that AI adoption, and indeed Consumer Duty outcome requirements, should require firms to proactively signpost to other service providers where they are unable to meet a consumer need and/or a support/service requirement

The Panel urges the FCA to be mindful that whilst the majority of consumer retail general insurance policies are today purchased online and on a non-advised basis, this is not the case in relation to pure protection insurance where the majority of sales made result from engagement with an adviser and the provision of a personalised recommendation.

More generally, the Panel urges the FCA to continue to stress to financial services firms that irrespective of the type of sales and product, firms must pay due regard to the information and support needs of their client, particularly where they are digitally excluded, vulnerable and/or requiring reasonable adjustment. Just because a consumer makes a purchase online does not mean they are happy to engage with the firm exclusively online and/or happy not to receive documents in paper form.

Yours sincerely,

Chris Pond
Chair, Financial Services Consumer Panel

1. Do you agree with our proposal to limit the application of ICOBS where the customer is not habitually resident in the UK, and where applicable, the insured risk is located outside the UK? Please explain.

The Panel agree and hold that this will support UK firms trading and competing in overseas territories. We hold that where the protections available to the consumer change then they should be clearly made aware of this and signposted back to their intermediary for appropriate advice and/or guidance,

2. Do you agree with our proposal to disapply the application of PROD 4 where a noninvestment insurance product is only available for distribution to customers outside the UK and, for all policies issued under the product, all policyholders (and where applicable, insured risks) are located outside the UK? Please explain.

The Panel agree and hold that this will support UK firms trading and competing in overseas territories.

3. Do you agree that where either customers are habitually resident in the UK or insured risks are located in the UK, the ICOBS and PROD rules should continue to apply? Please explain.

The Panel agree and stress that simplification should not be mistaken for deregulation and a rollback of consumer safeguarding and protection.

4. Do you agree that an additional local regulation backstop is not necessary, based on the existence of overseas local regulation and the continued application of relevant UK requirements (including the Principles and SYSC)? Please explain.

The Panel agree and hold that this will support UK firms trading and competing in overseas territories.

5. Do you agree with our proposed removal of certain general and firm level disclosure requirements? If not, please specify.

The Panel agree in relation to retail general insurance but in relation to pure protection policies where advised sales and personalised recommendations are the norm, the Panel hold that status disclosure is required to aid consumers make an informed decision. Consumers should know if the intermediary that they are dealing with is tied to one provider or operating on a whole of market basis.

6. Do you agree with our proposed removal of certain remuneration disclosure requirements? If not, please specify.

The Panel agrees. However the remuneration disclosure requirements should ensure that firms adhere to the Duty by transparent and simple disclosures that have been tested for consumer understanding.

7: Do you agree with our proposed changes that firms can determine the appropriate disclosure format based on the circumstances of the transaction, subject to consumers being able to easily request paper format? If not, please explain why.

The Panel agrees in relation to retail general insurance but in relation to pure protection policies where advised sales and personalised recommendations are the norm, the Panel hold that status disclosure is required to aid consumers make an informed decision. Consumers should know if the intermediary that they are dealing with is tied to one provider or operating on a whole of market basis.

8. In the context of our proposals to simplify disclosure requirements and allow greater flexibility in how information is provided, what role do you expect AI to play in how firms communicate with customers? Are there any implications for consumer understanding or outcomes we should consider?

The Panel believe that agentic AI will transform consumer financial services experiences at all touchpoints in their lifetime relationship with a provider and particularly so in relation to retail general and protection solutions. We expect to see greater product innovation especially in relation to the personalisation of insurance solutions and both the adoption and development of event related parametric insurance. This in turn will require improved communication in relation to where cover starts, stops and/or is restricted together with clarity in relation to warranties, excesses and policy amendment fees that may be applicable.

As highlighted by the Which? super complaint, the level of general insurance claims declined due to non-disclosure is a concern and from the get-go AI adoption should additionally set out to address this.

Given the signposting to insurance specialist ask of the Government's Financial Inclusion Strategy, the Panel hold that AI adoption, and indeed Consumer Duty outcome requirements, should require firms to proactively signpost to other service providers where they are unable to meet a consumer need and/or a support/service requirement.

9. Do you agree with our proposed minor changes to simplify the means of disclosure rules in ICOBS 4.1A? In particular, are there any circumstances where firms make disclosures by means of a website (which satisfies the website conditions) where it does not constitute a durable medium?

The Panel agrees. However, we urge the FCA to be mindful that, whilst the majority of consumer retail general insurance policies are today purchased online and on a non-advised basis, this is not the case in relation to pure protection insurance where the majority of sales result from engagement with an adviser and the provision of a personalised recommendation. In addition, the Panel ask the FCA to continue to stress to financial services firms that irrespective of the type of sales and product, firms must pay due regard to the information and support needs of their client, particularly where they digitally exclude the vulnerable and/or those requiring reasonable adjustment.

10. Do you agree with our proposals to limit rules on advised sales to sales involving a personal recommendation? Please explain your answer.

The Panel agree in relation to retail general insurance. However, in relation to pure protection policies where advised sales and personalised recommendations are the norm, the Panel hold that status disclosure is required to aid consumers make an informed decision. They should know if the intermediary that they are dealing with is tied to one provider or operating on a whole of market basis.

11. Do you agree with our proposal to remove the distinction between advised sales which do and do not involve a fair (and personal) analysis of the market? Please explain your answer.

See response to Question 10 above.

12. Do you agree with our proposal to express the minimum PII limits of indemnity in MIPRU 3 and IPRUINV 13 in sterling rather than euros? If you do not agree, please explain why.

No Comment.

13. Do you agree with the methodology we have used to determine the sterling equivalents, including the use of a five-year trimmed-mean exchange rate rounded to the nearest £10,000? If you do not agree, please explain what alternative approach you would consider appropriate.

No Comment.

14: We propose that firms should be permitted to rely on their existing PII cover until the next renewal or extension of their policy following the effective date of the new sterling limits, subject to a longstop of 12 months from the date the instrument comes into force. Do you agree with this approach? Please explain your view.

No Comment.

15. Do you agree with our cost benefit analysis? If not, please explain why and provide supporting data.

No Comment.