

Signposting to travel insurance for consumers with medical conditions - addendum to PS 20/03

1. Analysis of additional responses

Chapter 2 - Signposting

Declines & Exclusions

17 of the additional respondents agreed with the proposed concept of signposting when consumers are declined cover or offered cover with an exclusion that cannot be removed. So, in total, 45 respondents agreed, 3 respondents disagreed and a further 9 did not comment.

One respondent said our proposed rules would require firms to signpost all customers with a policy with a blanket pre-existing medical condition (PEMC) exclusion that cannot be removed. This might mean some customers with 'mild' PEMCs are referred to a directory when this might not result in a better outcome. We recognise this as a potential risk of our proposals. However, under ICOBS 6.4.5R, a firm is required to explain the potential benefits of accessing the medical cover firm directory and any other relevant considerations. This might include telling the customer that the mainstream market may also be able to provide appropriate products for their needs. Firms can make additional signposting arrangements as well as providing the directory information.

Taking the additional responses into account, we do not consider that we need to amend our final rules outlined in the Policy Statement.

Additional Premiums

10 of the additional respondents agreed with notifying anyone with an additional loading while 9 disagreed. Of those that agreed, 6 were individual consumers, 2 were charities and 2 were firms. All 9 that disagreed were firms. So, in total, 18 respondents agreed, 30 respondents disagreed and a further 9 did not comment.

The additional respondents did not raise any new issues to those outlined in the Policy Statement. In the Policy Statement, we recognised stakeholders' concerns and amended the approach set out in our consultation paper. We now require firms to signpost a customer to a directory where they have a PEMC loading of £100 or more.

Taking the additional responses into account, we do not consider that we need to amend our response outlined in the Policy Statement.

Implementation period

Of the additional respondents:

- 4 respondents asked us to implement our proposals as soon as possible.
- Another 3 respondents agreed with the proposed 3-month implementation period.
- Five respondents requested 6 months.
- 1 respondent requested 12 months.
- 3 respondents said that it should be 'longer' than the proposed 3 months.

So, in total:

- 9 respondents agreed that 3 months (or less) to implement changes was achievable
- 11 respondents suggested a minimum of 6 months was required.
- One firm suggested at least 9 months.
- 6 firms suggested 12 months.
- 2 firms said 18 months were needed to implement changes.

In line with the other respondents, individual consumers and charities asked for the changes to be implemented as quickly as possible, while firms had practical concerns about the proposed 3-month implementation period.

In the Policy Statement, we recognised stakeholders' concerns and amended the approach set out in our consultation paper by extending the implementation period to 9 months.

Taking the additional responses into account, we do not consider that we need to amend our response outlined in the Policy Statement.

Chapter 3 - Additional Guidance

Exclusions

In the Policy Statement, we said that stakeholders unanimously agreed with the proposed additional guidance on exclusions. Of the additional respondents, 17 agreed, 1 stakeholder disagreed and 2 did not comment. So, in total, 54 respondents agreed, 1 respondent disagreed and 2 did not comment. The respondent that disagreed felt that firms should not have a responsibility to provide signposting information, and so disagreed with all proposals outlined in the Consultation Paper.

Taking the additional responses into account, we do not consider that we need to amend our response outlined in the Policy Statement.

High premiums

18 of the additional respondents agreed with the proposed guidance on high premiums, and 2 disagreed. In total, 47 respondents agreed, 5 respondents disagreed and 5 did not comment. One respondent, as noted above, disagreed with all the proposals in the CP. The other respondent that disagreed felt that high premiums could be due to various factors, and the guidance would not guarantee that consumers could find cheaper premiums elsewhere.

Taking the additional responses into account, we do not consider that we need to amend our response outlined in the Policy Statement.

Chapter 4- Directory

19 of the additional respondents agreed with the creation of a directory for the same reasons as those given in the Policy Statement. 1 firm disagreed, saying it would be preferable to signpost directly to individual firms. In total, 49 respondents agreed and 8 respondents disagreed.

There has been considerable support for the creation of a publicly available directory and we have confirmed that firms can also directly signpost as well as provide details of a directory.

Taking the additional responses into account, we do not consider that we need to amend our response outlined in the Policy Statement.

Chapter 5 – CBA

There were no comments on the CBA. Our response outlined in the Policy Statement is unchanged.

2. Changes to the Policy Statement

We have set out below consequential changes to our Policy Statement, with the additional 20 responses taken into account:

Paragraph 1.11 – ‘37’ should read ‘57’.

Paragraph 2.5 – This should now read ‘All but one of the respondents agreed...’, ‘28’ should now read as ‘45’, ‘1 respondent’ should now read as ‘3 respondents’, and ‘8’ should read as ‘9’.

Paragraph 2.6 – ‘21 respondents disagreed’ should read as ‘30 respondents disagreed’, ‘8 agreed’ should read as ‘18 agreed’, and ‘8 did not comment’ should read as ‘9 did not comment’.

Paragraph 2.18 – This paragraph should now read as: ‘Consumers and charities broadly requested that this be implemented as quickly as possible, whilst firms raised practical concerns. 3 firms agreed that 3 months to implement changes was achievable, while 10 firms suggested a minimum of 6 months was required. One firm suggested at least 9 months, a further 6 firms suggested 12 months and 2 firms said 18 months were needed to implement changes.’

Paragraph 3.3 – ‘Stakeholders unanimously agreed’ should now say ‘55 out of 57 stakeholders agreed’.

Paragraph 3.7 – ‘Stakeholders agreed’ should now say ‘stakeholders mostly agreed’.

Annex 1- Additional non-confidential respondents

Alzheimer’s Society
David J Miller Insurance Brokers Ltd
Explorer Insurance Services Ltd
Holiday Extras
Just Insurance Agents Ltd (JustTravelCover.com)
Leukaemia Care
Travel Insurance Facilities Plc
Zurich

3. Clarificatory amendments following feedback from stakeholders

Following publication, stakeholders asked us to clarify parts of the policy underlying the rules instrument in PS20/03. For the avoidance of doubt, we have made clarificatory amendments to the instrument in light of the feedback. The amendments are:

- i. We require firms to signpost where there is a medical condition exclusion that cannot be removed from the policy. We have amended the definition of ‘medical condition exclusion’

to clarify that the requirement applies, unless the firm is satisfied, on reasonable grounds, that the medical condition exclusion is not relevant to any person covered under the policy.

- ii. We require firms to signpost where the medical loading is £100 or more. We have amended the definition of 'medical condition premium' to clarify that this £100 threshold applies to each person covered under the policy.

Stakeholders have also asked whether Insurance Premium Tax (IPT) is included in the £100 medical condition premium. The medical condition premium is part of the premium that relates to the risk associated with any medical conditions, and so under these requirements, IPT is not included in the £100 threshold for medical condition premium.

The amendments to the instrument are included in Appendix 1 below.

Appendix 1 – Amendment to the rules (legal instrument)

**INSURANCE: ACCESS TO TRAVEL INSURANCE (CONFIRMATION,
REMAKING AND AMENDMENTS) INSTRUMENT 2020**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers);
 - (c) section 139A (Power of the FCA to give guidance); and
 - (2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

- C.
- (1) The Annex to this instrument comes into force on 1 June 2020 immediately after Annex A of the Insurance: Conduct of Business Sourcebook (Access to Travel Insurance) Instrument 2020 (FCA 2020/3) comes into force.
 - (2) The rest of this instrument has the same commencement dates as the Insurance: Conduct of Business Sourcebook (Access to Travel Insurance) Instrument 2020 (FCA 2020/3).

Confirmation and remaking

- D. The Financial Conduct Authority notes that after making the Insurance: Conduct of Business Sourcebook (Access to Travel Insurance) Instrument 2020 (FCA 2020/3) on 30 January 2020 it was found that, due to a system error, some responses to the consultation ‘Signposting to travel insurance for consumers with medical conditions’ (CP19/23) were not taken into account. These responses have now been taken into account.
- E. Having taken those further responses into account, the Financial Conduct Authority therefore confirms and remakes the Insurance: Conduct of Business Sourcebook (Access to Travel Insurance) Instrument 2020 (FCA 2020/3).

Amendments to the Handbook

- F. The Glossary of definitions is amended in accordance with the Annex to this instrument.

Citation

- G. This instrument may be cited as the Insurance: Access to Travel Insurance (Confirmation, Remaking and Amendments) Instrument 2020.

By order of the Board
26 March 2020

Annex

Amendments to the Glossary of definitions

In this Annex underlining indicates new text.

<i>medical condition exclusion</i>	an exclusion in respect of one or more medical conditions, <u>unless the firm is satisfied, on reasonable grounds, that the exclusion is not relevant to any person covered under the policy.</u>
<i>medical condition premium</i>	the total amount of premium relating to the risk associated with one or more specific medical conditions <u>and attributable to any person covered under the policy.</u>