

## **Policy Statement**

**PS25/21**

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**Simplifying the insurance rules**

Feedback on CP25/12, final rules and  
options for future changes

**December 2025**

## This relates to

Consultation Paper CP25/12 which is available on our website at  
[www.fca.org.uk/publications](http://www.fca.org.uk/publications)

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## Chapter 1

# Summary – simplifying to modernise our rules

**1.1** The UK is a world leader and a global hub for commercial insurance, providing expertise in underwriting complex and specialty risks, and handling risks from all over the world. We want to support growth and innovation in the UK insurance market by streamlining our rules and requirements.

**1.2** Our overall aim is to support growth and innovation by reducing regulatory requirements and resulting processes, while maintaining appropriate consumer protection. Now that the outcomes-focused Consumer Duty is in place, we also have the opportunity to change some outdated prescriptive requirements and rely on the Duty to deliver good outcomes for retail consumers.

**1.3** In Consultation Paper (CP) 25/12, we consulted on proposals to deliver more proportionate regulation, to make sure our rules still work well across different products, customers, manufacturing and distribution arrangements in the UK insurance market.

**1.4** Our proposals aim to achieve the following:

- **More balance based on customer size:** we recognise that consumers and smaller commercial customers have different needs to larger commercial customers, who have the resources and expertise to protect themselves. We want to move away from a one size fits all approach, to one which gives greater protection for those who need it, and greater flexibility for those who do not.
- **More flexibility:** we are giving greater flexibility for firms to decide who should take responsibility under our product governance rules based on their business models – firms will be able to decide if they want to appoint a single lead firm with sole responsibility for product governance rules. We will also be removing the mandatory 15-hour Continuing Professional Development (CPD) requirement so that firms can have greater flexibility for deciding how to ensure appropriate competency and capability.
- **Promote proportionality:** we are removing the governance requirement to review products every 12 months – instead requiring firms to decide how frequently reviews should be carried out based on risk. We will remove outdated notification and reporting requirements under the Employers' Liability (EL) related rules so that the rules are proportionate.

**1.5** Many of these rule changes provide optionality. Firms can choose to appoint a lead insurer under product governance rules, but do not have to. These changes reflect a changing market and aim to future proof our regulation. As well as the changes set out here, we are also committed to making further improvements and will be consulting on some of those in the first half 2026, including setting out proposals to disapply conduct rules for consumers outside the UK through consulting on changes to the Consumer Duty.

**1.6** In CP25/12 we have explained how we intend to monitor and measure the impact of our rule changes. In addition, we will have engagements with external stakeholders on the

further changes we are considering. During these engagements, we welcome feedback on how our rule changes in this PS are being implemented.

## Who this affects

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**1.7** The rule changes in this policy statement (PS) are likely to be of interest to:

- Regulated insurers and insurance intermediaries (including those within the Lloyd's market)
- Insurance market trade associations
- Commercial insurance buyers
- Business representatives
- Employers' Liability tracing offices and customer representatives
- Firms that provide funeral plans
- Retail consumers
- Consumer groups
- Consumer representatives

## How it links to our objectives

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**1.8** In CP25/12 we have explained how our rule changes meet our consumer protection, market integrity, competition and secondary international competitiveness and growth objectives. Our final rules continue to meet these objectives.

## Summary of feedback

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**1.9** We received over 600 responses to CP25/12 – of which 462 were from individual industry practitioners in the context of the proposed changes to the training and competence requirements. The responses are summarised below, alongside the changes we are making. We explore these (and our rationale for the final rules) in subsequent chapters:

- **Determining which rules apply to commercial insurance (the SME watershed):**

There was broad support for our policy intent, to continue appropriate protections for smaller commercial customers while reducing the burden on firms dealing with larger commercial customers. We aimed to deliver this through the new definition. Some concerns were raised about the watershed's application to policies with multiple policyholders (e.g. a large construction firm contracting both very large corporations and several small subcontractors who may need protections but may not be readily identifiable).

The new revised definition will address those concerns by identifying larger commercial customers and specialist risks contracts separately. This will deliver the same policy outcome as intended while further simplifying the rules.

We will be reviewing some of our core definitions (e.g. retail customer) in 2026 to promote consistency and clarity, as part of the Consumer Duty requirements review.

We will share more on our proposals through 2026. This may include changing and simplifying the definitions used for the SME watershed (rather than changing the positioning of the watershed itself).

- **Co-manufacturers:** Most firms strongly supported the option to appoint a single lead firm to be solely responsible for complying with the insurance manufacturer's obligations under our Product Intervention and Product Governance Sourcebook (PROD 4). The majority wanted us to allow intermediaries, in particular Managing General Agents (MGAs), to be permitted to lead. This is because MGA-led products are common in the commercial market. Some argued the MGA's role is more like an insurer's, in these cases. However, we remain concerned about the potential for customer harm if insurer oversight is removed completely. Therefore, we are finalising the rules broadly as consulted.
- **Consequential changes:** Industry respondents indicated the lead firm may not always be the best placed to produce the disclosure documents in the Insurance: Conduct of Business Sourcebook (ICOBS), including the Insurance Product Information Document (IPID). So, we are not going ahead with the proposed changes as consulted and the current ICOBS rules will remain unchanged.
- **Bespoke contracts:** Most respondents welcomed our proposals to broaden the scope of the bespoke contracts exclusion within PROD 4 to make the exclusion available to both intermediaries and insurers. Respondents agreed with the intention, although they wanted clarification on certain aspects of what would be considered bespoke. We are finalising the rules as consulted with minor drafting amendments and additional clarification.
- **Frequency of review:** Respondents were very supportive of our proposals to remove the minimum 12-month product review requirement for insurance products. Instead, firms will be required to determine on an ongoing basis the appropriate interval for the review based on the potential for customer harm and maintain a record of this determination. But respondents wanted clarification on some operational and practical aspects of implementing the rules. We are finalising the rules as consulted and have added guidance to clarify that, upon request, firms are expected to share information about the regular review frequency with other firms in the distribution chain.
- **Employers' Liability (EL) Insurance notification and reporting requirements:** Respondents strongly supported our proposals to remove the EL notification and annual reporting requirements. Firms will be expected to continue to notify the FCA of any significant breaches of our rules. We will be implementing rule changes as consulted on but have moved the EL requirements in SUP (Supervision sourcebook) to ICOBS 8.
- **Training and competency requirements:** We received many responses to our proposal to remove the 15-hour minimum, without otherwise reducing the requirement for minimum knowledge, training and employee competency. Many individuals strongly defended the importance of a regulatory-required minimum baseline of CPD (separate from, or in addition to, professional requirements) while acknowledging the flaws with the current 15-hour threshold. However, we also received strong support for our proposals from other firms, as certain roles already require significantly more hours of training. We are removing the compulsory 15-hour minimum as consulted, to allow firms greater flexibility to tailor training to specific roles and business requirements. Firms will remain responsible for ensuring that their employees continue to maintain appropriate levels of knowledge and competence.

**1.10** CP25/12 also sought views on further rule changes. Chapter 6 sets out the feedback to these questions, our response and proposed next steps:

- **Application of rules to customers outside the UK:** We asked for views on restricting the scope of ICOBS and/or PROD 4 in relation to non-investment insurance to business conducted solely with UK customers or risks. Our engagements with the industry have indicated there is potential for duplication of requirements in their home country and those imposed by the FCA. We also sought views on the criteria that could apply to determine what is considered 'outside the UK' and on any potential unintended consequences. Based on the feedback received, we will include this in our future work discussed below.
- **Product-specific rules:** We asked whether rules in the ICOBS sourcebook on the distribution of guaranteed asset protection (GAP), packaged bank accounts (PBAs) and payment protection insurance (PPI) were still needed, in light of market changes and the introduction of the Consumer Duty. We are consulting in CP25/37 on removing the specific PBA, and PPI rules and the 12-month minimum review product governance requirement for funeral plans alongside this PS, but will decide later whether to make changes to the GAP rules.

## Equality and diversity considerations

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**1.11** Respondents did not challenge our view that our proposals did not materially impact any groups with protected characteristics under the Equality Act 2010 (or equivalent provisions in Northern Ireland). We have further reviewed the equality and diversity impact in relation to the final rules and guidance in this policy statement and our conclusion remains the same.

## Environmental, social & governance (ESG) considerations

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**1.12** In the CP we stated that we did not consider that our proposals are relevant to contributing to the government's net-zero target. Respondents did not disagree with this. We have reviewed ESG considerations in relation to the final rules in this PS and our conclusion remains the same.

## Cost benefit analysis (CBA)

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**1.13** Annex 2 of the CP contained our CBA. Respondents to the CP did not raise any material challenges to our conclusions, nor provide any data to contradict them. The changes introduced following consultation are not significant policy changes, but rather more technical changes to address respondents' feedback. We therefore do not propose any changes to the CBA, either in response to the consultation or resulting from changes following consultation.

## Gibraltar-based firms and firms in supervised run-off (SRO)

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**1.14** The rules and amendments will apply to Gibraltar-based firms and firms in SRO (referred to as TP firms in the FCA Handbook) if the existing rules apply to Gibraltar-based firms/firms in SRO. Conversely, if the existing rules do not apply to Gibraltar-based firms/firms in SRO, the rule changes in this policy statement will also not apply to those firms.

## Our future work

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**1.15** The final rules come into effect immediately upon publication of this PS.

**1.16** We plan further work in 2026 and beyond, the details of which are set out below. Some of this relates to consultations and commitments which have already been made. Others are new areas of work arising from responses to CP25/12 and from our engagements with the industry. We expect to have further engagements (such as roundtables) in early 2026. Our intention is to provide a more detailed update on our priorities and timelines to the industry in the first half of 2026:

- Current consultation:
  - CP25/37 – consulting on targeted changes including removal of certain product-specific rules including the 12-month minimum review product governance requirement for funeral plans and retiring historic 'treating customers fairly' ('TCF') materials
  - CP25/36 – consulting on rationalising SYSC 10 (conflict of interest) rules
  - Quarterly Consultation Paper CP25/35 – consulting on deleting 3 of the pricing practices data returns
- Changes as part of the Consumer Duty requirements review:
  - Consulting to disapply the Duty to non-UK business, and reviewing the international scope of ICOBS and PROD 4 (in the first half of 2026)
  - Reviewing core definitions, including 'retail customer' to promote consistency and clarity
- Prioritising further changes to simplify insurance rules and reduce reporting requirements:
  - Reviewing the rules on the sale of GAP insurance, following feedback received to CP25/12, Reviewing General Insurance Pricing data and considering whether further changes to reporting should be consulted on during 2026
  - Reviewing information disclosure requirements
  - Analysing the pricing data firms submit to us in January–March 2026 and considering whether further changes should be consulted on in time for the 2027 reporting window

## Chapter 2

# Determining which rules apply to commercial insurance ('SME watershed')

**2.1** In CP25/12 we proposed replacing 'Contracts of large risks' with a new definition 'Contracts of Commercial and other risks' for the SME watershed. This new definition proposed setting the scope of our conduct rules for large commercial customers by aligning the thresholds for balance sheet, turnover and employee numbers, with the DISP eligible complainant definition, to exclude commercial customers who do not need the same level of protection as retail customers. The product-specific provisions of the current 'contracts of large risks' definition were retained, as they capture specialist businesses such as aviation and marine insurance which would continue to be treated as current 'large risk contracts' are.

**2.2** Most respondents agreed with the proposal to clarify the distinction between larger and smaller commercial customers using the Financial Ombudsman Service (FOS) eligibility criteria. However, there was some concern around how the thresholds would work in policies covering multiple policyholders. Respondents questioned the treatment where the main policyholder (who 'makes arrangements preparatory to the conclusion of the contract') meets the criteria in the definition but where subsidiaries or other policyholders might not. Additionally, there were concerns around situations where a large corporate firm might be contracting with smaller contractors who may be beneficiaries under a policy but not known to the insurer.

**2.3** There was a suggestion to replace the term 'policyholder' with 'customer' in the definition.

**2.4** One trade association respondent proposed a new 'retail customer' definition for the SME watershed, and making the change as part of further future changes, including the international scope of our insurance rules.

**2.5** While most respondents agreed with aligning the thresholds with DISP eligible complainant definition, some advocated for lower thresholds, such as those used by the Financial Services Compensation Scheme (FSCS).

### Our response and final rules

We welcome the broad support for our policy intent through the proposed new definition, aligning the thresholds with the DISP eligible complainant criteria while retaining the product specific elements for certain types of contracts.

We have considered respondents' concerns around insurance for policies with multiple policyholders and agree with the feedback. By adopting the thresholds used in DISP, we are bringing greater clarity and consistency to the Handbook. For enterprises, the DISP thresholds apply the existing *Micro-enterprise Recommendation*, which sets out the basis on which linked or partner enterprises (including other entities in a corporate group)

are taken into account when considering whether a particular entity is a micro-enterprise or small business. We noted respondents' concern about using the term 'policyholder' in the existing definition as being an issue where the size and resources of the main policyholder would bring it within the thresholds, while other policyholders (including potentially unknown beneficiaries) may not be.

We agree with respondents that firms may not always have the information needed to assess every policyholder against the thresholds in the definition. For example, this information may be unavailable for contracts such as those relating to large construction projects where smaller sub-contractors may be added to or removed from the cover after the initial contract is concluded.

We have made some amendments to the final rules and guidance following the consultation. The amendments are to bring further clarity to the application of the 'large risks' concept to reflect consultation feedback.

We have opted to split the 'large risks' concept into two new definitions. Those produce the same result as we consulted on and are designed to further simplify how the 'large risks' concept determines the extent to which our rules apply:

- **Specialist risks contracts:** in line with existing product-specific categories, these are contracts of insurance covering railway rolling stock, aircraft, ships, goods in transit, aircraft liability and liability of ships. They also include contracts of insurance covering credit and suretyship where the policyholder is engaged in certain specified activities.
- **Larger commercial customers:** these are commercial customers of any general insurance product who exceed the thresholds which we have aligned with DISP, with the change highlighted above relating to the 'policyholder making arrangements' being reflected here as well.

This gives a clearer divide between contracts which are excluded based on the nature of the risk they cover, and customers which are excluded based on the thresholds mentioned.

Through the new definition of 'larger commercial customer' we have also clarified that, where there is more than one policyholder, the DISP-aligned thresholds apply only to the main policyholder (i.e. the party who 'makes the arrangements preparatory to the conclusion of the contract')). This is consistent with our approach to other ICOBS rules which are limited in a similar way. It is also consistent with the changes made in PS23/14. We remind firms they must continue to consider whether a product has, or could have, retail consumers who are policyholders or stakeholders (such as residential leaseholders). Our ICOBS and PROD rules will continue to protect those consumers in the same way as they do now.

In 2023 we changed our PROD rules so that firms must look through the main policyholder and design products which meet the needs and interests of all policyholders and policy stakeholders. However, when we made those changes, we were clear this should only apply where these policyholders and stakeholders were acting outside their trade or profession (that is, retail consumers).

We note and appreciate the suggestion of further simplifying the SME watershed definition by including a retail customer definition. We are not taking this forward at this time, but we will revisit it as part of the Consumer Duty rule review which will include reviewing the core definitions in the Handbook. We will share more on our proposals through 2026.

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## Chapter 3

# Product governance rule changes

**3.1** This chapter sets out our changes to the product governance rules, including in relation to co-manufacturing arrangements, bespoke contracts of insurance and the frequency of product reviews.

## Co-manufacturers

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### Summary of proposals and CP responses

**3.2** In CP25/12 we proposed allowing firms the option to appoint a single 'lead' firm (subject to specific conditions and evidential provisions) to solely take on the product manufacturer responsibilities under PROD 4.2. This includes taking on responsibility for all liabilities arising out of the regulatory requirements in PROD 4.2, including claims for redress. We proposed that only an insurer or Lloyd's Managing Agent with significant involvement in the manufacturing of an insurance product could be a lead.

**3.3** Most respondents supported allowing firms to appoint a single lead, but they were divided on whether the lead role should be extended to intermediaries too, particularly Managing General Agents (MGAs). They also suggested redefining 'significant involvement' to capture intermediaries (such as MGAs).

**3.4** Most respondents who supported intermediaries being the lead stated that intermediary-owned products are common in the London market, with the intermediary's role being like that of an insurer. Preventing such intermediaries from being the lead would go against this market arrangement and create operational ambiguities where the intermediary is the real owner of the product.

**3.5** A few respondents also said preventing intermediaries from being the lead could stifle innovation, slow product development and create governance inefficiencies. They argued that, given that intermediaries often develop niche products, this could indirectly impact customer choice. A few also said it could disrupt existing arrangements where an intermediary is the quasi-lead, requiring costly changes.

**3.6** Arguments put forward by respondents who supported only allowing insurers or Lloyd's Managing Agents (and not intermediaries) to be the lead included:

- That not all intermediaries will have the necessary data capabilities. For example, most intermediaries will not have access to claim and other data insurers generally hold, and that it would be challenging to obtain these.
- Not all intermediaries will have the capacity to be the lead. For example, most smaller intermediaries are unlikely to have the resources needed to take on sole responsibilities for PROD 4.2 compliance.
- A complete removal of insurers from the PROD 4.2 processes could lead to poor consumer outcomes.

**3.7** A very small number of respondents suggested that where there are multiple manufacturers, even where a lead is appointed, our rules should mandate that all manufacturers should remain severally liable for any claims for redress. This was in case the lead does not have sufficient resources to pay redress, or where existing contracts between the multiple manufacturers stipulates several liability.

**3.8** In addition, respondents also requested clarification on the following:

- Guidance on 'significant involvement'.
- Which aspects of PROD 4.2 a lead would own, and if intermediaries will remain manufacturers where a lead is appointed.
- How the new rules would apply to intra-group arrangements, and arrangements with a principal firm and an appointed representative (AR) operating as the manufacturers.

### Our response and final rules

We have decided to finalise the rules as consulted. Appointing a lead firm is optional for firms, subject to meeting all the relevant conditions. The current requirements, where all co-manufacturers are equally responsible for meeting the PROD 4 requirements, remain unchanged (other than the additional guidance in relation to the written agreements between the multiple manufacturers). Firms can continue to manufacture products as they are now where, for example, this better suits their business model or to avoid potentially costly disruptions to existing arrangements. We therefore do not believe the new option would stifle innovation, slow product development, or create governance inefficiencies. The optionality under our new rules should support it.

We note the views in favour of allowing intermediaries, particularly MGAs, to be the lead manufacturers. We have carefully considered the responses, but they have not changed our view that the risks of customer harm outweigh the potential benefits of this option. Our recent PROD thematic (and the linked multi-firm work) found that where products were developed and designed by intermediaries it was more likely that firms could not demonstrate these products delivered fair value and good outcomes, as required by PROD. We agree with respondents who expressed concerns about insurers no longer being responsible for the fair value of the product. Ultimately, even where intermediaries are designing products, insurers are parties to the contract and responsible for ensuring claims are met. Insurers are also more highly capitalised than intermediaries to meet claims and to pay redress if required. Therefore, for now, we will not extend the lead role to intermediaries. However, we may revisit this in the future if it becomes clear that the risks we identified in our previous thematic supervisory work have been addressed.

The new option to select a lead firm will place sole responsibility for compliance with the manufacturer obligations in PROD 4.2 on that lead firm, including liability for any redress claims. However, as we have stated in the rules, the lead firm may seek indemnities from the other non-lead firms for such liabilities. Our general approach is that such arrangements between firms are commercial matters, and we do not propose to regulate these.

We have addressed the comments/questions raised in paragraph 3.8 in the same order below:

- The rules contain an evidential provision that explain how firms can demonstrate 'significant involvement'.
- Where a lead firm is appointed, it will be solely responsible for all of PROD 4.2 compliance, and the other non-lead firms may rely on the lead. However, the non-lead firms will be required to cooperate with the lead firm by, for example, sharing all information required for the product approvals and reviews.
- The new rules will apply equally to intra-group arrangements, allowing firms in that scenario to select a group company that meets the conditions as the lead firm. In the case of principal/AR arrangements, the principal will remain ultimately responsible for activities of the AR carried on within the scope of its appointment.

On 8 December, we have issued a [Statement on firms working together to manufacture products or services](#), to give greater guidance on how the Consumer Duty obligations apply to firms working together to manufacture products or services. Given the distinct characteristics of the insurance market, including the prevalence of co-insured products and contracts, the rules that apply to insurance are those in PROD 4. The supervisory statement does not impact on the PROD 4 requirements and does not relate to firms subject to PROD 4 rules.

## Bespoke contracts

### Summary of proposals and CP responses

**3.9** In CP25/12 we proposed to broaden the scope of the existing tailor-made contracts exclusion in PROD 4 so that insurers, and not only intermediaries, can rely on it. This means all bespoke non-investment insurance contracts are excluded from PROD 4 requirements.

**3.10** We also proposed rules and guidance to clarify when a contract will come within the exclusion and when it is unlikely to. This took into account feedback previously received in response to the earlier [Discussion Paper \(DP\)](#).

**3.11** Most respondents welcomed our proposals and agreed with our intention. Some requested clarification on certain aspects of the proposed rules, such as whether advertising a general appetite or expertise for certain classes of business would amount to 'marketing' and therefore prevent a resulting contract from being 'bespoke'.

### Our response and final rules

We have finalised the rules as proposed, with minor amendments.

We have clarified that a firm generally advertising their appetite or expertise in relation to certain risks (for example, a firm advertising their expertise for a wide range of adventurous sport activities) does not mean they are marketing a bespoke product.

We are also amending the application provisions under the Consumer Duty products and services and price and value outcomes to make it clear that the product governance obligations for these outcomes do not apply to bespoke non-investment insurance contracts that are exempt from PROD 4.

## Product monitoring and review

### Summary of proposals and CP responses

**3.12** In the CP we proposed removing the 12-month minimum frequency requirement in PROD 4 for product reviews. Product reviews also include assessing whether the product remains consistent with the fair value assessment. Instead, we proposed introducing rules and guidance requiring firms to determine the review frequency based on each product's potential risk for customer harm. We also proposed a requirement for firms to make and retain a record of the agreed review frequency for each product and the rationale behind it.

**3.13** Respondents were very supportive. However, some responses raised concerns around how this would work in practice. For example, in circumstances where, for the same product, manufacturers and distributors choose different frequencies for the product and distribution arrangements reviews respectively.

## Our response and final rules

We are going ahead with the proposed changes. For non-investment insurance products, we are removing the minimum review frequency for product reviews. Instead, manufacturers will need to determine the frequency of the reviews based on that product's potential for customer harm, arising from risk factors associated with the product. Broadly similar requirements are being introduced for distributors in relation to the review of the product distribution arrangements.

We remind firms that product reviews are solely the manufacturer's responsibility, while distributors must review their product distribution arrangements. So, the timescales of manufacturers and distributors can be different. However, if firms want to align timescales, they should share information on the agreed review frequency appropriately.

For this reason, and taking into account the consultation feedback, we are adding guidance to clarify that, upon request, manufacturers are expected to share information on the appropriate intervals of the product review with distributors in the chain. We have added similar guidance in relation to the review of the distribution arrangements by distributors.

Firms are responsible for reviewing and updating the review frequency when data suggests changes to the risk of potential customer harm posed by the product.

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## Chapter 4

# ICOBS disclosure and Employers' Liability notification and reporting requirements

### ICOBS Disclosure

**4.1** In the CP we proposed consequential changes to the effect that, where a lead firm is appointed, only the lead should be responsible for producing the ICOBS disclosure documents applicable to insurers and Managing Agents.

**4.2** Respondents told us the lead firm may not always be the best firm in the distribution chain to comply with these requirements. They added we should allow co-manufacturers the flexibility to decide who should produce these.

#### Our response and final rules

We will not make the consequential amendment we consulted on. So, the current ICOBS disclosure rules will remain unchanged.

### Employers' Liability (EL) notification and reporting requirements

**4.3** The CP proposed the removal of rules requiring firms to notify us if they are conducting EL business and to send us an independent audit report and director's certificate annually.

**4.4** Respondents to this issue strongly supported our proposals. However, a few requested clarifications on the following points:

- Will the FCA impose a clear deadline on firms to obtain the annual audit report and director's certificate?
- Are there any plans to remove or relax the requirement that all director's certificates and audit reports must be in relation to the EL Register as at 31 March?
- Where firms do not meet the 99% threshold for achieving material compliance, will this always be considered a significant breach warranting a SUP 15.3 report?
- Do SUP 15.3 reporting requirements apply to qualifying tracing offices too?
- FCA should go further and remove or limit the requirement to obtain an annual audit report and director's certificate, as the bulk of costs comes from obtaining these.

## Our response and final rules

Given the strong support to the proposed changes, we are finalising the rules as consulted. As stated in the CP instrument we will move the requirements in SUP 16.23A (with the changes proposed in consultation) to ICOBS 8.4 (Employers' Liability Insurance) in line with the current simplification exercise.

The new rules require that the director's certificate and annual audit must be obtained by 31 August each year and cover the period of production of the register from 1 April to 31 March. We do not propose to remove or relax the latter. Where a firm is not materially compliant, it will need to consider whether this amounts to a significant breach requiring notification to the FCA, considering the relevant guidance under SUP 15.3.12G and SUP 16.23A (which has now been moved to ICOBS 8.4 (Employers' Liability Insurance)). SUP 15.3 reporting requirements apply to authorised firms and not to tracing offices.

We do not propose to remove or limit the requirement to obtain an annual audit report. We are aware that tracing offices rely on this report to make sure the data on the EL register is up-to-date and accurate. We are concerned that removing this requirement carries a risk of customer harm.

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## Chapter 5

# Minimum knowledge, training and competence requirements for employees of insurance and funeral plan firms

**5.1** We proposed removing the prescribed annual 15-hour continuing professional development (CPD) requirement. This included the linked record-keeping requirements for firms involved in insurance and funeral plans distribution. We suggested giving firms greater flexibility while still ensuring appropriate levels of employee competency. They would likely require at least 15 hours CPD in most cases but, for a small number of roles, 15 hours may be disproportionate. Other employees may need significantly more than 15 hours of CPD to maintain competence and current knowledge. Firms will still need to monitor the knowledge and competence of their employees but would have flexibility to tailor training needs to specific roles.

**5.2** We received the highest number of responses to this proposal. Most were from individuals and from the Chartered Insurance Institute (CII), who strongly opposed our proposals, mainly citing concerns that the changes could weaken competency standards in the industry. However, we also received strong support for our proposals from firms.

### Our response and final rules

We appreciate all the responses and have considered the concerns raised.

Our proposal is not intended as a relaxation of the overall competence and training expectation in our rules. Investment in training and development improves standards that build trust in the sector among consumers and corporate buyers, thereby supporting growth. Employee competency has always been a basic expectation within the insurance industry and should not require a minimum threshold to be prescribed by the regulator. Knowledge and competency requirements, including CPD, will remain mandatory but flexible, while putting the onus on firms to ensure that employee training is appropriate to the needs and demands of their business and their employees' roles. Firms must continue to make sure employees undertake appropriate ongoing training under our competency requirements in Senior Management Arrangements, Systems and Controls (SYSC 5.1) sourcebook.

Removing the specific 15-hour minimum also recognises the breadth and diversity of the sector and roles within it. This is already reflected in the range of learning pathways offered by professional standards organisations within the sector, for example, whose own CPD minimum is set at a higher level (35 hours). Competency frameworks, including the CII's [Professional Map](#) can help individuals and firms identify training and development needs and plan appropriate CPD.

Making this change reduces the monitoring and record-keeping compliance obligations on firms, many of whom are likely to want to continue using and developing their existing learning and monitoring frameworks. It will also make no difference for members of professional bodies who are subject to their mandatory CPD requirements. We expect firms to determine an appropriate level of training and development with content and objectives relevant to their employees' roles. Under these changes firms will still stay accountable for adequate training and competence. We expect the emphasis to be on the quality and suitability of training for an employee's role, rather than the number of hours.

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## Chapter 6

# Options for further changes – areas discussed in the CP and our future plans

**6.1** CP25/12 also discussed and sought stakeholder views on further measures to rebalance our rules to support growth and innovation while providing protections appropriate to customers. In this chapter we set out the feedback received, our response to it, and our planned next steps.

**6.2** As well as the potential changes discussed in CP25/12, we are committing to further work to simplify the rules. Our overall aim is to support the UK's internationally recognised insurance market by reducing regulatory requirements where we can, while maintaining appropriate consumer protection. In particular, we are keen to act quickly to remove rules which are no longer necessary in the current market. Alongside this PS, we are consulting on proposals to remove rules applicable to payment protection insurance and packaged bank accounts. Over the coming months we will have detailed engagement with external stakeholders and industry on these points. We welcome feedback at this stage.

## Guaranteed asset protection (GAP)

**6.3** The GAP rules introduced in ICOBS between 2015 and 2018 cover the type of information that must be provided to the customer and the timeframes to conclude the sale of a GAP contract. Since they were introduced, we have seen evidence that GAP continues to provide poor value to customers. In 2024, we intervened to temporarily stop new sales of the product. In light of this, in CP25/12 we sought views on whether the GAP rules remained relevant to addressing harms in the market.

**6.4** The sale of GAP is subject to the Duty, and to existing requirements around ensuring products meet the customer's demands and needs.

**6.5** The responses on GAP were more mixed. Some respondents agreed that our recent interventions suggested the rules were no longer required. However, several other respondents argued that GAP continued to provide poor value in some cases and the rules were still required to encourage consumers to shop around for the best deals.

### Our response and next steps

We recognise the strength of views expressed on both sides regarding the GAP rules. Although there may still be good arguments for removing the rules, we will decide in 2026 whether to make changes, to make sure this would not lead to a return of practices which prompted our 2024 intervention.

## Conduct rules applying to business outside the UK

### ICOBS, PROD and the Consumer Duty

**6.6** In CP25/12 we discussed the way our rules have developed in relation to business outside the UK. We explained we have previously disapplied the ICOBS and PROD rules in some situations where the customer or the risk are based overseas, but we acknowledged the position was complex.

**6.7** The Consumer Duty introduced additional requirements on firms. As the Duty generally follows the scope of the relevant sectoral sourcebooks, it applies to some non-UK business.

**6.8** In response to feedback received through the Consumer Duty Rule Review and other forums, we have said we will consider ways of disapplying the insurance conduct rules and the Duty for non-UK business.

**6.9** Respondents broadly supported the principle of disapplying the rules for non-UK business. Most responses were brief, although we did receive a few substantial responses. These pointed to examples where UK regulation duplicated local regulation (which sometimes was considered more onerous), leading to unnecessary costs. Most of these examples related to EU member states. Some respondents said firms often use UK requirements as a baseline, although a few pointed to jurisdictions such as the USA where requirements are substantially different from the UK. All respondents who commented agreed the current position creates unnecessary duplication and additional costs which do not benefit consumers.

### Our response and next steps

Respondents provided us with helpful views. Unfortunately, we received very limited information on the costs and benefits of making a change to the rules. Some respondents also pointed out potential complications which we need to consider further. For example, we received queries on how the rules would apply to customers who may move between different countries, especially where they hold long term insurance products. For these reasons, we are not yet able to consult on disapplying the rules for non-UK business. However, we incorporated the feedback into ongoing work under the Consumer Duty Requirements Review.

On 30 September 2025, we confirmed we would consult on removing business for non-UK customers from the scope of the Duty in Q2 2026. In the meantime, we will continue to engage with the insurance industry. We aim to consult on changes to the scope of ICOBS and PROD in parallel with the consultation on changes to the Duty.

We will be taking this forward and will be consulting in the first half of 2026 on how to remove business for non-UK customers from the scope of the Duty. We aim to consult on changes to the scope of ICOBS and PROD in parallel with the consultation on changes to the Duty so that stakeholders can consider the full set of proposals together.

## Additional considerations

**6.10** In CP25/12 we explained that certain current rules don't apply where the customer's habitual residence and/or the state of the risk is outside the UK. We sought views on whether this would be the correct way to disapply rules in future, bearing in mind the need to avoid unintended gaps in regulation.

**6.11** Most respondents supported using the current criteria of customer's habitual residence and, if relevant, the state of the risk to define how the rules apply. That would mean the rules would continue to apply in situations where, for example, a customer resident outside UK was purchasing insurance for a property in the UK. A small number of respondents argued that habitual residence should be the only criteria. Some raised queries about situations where a customer may be temporarily resident overseas (such as armed forces personnel). No respondents suggested any other ways of defining business outside the UK. There was broad agreement that the test should be applied at policy inception rather than at any later stage.

**6.12** Most respondents said that products are typically manufactured for specific jurisdictions and so situations of a single product having UK and non-UK customers will be rare. However, a small number of respondents highlighted products such as group private medical insurance for multi-national companies, which could have policyholders both in and outside the UK.

### Our response and next steps

We are grateful for the feedback received. The responses confirmed that using the existing test of 'habitual residence' and 'state of the risk' is likely to be the best way to define the scope of the rules. We will consider the points raised as we develop the proposals referred to in the 'our response' section under paragraph 6.9 above.

## Other potential changes

**6.13** In CP25/12 we asked for feedback on other areas of the rules which could be simplified in the future. We have also held several useful roundtables with representative across the insurance sector. Respondents broadly welcomed the opportunity to suggest possible future changes, although some cautioned against making changes which do not lead to tangible cost reductions for firms.

## Our response and next steps

There were a few common areas raised by respondents and we set out our next steps below. We understand the caution firms expressed about making sure changes provide clear benefits for firms. Every time we make changes to our rules this creates short term costs for industry, even if the changes will support long term simplification and be beneficial overall. We will be careful to consider this when we decide on future changes.

Based on the feedback received and the engagements we have had, we think there are beneficial changes which could be made to our rules in the following areas:

- **Disclosure** – we are consulting on changes to disclosure rules for PPI and PBAs in CP25/37. The rules for other insurance products require disclosure of significant amounts of information, often in a prescribed format. We are considering whether the amount of information can be reduced and whether firms could be given more flexibility in how they provide key information. We expect to engage further with the industry and consumer groups on this.
- **Customer classification** – the changes set out in Chapter 2 will simplify the work firms have to do to classify customers, by aligning the scope of the insurance rules with the DISP *eligible complainant* definition. However, we recognise there are still significant complexities in our rules on customer classifications. We are considering whether these could be simplified or if further guidance would be useful for firms.
- **Reporting** – we recognise that supplying data is a significant task for firms. We will analyse the pricing data firms submit to us in January-March 2026 and consider whether further changes should be consulted on in time for the 2027 reporting window. It is important that we have access to accurate and timely data so we can act quickly to identify harm and supervise the market. Pricing returns will continue be a feature of regulatory reporting beyond 2027, though we are aiming to reduce burdens on firms in an appropriate way.

The changes we proposed in CP25/12 were developed after extensive, productive engagement with the insurance industry. We welcome the positive way the industry has engaged with us on this, and plan to continue this approach as we develop further ways to simplify the rules for insurance firms. We also plan to engage with consumer groups on our future work.

## Annex 1

### List of non-confidential respondents

Alex Hindson  
Anthony Mackenzie  
Association of Mortgage intermediaries (AMI)  
Automobile Association Insurance Services Limited  
Avalon (Europe) Limited  
Chesters Associates  
Chris Hanks  
CII and 462 individual members (names can be provided on request)  
Cuvva Limited  
David Allison  
David Bulmer  
Ecclesiastical Planning Services Ltd  
Enframe Consulting Limited  
FLAXMANS  
Heritage Financial Ltd  
Ian Templeton  
IJK Regulatory Consulting Ltd  
ITC Compliance Ltd  
James McDonald  
Juliusz Baranski  
Karen Malin  
Michael Brayne  
Mark Taylor  
P J Sutton (Insurances) Ltd  
Premia Solutions  
Quality Cate Insurance Services Ltd  
Stephen MacCarthy

## Annex 2

### Abbreviations used in this paper

Abbreviation	Description
AR	Appointed Representative
CBA	Cost Benefit Analysis
CII	Chartered Insurance Institute
CP	Consultation Paper
CPD	Continuing Professional Development
DISP	Dispute Resolution: Complaints sourcebook
DP	<u>DP24/1</u> Regulation of commercial and bespoke insurance business
EL	Employers' Liability insurance
ESG	Environmental, Social and Governance
EU	European Union
FCA	Financial Conduct Authority
FOS	Financial Ombudsman Service
FSCS	Financial Services Compensation Scheme
GAP	Guaranteed Asset Protection
ICOBS	Insurance: Conduct of Business sourcebook
IPID	Insurance Product Information Document
MGA	Managing General Agent
PBA	Packaged Bank Account
PPI	Payment Protection Insurance
PROD	Product Intervention and Product Governance sourcebook
PS	Policy Statement
SME	Small and Medium-sized Enterprise
SUP	Supervision sourcebook
SRO	Supervised run-off
SYSC	Senior Management Arrangements, Systems and Controls sourcebook
TCF	Treating customers fairly
The Duty	The Consumer Duty Rules

## Appendix 1

### Made rules (legal instrument)

**SIMPLIFICATION: CONDUCT AND PRODUCT GOVERNANCE OF NON-INVESTMENT INSURANCE BUSINESS AND OTHER AMENDMENTS INSTRUMENT 2025**

**Powers exercised**

A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions of the Financial Services and Markets Act 2000 (“the Act”):

- (1) section 137A (The FCA’s general rules);
- (2) section 137T (General supplementary powers);
- (3) section 138C (Evidential provisions); and
- (4) section 139A (Power of the FCA to give guidance).

B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**Commencement**

C. This instrument comes into force on 9 December 2025.

**Amendments to the Handbook**

D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Principles for Businesses (PRIN)	Annex B
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex C
Training and Competence sourcebook (TC)	Annex D
General Provisions (GEN)	Annex E
Insurance: Conduct of Business sourcebook (ICOBS)	Annex F
Product Intervention and Product Governance sourcebook (PROD)	Annex G
Supervision manual (SUP)	Annex H

**Amendments to material outside the Handbook**

E. The Perimeter Guidance manual (PERG) is amended in accordance with Annex I to this instrument.

**Notes**

F. In the Annexes to this instrument, the notes (indicated by “*Editor’s note:*”) are included for the convenience of readers but do not form part of the legislative text.

**Citation**

G. This instrument may be cited as the Simplification: Conduct and Product Governance of Non-Investment Insurance Business and Other Amendments Instrument 2025.

By order of the Board  
27 November 2025

## Annex A

### Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

*larger commercial customer* (in *PRIN*, *ICOBS*, and *PROD*) a *commercial customer* who falls within one of the following categories:

- (a) a charity which has an annual income of £6.5 million or more;
- (b) a trustee of a trust which has a net asset value of £5 million or more; or
- (c) an *enterprise* which is not:
  - (i) a *micro-enterprise*; or
  - (ii) a *small business*.

*PROD* the Product Intervention and Product Governance sourcebook.

*specialist risks contracts* (in *PRIN*, *ICOBS* and *PROD*) *contracts of insurance* covering risks within the following categories:

- (a) *railway rolling stock, aircraft, ships* (sea, lake, river and canal vessels), *goods in transit, aircraft liability* and *liability of ships* (sea, lake, river and canal vessels); or
- (2) *credit and suretyship*, where the policyholder is engaged professionally in an industrial or commercial activity or in one of the liberal professions, and the risks relating to such activity.

Amend the following definitions as shown.

*commercial customer* (in *PRIN*, *ICOBS*, *PROD 1.4* and *SUP 16*) a *customer* who is not a *consumer*.

*retail market business* the *regulated activities* and *ancillary activities* to those activities, *payment services*, issuing *electronic money*, and activities connected to the provision of *payment services* or issuing of *electronic money*, of a *firm* in a distribution chain (including a *manufacturer* and a *distributor*) which involves a *retail customer*, but not including the following activities:

...

(4) activities carried on in relation to ~~contracts of large risks for a commercial customer~~ or where the risk is located outside the United Kingdom;

(a) specialist risks contracts:

- (i) for a commercial customer (including a larger commercial customer); or
- (ii) where the risk is located outside the United Kingdom; or

(b) any general insurance contract (other than specialist risks contracts) for a larger commercial customer.

...

small business

...

(2) (in DISP and in the definition of larger commercial customer) an enterprise which:

...

Delete the following definition. The text is not struck through.

*contracts of large risks*

(in *PRIN, ICOBS* and *PROD*) *contracts of insurance* covering risks within the following categories, in accordance with the *UK provisions* which implemented article 13(27) of the *Solvency II Directive*:

- (a) *railway rolling stock, aircraft, ships* (sea, lake, river and canal vessels), *goods in transit, aircraft liability* and *liability of ships* (sea, lake, river and canal vessels);
- (b) *credit and suretyship*, where the policyholder is engaged professionally in an industrial or commercial activity or in one of the liberal professions, and the risks relate to such activity;
- (c) *land vehicles* (other than *railway rolling stock*), *fire and natural forces*, *other damage to property*, *motor vehicle liability*, *general liability*, and *miscellaneous financial loss*, in so far as the *policyholder* exceeds the limits of at least two of the following three criteria:
  - (i) balance sheet total: €6.2 million;
  - (ii) net turnover: €12.8 million;

(iii) average number of *employees* during the financial year:  
250.

[Note: article 13(27) of the *Solvency II Directive* and article 2(1)(16) of the *IDD*]

## Annex B

### Amendments to the Principles for Businesses (PRIN)

In this Annex, underlining indicates new text.

#### **2A The Consumer Duty**

...

##### **2A.3 Consumer Duty: retail customer outcome – products and services**

...

Application of the product governance outcome

2A.3.24 R *PRIN 2A.3 does not apply to:*

- (1) any firm subject to PROD 3, PROD 4, or PROD 7 for any product they manufacture or distribute that falls within the scope of the relevant PROD chapter; or
- (2) a bespoke insurance contract within the meaning of PROD 1.4.3-CR.

...

##### **2A.4 Consumer Duty: retail customer outcome on price and value**

...

Application of the price and value outcome

2A.4.32 R (1) The *rules* in *PRIN 2A.4* do not apply to:

- (a) a *firm* which *manufactures or distributes a non-investment insurance product or a legacy non-investment insurance product*;

...

- (2) A *firm* in (1) must continue to apply *PROD 4 (in accordance with the application of PROD 1.4)* and *PROD 7* or the relevant *COLL rules*.

...

## Annex C

### **Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)**

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### **3 Systems and controls**

##### **3.1 Systems and controls**

...

Competent employees rule

...

**3.1.7A G SYSC 28 contains *rules and guidance relating to the minimum on knowledge and competence requirements* in relation to *insurance distribution activities* undertaken by a firm.**

...

##### **3.2 Areas covered by systems and controls**

...

Records

...

**3.2.21A G SYSC 28 contains *rules and guidance relating to on knowledge and competence record keeping requirements* in relation to *insurance distribution activities* undertaken by a firm.**

...

#### **5 Employees, agents and other relevant persons**

##### **5.1 Skills, knowledge and expertise**

...

Competent employees rule

...

**5.1.3A G SYSC 28 contains *rules and guidance relating to the minimum on knowledge and competence requirements* in relation to *insurance distribution activities* undertaken by a firm.**

...

9           **Record-keeping**

9.1       **General rules on record-keeping**

...

Guidance on record-keeping

...

9.1.6A    G    SYSC 28 contains *rules and guidance on* knowledge and competence record keeping ~~requirements~~ in relation to *insurance distribution activities* undertaken by the *firm*.

...

**28       Insurance distribution: specific knowledge, ability and good repute requirements**

**28.1      Minimum knowledge, ability and good repute requirements for carrying out insurance distribution activities**

Application

28.1.1    R    (1)    This chapter applies to a *firm* with *Part 4A permission, including a TP firm*, to carry on *insurance distribution activities*.

...

28.1.1A    G    *Firms* are reminded that *GEN 2.2 sets out how the Handbook applies to TP firms. SYSC 28 applies to TP firms, and this includes amendments to provisions in SYSC 28 made after IP completion day (including for the avoidance of doubt any new rules created arising out of those amendments)*.

28.1.2    R    In this chapter, ~~relevant employees~~ non-investment insurance personnel are employees or other *persons*:

- (1)    directly involved in the carrying on of the *firm's insurance distribution activities* in relation to non-investment insurance contracts; or
- (2)    within the management structure responsible for the *firm's insurance distribution activities* in relation to non-investment insurance contracts; or
- (3)    responsible for the supervision of a ~~relevant~~ non-investment insurance employee (or other person) acting in the capacity as set out in (1).

[**Note:** article 10(1) and the fifth paragraph of article 10(2) of the *IDD*]

28.1.2A R In this chapter, long-term insurance personnel are employees or other persons:

- (1) directly involved in the carrying on of the firm's insurance distribution activities in relation to:
  - (a) long-term insurance contracts (other than pure protection contracts);
  - (b) long-term care insurance contracts; or
  - (c) rights to or interests in a life policy;
- (2) within the management structure responsible for the firm's insurance distribution activities in relation to:
  - (a) long-term insurance contracts (other than pure protection contracts);
  - (b) long-term care insurance contracts; or
  - (c) rights to or interests in a life policy; or
- (3) responsible for the supervision of a long-term insurance employee (or other person) acting in the capacity as set out in (1).

...

## 28.2 Knowledge and ability requirements

### Knowledge and ability requirements

28.2.1 R (1) A firm must ensure that it and each relevant employee possesses all non-investment insurance personnel (where the firm has non-investment insurance personnel) and all long-term insurance personnel (where the firm has long-term insurance personnel) possess appropriate knowledge and ability in order to complete their tasks and perform their duties adequately.

(2) A Where a firm has long-term insurance personnel, the firm must ensure that it and each relevant long-term insurance employee (or person) complies with continued professional training and development requirements in order to maintain an adequate level of performance corresponding to the role they perform and the relevant market.

(3) A Where a firm has long-term insurance personnel, the firm must ensure that each relevant long-term insurance employee (or other person) completes a minimum of 15 hours of professional training or development in each 12 month period.

(4) For the purposes of (3), a *firm* must take into account the:

- (a) role and activity carried out by the relevant long-term insurance employee (or other person) within the *firm*; and
- (b) type of distribution and the nature of the products sold.

[**Note:** article 10(1) and the first, second and fourth paragraphs of article 10(2) of the *IDD*]

28.2.1A G (1) Where a *firm* has non-investment insurance personnel, it is reminded of the provisions of SYSC 3.1.6R or SYSC 5.1.1R (Competent employees rule), as applicable, as well as SYSC 28.2.1R(1). Such a *firm* should ensure that it and each non-investment insurance employee (or other person) undertakes continued professional training and development in order to maintain an adequate level of performance corresponding to the role they perform and the relevant market.

(2) For the purposes of (1), the *firm* should take into account:

- (a) the role and activity carried out by the non-investment insurance employee (or other person) within the *firm*; and
- (b) the type of distribution and the nature of the products sold.

...

28.2.2A G Where a *firm* has non-investment insurance personnel, the *firm* should, for the purposes of SYSC 28.2.1R(1) and SYSC 3.1.6R or SYSC 5.1.1R (Competent employees rule), as applicable, take into account the following elements of professional knowledge and competence in light of the role and activity carried out by each non-investment insurance employee (or other person) within the *firm*:

(1) for general insurance contracts:

- (a) knowledge of terms and conditions of policies offered, including ancillary risks covered by such policies;
- (b) knowledge of applicable laws governing the distribution of insurance products, such as consumer protection law, relevant tax law and relevant social and labour law;
- (c) knowledge of claims handling;
- (d) knowledge of complaints handling;
- (e) knowledge of assessing customer needs;
- (f) knowledge of the insurance market;

- (g) knowledge of business ethics standards; and
- (h) financial competence; and
- (2) for pure protection contracts (but not long-term care insurance contracts):
  - (a) knowledge of policies including the terms, conditions, the guaranteed benefits and, where applicable, ancillary risks;
  - (b) knowledge of organisation and benefits guaranteed by the pension system of the relevant state;
  - (c) knowledge of applicable insurance contract law, consumer protection law, data protection law, anti-money laundering law and, where applicable, relevant tax law and relevant social and labour law;
  - (d) knowledge of insurance and other relevant financial services markets;
  - (e) knowledge of complaints handling;
  - (f) knowledge of assessing consumer needs;
  - (g) conflict of interest management;
  - (h) knowledge of business ethics standards; and
  - (i) financial competence.

28.2.3 R A Where a firm has long-term insurance personnel, the firm must, including in relation to the relevant long-term insurance employee (or other person), demonstrate compliance with the following professional knowledge and competence requirements:

- (1) for general insurance contracts: [deleted]
  - (a) minimum necessary knowledge of terms and conditions of policies offered, including ancillary risks covered by such policies;
  - (b) minimum necessary knowledge of applicable laws governing the distribution of insurance products, such as consumer protection law, relevant tax law and relevant social and labour law;
  - (c) minimum necessary knowledge of claims handling;
  - (d) minimum necessary knowledge of complaints handling;
  - (e) minimum necessary knowledge of assessing customer needs;

- (f) ~~minimum necessary knowledge of the insurance market;~~
- (g) ~~minimum necessary knowledge of business ethics standards;~~  
and
- (h) ~~minimum necessary financial competence;~~

...

- (3) for *long-term insurance contracts (other than pure protection contracts)* and *long-term care insurance contracts*:

...

...

## 28.4 Record-keeping requirements

### Record-keeping requirements

...

28.4.2 R A *firm* must:

- (1) make an up-to-date record of the continued professional training or development completed by each ~~relevant long-term insurance employee (or other person)~~ in each 12 month period;
- (2) retain that record for not less than 3 years after the ~~relevant long-term insurance employee (or other person)~~ stops carrying on the activity; and
- (3) be in a position to provide any version of the record to the *FCA* on request.

[**Note:** article 10(2) second paragraph of the *IDD*]

28.4.2A G *Firms* are reminded of the record-keeping obligations in *SYSC 3.2.20R* and *SYSC 9.1.1R*, as applicable. The record maintained by a *firm* for the purposes of *SYSC 28.4.1R*, together with the records required by *SYSC 3.2.20R* or *SYSC 9.1.1R*, as applicable, should enable the *FCA* to monitor continued professional training and development undertaken by a *firm's* non-investment insurance personnel for the purposes of *SYSC 28.2.1R(1)* as well as *SYSC 3.1.6R* or *SYSC 5.1.1R*, as applicable (Competent employees rule).

28.4.3 R A *firm* must not prevent a ~~relevant non-investment insurance employee (or other person)~~ from obtaining a copy of the records relating to that ~~relevant non-investment insurance employee~~ which are maintained by the *firm* for the purposes of *SYSC 28.4.1R* and ~~SYSC 28.4.2R~~ *SYSC 3.2.20R* or *SYSC 9.1.1R*, as applicable.

28.4.4 R A firm must not prevent a long-term insurance employee (or other person) from obtaining a copy of the record relating to that long-term insurance employee which is maintained by the firm for the purposes of SYSC 28.4.1R and SYSC 28.4.2R.

...

### Sch 1 Record keeping requirements

Sch 1.1 G The aim of the guidance in the following table is to give the reader a quick overall view of the relevant record keeping requirements.

It is not a complete statement of those requirements and should not be relied on as if it were.

Sch 1.2 G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
...				
SYSC 28.4.2R	Matters dealing with knowledge and competence and completed continued professional training and development in relation to the carrying out of <i>insurance distribution activities</i> <u>by long-term insurance personnel</u> .	The firm must record the professional training or development completed by each <u>relevant long-term insurance employee (or other person)</u> in each 12 month period.	As required to demonstrate compliance.	As required to demonstrate compliance but at least 3 years after the <u>relevant long-term insurance employee (or other person)</u> stops carrying on the activity.

## Annex D

### Amendments to the Training and Competence sourcebook (TC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### **2 Competence**

##### **2.1 Assessing and maintaining competence**

...

Continuing professional development for persons involved in regulated funeral plan activities

...

2.1.23F R ~~A firm must ensure that each relevant employee who has been assessed as competent for the purposes of TC 2.1.1R remains competent by completing a minimum of 15 hours of appropriate continuing professional development in each 12 month period.~~ [deleted]

2.1.23G R ~~The appropriate continuing professional development in TC 2.1.23FR is in addition to any other continuing professional development completed. Continuing professional development completed by a relevant employee in relation to activities other than regulated funeral plan activities must not be taken into account for the purpose of TC 2.1.23FR.~~ [deleted]

2.1.23H R ~~For the purposes of TC 2.1.23FR, a firm must take into account the:~~ [deleted]

- (1) ~~role and activity carried out by the relevant employee within the firm; and~~
- (2) ~~the nature of the products sold.~~

2.1.23I G (1) ~~Appropriate continuing professional development has the same meaning as given in TC 2.1.22G(1), (3) to (5). Also see TC 2.1.22AG. For this purpose, reference to retail investment adviser should be read as if it were a reference to a relevant employee (under TC 2.1.23DR).~~ [deleted]

(2) ~~In relation to TC 2.1.23FR, the 15 hours of appropriate continuing professional development can include structured and unstructured training and need not consist of only formal classroom-based learning. For examples of structured and unstructured professional development see TC 2.1.20G and TC 2.1.21G.~~

2.1.23J R ~~TC 2.1.17R (suspending the continuing professional development requirement) and related guidance apply in relation to a relevant employee and references to:~~ [deleted]

(1) ~~TC 2.1.15R must be read as if it were a reference to TC 2.1.23FR;~~  
and

(2) ~~a retail investment adviser must be read as if it were a reference to a relevant employee (under TC 2.1.23DR).~~

2.1.23K G (1) *SYSC 5.1.1R (Competent employees rule) requires a firm to employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them.*

(2) *A firm should ensure that each relevant employee who has been assessed as competent for the purposes of TC 2.1.1R remains competent by undertaking appropriate continued professional development.*

(3) *For the purposes of (2), the firm should take into account the role and activity carried out by the relevant employee within the firm.*

#### Continuing professional development record-keeping

2.1.24 R A *firm* must, for the purposes of *TC 3.1.1R (Record keeping)*, make and retain records of:

(1) the continuing professional development completed by each:

...

(e) ~~relevant employee (under TC 2.1.23DR)~~

and

(2) the dates of and reasons for any suspension of the continuing professional development requirements under *TC 2.1.17R*, or *TC 2.1.23CR* or *TC 2.1.23JR*.

2.1.24A G *Firms are reminded of the record-keeping obligations in SYSC 9.1.1R (General requirements). The records required by SYSC 9.1.1R should enable the FCA to monitor continued professional training and development undertaken by a firm's relevant employees (under TC 2.1.23DR) for the purposes of SYSC 5.1.1R (Competent employees rule).*

2.1.25 R A *firm* must not prevent a *retail investment adviser* or a *pension transfer specialist* or a relevant employee from obtaining a copy of the records relating to them which are maintained by the *firm* for the purposes of *TC 2.1.24R* or *SYSC 9.1.1R*.

...

#### 4 Specified modified requirements

...

## 4.2 Specified requirements for firms carrying on insurance distribution activities

4.2.1 R For a firm, including a TP firm, which carries on *insurance distribution activities* the *rules* and *guidance* set out in column 1 of the table in *TC 4.2.5R* below are amended as set out in column 2.

4.2.2 R *TC 4.2.1R* is limited as set out in *TC App 2* and *TC App 3*.

4.2.2A G (1) *Firms* are reminded that *GEN 2.2* sets out how the *Handbook* applies to *TP firms*.

(2) *TC 4.2, to the extent that it applies (see *TC 4.2.2R*), including any amendments made after *IP completion day* (including for the avoidance of doubt new *rules* arising out of those amendments), continues to apply to *TP firms*.*

4.2.3 R In this section, ~~and the provisions in column 1 of *TC 4.2.5R*, relevant employees~~ non-investment insurance personnel are employees and other persons:

- (1) directly involved in the carrying on of the *firm's insurance distribution activities* in relation to *non-investment insurance contracts*; or
- (2) within the management structure responsible for the *firm's insurance distribution activities* in relation to *non-investment insurance contracts*; or
- (3) responsible for the supervision of a relevant *non-investment insurance* employee (or other person) acting in the capacity as set out in (1).

4.2.3A R In this section, and the provisions in column 1 of *TC 4.2.5R*, long-term insurance personnel are employees and other persons:

- (1) directly involved in the carrying on of the *firm's insurance distribution activities* in relation to:
  - (a) *long-term insurance contracts* (other than *pure protection contracts*);
  - (b) *long-term care insurance contracts*; or
  - (c) *rights to or interests in a life policy*;
- (2) within the management structure responsible for the *firm's insurance distribution activities* in relation to:
  - (a) *long-term insurance contracts* (other than *pure protection contracts*);

...

(b) long-term care insurance contracts; or

(c) rights to or interests in a *life policy*; or

(3) responsible for the supervision of a long-term insurance employee (or other person) acting in the capacity as set out in (1).

4.2.5 R

Column 1	Column 2
Relevant rules or guidance	Amendments either extending the scope, or adding and/or replacing rules and guidance in Column 1
<i>TC 2.1.1R(1)</i>	<p>The provision is amended by adding after <i>TC 2.1.1R(1)</i>:</p> <p>‘<i>A firm</i> must ensure that a <u>relevant long-term insurance employee</u> (<u>or other person</u>) appropriate knowledge and ability includes the requirements set out in <i>SYSC 28.2.3R</i> and is appropriate to the:</p> <p>(a) role and activity carried out by the <u>relevant long-term insurance employee</u> (<u>or other person</u>) within the <i>firm</i>; and</p> <p>(b) type of distribution and the nature of the products sold.’</p>
<i>TC 2.1.15R;</i> <i>TC 2.1.17R;</i> <i>TC 2.1.24R</i> and <i>TC 2.1.25R</i>	<p>The <i>rules</i> apply as if references to <i>retail investment advisers</i> included ‘<u>relevant long-term insurance employees personnel</u>’.</p>
<i>TC 2.1.15R</i>	<p>(1) For <i>firms</i> whose <u>relevant long-term insurance personnel</u> employees are not also <i>retail investment advisers</i>, the <i>rule</i> applies as if ‘35 hours’ was a reference to ‘15 hours’.</p> <p>(2) The <i>rule</i> is amended by adding at the end:</p> <p>‘Where the <u>relevant long-term insurance employee</u> (<u>or other person</u>) is also a <i>retail investment adviser</i>, the minimum 35 hours appropriate continued professional development requirement in <i>TC 2.1.15R</i> must include a minimum 15 hours covering the requirements in <i>SYSC 28.2.3R</i>.’</p>
<i>TC 2.1.16G</i>	<p>For <u>relevant long-term insurance personnel</u> employees acting in that capacity, the <i>guidance</i> is replaced by the following:</p>

		'To meet the requirements in <i>TC 2.1.15R</i> (as modified by <i>TC 4.2.5R</i> ) a <u>relevant long-term insurance</u> employee's ( <u>or other person</u> ) continued training and development can encompass various types of facilitated learning opportunities including courses, e-learning and mentoring.'
<i>TC 2.1.18G, TC 2.1.19G, and TC 2.1.23G</i>		The <i>guidance</i> applies as if references to <i>retail investment advisers</i> included ' <u>relevant long-term insurance personnel employees</u> '.
<i>TC 2.1.24R</i>		The rule is amended by adding after <i>TC 2.1.24R(2)</i> : 'the <i>firm</i> must be in a position to make available to the <i>FCA</i> , on request, the name of the <i>person</i> responsible for this record keeping requirement.'
<i>TC 3.1.1R</i>		The provision is amended by adding after <i>TC 3.1.1R(3)</i> : 'a <i>firm</i> must keep an up-to-date record of the continued professional training or development completed by each <u>relevant long-term insurance</u> employee ( <u>or other person</u> ) in each 12 month period,
	(a)	for not less than 3 years after the <u>relevant long-term insurance employee</u> ( <u>or other person</u> ) stops carrying out the activity; and
	(b)	the <i>firm</i> must be in a position to provide any version of the record to the <i>FCA</i> on request.'

4.2.6 R Where the relevant long-term insurance employee (or other person) is also a *retail investment adviser* the *rules* and *guidance* in *TC 4.2.5R* apply as follows (unless otherwise stated in *TC 4.2.5R*):

- (1) the unamended *TC rules* and *guidance* in column 1 of *TC 4.2.5R* apply in relation to the *person* when acting in the capacity of a *retail investment adviser*; and
- (2) the amended *TC rules* and *guidance* in column 2 apply in relation to the *person* when acting in the capacity of a relevant long-term insurance employee (or other person).

4.2.6A R Where a non-investment insurance employee (or other person) is also a *retail investment adviser*:

- (1) the unamended *TC rules* and *guidance* in column 1 of *TC 4.2.5R* apply in relation to the *person* when acting in the capacity of a *retail investment adviser*; and

(2) the applicable *rules and guidance* in SYSC 28 apply in relation to the *person* when acting in the capacity of a non-investment insurance employee.

4.2.6B G Where a non-investment insurance employee (or other *person*) is also a *retail investment adviser*:

(1) the *firm* should take into account the elements of professional knowledge and competence listed in SYSC 28.2.2AG, in light of the role and activity carried out by the individual within the *firm* when determining the appropriate continued professional development required for the purposes of TC 2.1.15R; and

(2) the *guidance* in TC 2.1.16G is replaced with the following *guidance*: ‘To meet the requirements in TC 2.1.15R, a non-investment insurance employee’s continued training and development can encompass various types of facilitated learning opportunities including courses, e-learning and mentoring.’

4.2.7 G *Rules and guidance* in this section relate to the requirements in SYSC 28 (Insurance distribution: ~~specific knowledge, ability and good repute requirements~~ Minimum knowledge Knowledge and competence requirements for carrying out insurance distribution activities).

...

## Sch 1 Record keeping requirements

...

Sch -1.1 G

TC 2.1.24 R provides:	
A <i>firm</i> must, for the purposes of TC 3.1.1 R (Record keeping), make and retain records of:	
(1)	the continuing professional development completed by each <i>retail investment adviser</i> and <del>relevant employee for the purposes of regulated funeral plan activities</del> ; and
(2)	the dates of and reasons for any suspension of the continuing professional development requirements under TC 2.1.17 R or TC 2.1.23JR.

## Annex E

### Amendments to the General Provisions (GEN)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### **2 Interpreting the Handbook**

...

##### **2.2 Interpreting the Handbook**

...

Guidance applying while a firm has temporary permission

...

2.2.35A G A TP firm should refer to the provisions listed below, which identify the rules and guidance in their sourcebooks that came into force after IP completion day and in respect of which special provision has been made to apply them to TP firms.

PRIN 3.1.13R,

SYSC 28.1.1R and SYSC 28.1.1AG

TC 4.2.1R and TC 4.2.2AG

...

ICOBS 8.4.1AG

PROD 1.3.1AR

and

PROD 1.4.1-AR

and

PROD 1.4.3R

...

...

## Annex F

### Amendments to the Insurance: Conduct of Business sourcebook (ICOBS)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

#### 1 Application

##### 1.1 The general application rule

...

###### Guidance

1.1.4 G ~~Guidance on the application provisions is in ICOBS 1 Annex 1 (Part 4).  
[deleted]~~

...

#### 1 Annex Application (see ICOBS 1.1.2R)

##### 1

[Editor's note: further changes to ICOBS 1 Annex 1 will take place on 1 January 2026 (see FCA 2025/57).]

...			
<b>Part 2: What?</b>			
<b>Modifications to the general application rule according to type of firm</b>			
...			
2			<del>Contracts of large risks Distribution to larger commercial customers and of specialist risks contracts</del>
2.1	R	Subject to Part 3 of this Annex:	
	(1)		<del>the application of this sourcebook does not apply to a firm distributing general insurance contracts to larger commercial customers or specialist risks contracts is as follows: a contract of large risks</del>
		(a)	<i>ICOBS does not apply where the risk is located outside the United Kingdom, irrespective of whether the customer is a consumer, commercial customer or larger commercial customer;</i>
		(b)	<i>the IPID requirements in ICOBS 6.1.10AR, ICOBS 6 Annex 3R and ICOBS 6.2.3R (Solvency II Directive derived information requirements) do not apply, irrespective of the risk location or</i>

			<u>whether the customer is a consumer, commercial customer or larger commercial customer; or</u>
		(c)	<u>where the risk is located in the United Kingdom the way that ICOBS applies is shown in the table below, based on the type of customer and contract:</u>

<u>Type of customer</u>	<u>Specialist risks contracts</u>	<u>General insurance contracts (excluding specialist risks contracts) distributed to larger commercial customers</u>
<u>Consumer</u>	<u>ICOBS applies, other than the rules in ICOBS 1 Annex 1 2.1R(1)(b)</u>	<u>N/A</u>
<u>Commercial customer</u>	<u>Only ICOBS 2 (General matters), ICOBS 6A.3 (Cross-selling) and ICOBS 6A.7 (Disclosure requirements for multi-occupancy buildings insurance) apply</u>	<u>N/A</u>
<u>Larger commercial customer</u>	<u>Only ICOBS 2 (General matters), ICOBS 6A.3 (Cross-selling) and ICOBS 6A.7 (Disclosure requirements for multi-occupancy buildings insurance) apply</u>	<u>Only ICOBS 2 (General matters), ICOBS 6A.3 (Cross-selling) and ICOBS 6A.7 (Disclosure requirements for multi-occupancy buildings insurance) apply</u>

	(2)	<del>only ICOBS 2 (General matters), ICOBS 6A.3 (Cross selling) and ICOBS 6A.7 (Disclosure requirements for multi occupancy buildings insurance) apply to a firm distributing a contract of large risks for a commercial customer where the risk is located within the United Kingdom; and [deleted]</del>
	(3)	<del>the IPID requirement in ICOBS 6.1.10AR (How must IPID information be provided?) and ICOBS 6 Annex 3R (Providing product information by way of a standardised insurance information document) do not apply to a firm distributing a contract of large risks. [deleted]</del>

		[Note: article 22(1) of the <i>IDD</i> ]
2.2	G	<p><u>Principle 7 continues to apply so Firms</u> are reminded of their obligations under <u>Principle 12 and PRIN 2A (the Consumer Duty) or Principle 7 (as applicable)</u> <u>which are not affected by the modifications in ICOBS 1 Annex 1 2.1R(1)(b)</u> above. In the FCA's view, in order to comply with those obligations, a firm should provide evidence of cover promptly after inception of a policy to its customer. In respect of a group policy, a firm should provide information to its customer to pass on to other policyholders and should tell the customer the information should be given to each policyholder.</p>
2.3	R	<p><i>ICOBS 6.2.3 R does not apply to contracts of large risks.</i> [deleted]</p>
		[Note: article 184(1) of the <i>Solvency II Directive</i> ]
...		

## 2 General matters

### 2.1 Client categorisation

#### Introduction

2.1.1 G Different provisions in this sourcebook may apply depending on the type of person with whom a firm is dealing. The type of person a firm generally deals with for the purposes of ICOBS is a customer who will either be a consumer or a commercial customer, and sometimes a larger commercial customer. ICOBS in places also refers to firms dealing with policyholders. This guidance explains the combined effect of those defined terms and some of the application provisions in ICOBS 1.

(1) A policyholder includes anyone who, upon the occurrence of the contingency insured against, is entitled to make a claim directly to the insurance undertaking. [deleted]

(2) Only a policyholder or a prospective policyholder who makes the arrangements preparatory to him concluding a contract of insurance (directly or through an agent) is a customer. In this sourcebook, customers are either consumers or commercial customers. [deleted]

(2A) The meaning of customer will depend on the part of ICOBS it is used in and the type of insurer involved. A reference to the defined term 'customer' in:

(a) (i) ICOBS 2 means a policyholder or prospective policyholder; and

(ii) ICOBS 2.5.-1R also includes a policy stakeholder; and

- (b) the rest of ICOBS (that is, other than ICOBS 2) means a *policyholder* or a *prospective policyholder* who makes the arrangements preparatory to them concluding a *contract of insurance* (directly or through an agent).
- (2B) In ICOBS the meaning of *policyholder* depends on whether the *insurer of the contract of insurance* in question is a *Solvency II firm* or not. (See the *Glossary* definition of the term *policyholder*.)
- (3) A *consumer* is any natural person who is acting for purposes which are outside his their trade, business or profession.
- (4) A *commercial customer* is a *customer* who is not a *consumer*.
- (5) A *larger commercial customer* is a *commercial customer* that meets certain size thresholds. For the purposes of the application provisions in ICOBS 1 Annex 1 Part 2 paragraph 2 (and this guidance), those size thresholds only need to be applied to the *policyholder* involved in making the arrangements preparatory to them concluding the *contract of insurance*.
- (6) Where ICOBS 2 refers to a ‘*customer*’ then *firms* will need to comply with those provisions in relation to all of the *policyholders* (and, where relevant, *policy stakeholders*) of the *contract of insurance* in question, irrespective of whether the *policyholder* making the arrangements preparatory to them concluding the contract is a *consumer, commercial customer or a larger commercial customer*. (Note that ICOBS 2.7.3G is expressly dis-applied in relation to *larger commercial customers*.)

...

## 2.7 Customers in financial difficulty

### Purpose

...

2.7.3 G The *guidance* does not set expectations in relation to *contracts of large risks distributed the distribution of specialist risks contracts* to *commercial customers and other general insurance contracts to larger commercial customers* (see ICOBS 2.1.1G(5)(b)). However, *firms* distributing *contracts of large risks these types of contracts* to *commercial customers and larger commercial customers* continue to be subject to *FCA rules* (including the *principles Principles*) referred to in ICOBS 2.7.2G in relation to that business, and will need to continue to consider what those *rules* may require of those *firms* in their particular circumstances.

[Editor's note: The provisions in SUP 16.23A (Employers' Liability Register compliance reporting), including the proposed amendments as consulted on in the consultation paper 'Simplifying the insurance rules: Proposed amendments following DP 24/1 and discussion on further changes for insurance and funeral plans' (CP25/12), are moved to ICOBS 8.4 (Employers' Liability Insurance). All the moved text from SUP 16.23A, including the amendments to that text, is underlined.]

...

## 8 Claims handling

...

### 8.4 Employers' Liability Insurance

#### Application

8.4.1 R (1) The general application *rule* in ICOBS 1.1.1R applies to this section subject to the modifications in (2).

(2) This section applies to:

(a) any *firm* solely with respect to the activities of:

(i) *carrying out contracts of insurance*; or

(ii) *managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's*;

in relation to *general insurance contracts* and, in either case, including business accepted under *reinsurance to close*.

...

(3) In this section references to:

(a) an 'employers' liability register' are to the employers' liability register referred to in ICOBS 8.4.4R (1)(a);

(b) a 'director's certificate' are to a statement complying with the requirements in ~~SUP 16.23A~~ ICOBS 8.4;

(c) *employers' liability insurance* include business accepted under *reinsurance to close* covering *employers' liability insurance* (including business that is only included as *employers' liability insurance* for the purposes of this section);

(d) a 'qualified director's certificate' are to the statement complying with the requirements in ~~SUP 16.23A.5R~~ ICOBS 8.4.7AR; and

- (e) a 'historical policy' are to a *United Kingdom* commercial lines *employers' liability insurance policy* or other evidence of cover issued or renewed before 1 April 2011; and
- (f) 'supporting documents' are the *director's certificate* and *auditor's report* specified in *ICOBS 8.4.7AR* and *ICOBS 8.4.7BR*.

8.4.1A G *TP firms and Gibraltar-based firms* are reminded that *GEN 2.2* and *GEN 2.3* (respectively) set out how the *Handbook* applies to them. *ICOBS 8.4, including any amendments (and, for the avoidance of doubt any new rules created arising out of those amendments) made after IP completion day, continues to apply to TP firms and Gibraltar-based firms.*

...

**FCA notification requirements**

8.4.6 R *A firm must:* [deleted]

- (1) ~~notify the FCA, within one month of falling within ICOBS 8.4.1R (2), as to whether or not it, or, if relevant, a member of the syndicates it manages, carries on business falling within ICOBS 8.4.4R (1) and, if it does, include in that notification:~~
  - (a) ~~details of the internet address of the firm or tracing office at which the employers' liability register is made available;~~
  - (b) ~~the name of a contact person at the firm and their telephone number or postal address, or both; and~~
  - (c) ~~the period over which the firm or syndicate member provided cover under relevant policies or, if still continuing, the date that cover commenced; and~~
  - (d) ~~the firm's Firm Reference Number; and~~
- (2) ~~ensure that the notification in (1):~~
  - (a) ~~is approved and signed by a director of the firm; and~~
  - (b) ~~contains a statement that to the best of the director's knowledge the content of the notification is true and accurate.~~

8.4.6A R *A firm with potential liability under an excess policy and which satisfies the requirements in ICOBS 8 Annex 1 1.1B R must notify the FCA before the date upon which it first seeks to rely upon that rule and ensure that the requirements of ICOBS 8.4.6R (2) are satisfied in respect of this notification.* [deleted]

Requirement to make employers' liability register and supporting documents available

8.4.7 R (1) A *firm* must make available:

- (a) the information on the employers' liability register either:
  - (i) on the *firm*'s website at the address notified to the FCA in ICOBS 8.4.6R(1); or
  - (ii) by arranging for a tracing office which meets the conditions in ICOBS 8.4.9 R to make the information available on the tracing office's website; and
- (b) the latest *director*'s certificate prepared in accordance with SUP 16.23A.5R(1) ICOBS 8.4.7AR and the latest report prepared by an auditor for the purposes of SUP 16.23A.6R(1) ICOBS 8.4.7BR, to a tracing office which has obtained information from the *firm* for the purposes of providing comprehensive tracing information, in accordance with ICOBS 8.4.4R (2)(d), provided that the tracing office has agreed with the *firm* not to disclose confidential information in the certificate and the report to third parties, save as required by law.

...

Director's certificate

8.4.7A R (1) A *firm* must obtain a written statement, by a *director* of the *firm* responsible for the production of the register, that, to the best of the *director*'s knowledge, during the reporting period the *firm* in its production of the register is either:

- (a) materially compliant with the requirements of ICOBS 8.4.4R(2) and ICOBS 8 Annex 1, including (where necessary) how the *firm* has used and continues to use its best endeavours in accordance with ICOBS 8 Annex 1.1.1CR; or
- (b) not materially compliant with the provisions referred to in ICOBS 8.4.7AR(1)(a), in which case the statement must also set out, to the best of the *director*'s knowledge, the information required by ICOBS 8.4.7AR(3).

(2) For the purposes of this rule and ICOBS 8.4.7BR, 'materially compliant' means that in relation to at least 99% of *polices* for which information is required to be included, the information in the register does not contain any inaccuracy or lack faithful reproduction (as relevant) that would affect the outcome of a search

when compared to a search carried out with fully accurate and/or faithfully reproduced information.

- (3) The information referred to in (1)(b) is:
  - (a) a description of the ways in which the firm, in its production of the register, is not materially compliant;
  - (b) the number of policies, in relation to which, either:
    - (i) the firm is not able to include any information in the register; and/or
    - (ii) information is included in the register, but information may be incorrect or incomplete,  
in each case as a proportion of the total number of policies required to be included in the register.
  - (c) where the firm is only practicably able to provide an estimate of the numbers in (b), the basis of each estimate; and
  - (d) a description of the systems and controls used in the production of the register and of the steps, together with relevant timescales, that the firm is taking to ensure that it will be materially compliant as soon as practicable.
- (4) The firm must ensure that the director's certificate includes the description of 'materially compliant' referred to in (2).
- (5) The director's certificate must be obtained by 31 August each year, covering the period of production of the register from 1 April to 31 March.

#### Auditor's report

8.4.7B R (1) A firm must obtain a report satisfying the requirements of (2), prepared by an auditor satisfying the requirements of SUP 3.4 and SUP 3.8.5R to SUP 3.8.6R, and addressed to the directors of the firm.

(2) The report referred to in (1) must:

- (a) be prepared on the basis of providing an opinion under a limited assurance engagement confirming whether the auditor has found no reason to believe that the firm, solely in relation to the firm's extraction of information from its underlying records, has not materially complied with the requirements in ICOBS 8.4.4R(2) and ICOBS 8 Annex 1 in the production of its employer's liability register during the

reporting period, having regard in particular to the possible errors and omissions referred to in (c);

- (b) use the description of ‘material compliance’ as referred to in ICOBS 8.4.7AR(2), adapted as necessary to apply solely to the firm’s extraction of information from its underlying records;
- (c) address, in particular, the following risks:
  - (i) information relating to certain *policies* issued or renewed on or after 1 April 2011 is entirely omitted from the register even though some relevant policy details are included in the firm’s underlying records;
  - (ii) information relating to certain *policies* in respect of which claims were made on or after 1 April 2011 is entirely omitted from the register even though some relevant policy details are included in the firm’s underlying records;
  - (iii) relevant information required to be included in the register, and which is included in the firm’s underlying records, is omitted from, or is inaccurately entered on to, the register; and
  - (iv) information relating to *policies* which do not provide employers’ liability insurance are included in the register.

- (3) The report referred to in (1) must be obtained by 31 August each year, covering the period of production of the register from 1 April to 31 March.

#### Director’s certificate and auditor’s report non-compliance

- 8.4.7C G Where either the director’s certificate or the auditor’s report indicates that the firm is not materially compliant with the provisions referred to in ICOBS 8.4.7AR(1)(a), the firm will need to consider whether notification to the FCA is required under SUP 15.3.11R(1) (Breaches of rules and other requirements in or under the Act or the CCA).
- 8.4.7D G SUP 15.3.12G sets out *guidance* on how significance should be determined for the purposes of SUP 15.3.11R(1).
- 8.4.7E G Where a firm is not materially compliant with the provisions referred to in ICOBS 8.4.7AR(1)(a) solely as a result of:
  - (1) the unavailability of data on historical *policies*; or
  - (2) the unavailability of data following an insurance business transfer,

the FCA considers that the firm is unlikely to be required to notify the FCA under SUP 15.3.11R(1).

...

Updating and verification requirements

8.4.11 R (1) ~~A firm must notify the FCA: [deleted]~~

- (a) ~~of any information provided to the FCA under ICOBS 8.4.6 R or ICOBS 8.4.6A R which ceases to be true or accurate; and~~
- (b) ~~of the new position, in accordance with the notification requirements in ICOBS 8.4.6 R;~~

~~within one month of the change.~~

...

ICOBS Sch 2 (Notification requirements) is deleted in its entirety. The deleted text is not shown but the chapter is marked [deleted] as shown below.

**Sch 2 Notification requirements [deleted]**

## Annex G

### Amendments to the Product Intervention and Product Governance sourcebook (PROD)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### 1 Product Intervention and Product Governance Sourcebook (PROD)

...

##### 1.4 Application of PROD 4

...

1.4.3 R *PROD 4 does not apply in relation to an insurance product that is:*

- (1) *a contract of large risks where the insurance product meets the conditions in PROD 1.4.3-AR*
  - (a) *a specialist risks contract; or*
  - (b) *a general insurance contract (other than a specialist risks contract) distributed to larger commercial customers who make the arrangements preparatory to them concluding the contract of insurance (directly or through an agent),*  
*which meets the conditions in PROD 1.4.3-AR;*
- (2) *a reinsurance contract; or*
- (3) *a bespoke insurance contract within the meaning of PROD 1.4.3-CR.*

[*Note: article 25(4) of the IDD*]

1.4.3-A R The conditions in *PROD 1.4.3R(1)* are that the insurance product is used exclusively for effecting *contracts of large risks* *the types of contract set out in PROD 1.4.3R(1)(a) or (b)* where there are no:

- (1) *policyholder(s); or*
- (2) *(where relevant) policy stakeholders, including, in relation to a multi-occupancy building insurance contract, any leaseholder,*

who in that context are natural *persons* acting for purposes outside of their trade, business or profession.

1.4.3-B G *The effect of PROD 1.4.3AR(1)(b) and PROD 1.4.3-AR is that PROD 4 will not apply to general insurance contracts (other than specialist risks contracts) where the policyholder who makes the arrangements preparatory to the conclusion of the contract is a larger commercial customer and all the other policyholders and any policy stakeholders are commercial customers.*

Therefore *PROD 4* will apply if at least one of the *policyholders* or any *policy stakeholders* is a *consumer*.

Bespoke insurance contracts

1.4.3-C R (1) A bespoke insurance contract in *PROD 1.4.3R(3)* is a *non-investment insurance contract* where the requirements in (2) are met, and either:

- (a) it is an adaptation of one of the *firm's* existing insurance products beyond what the existing product covers; or
- (b) it is a new *contract of insurance* that has been created by the *firm* and not adapted from the *firm's* existing insurance products.

(2) A contract in (1) is only a bespoke insurance contract if:

- (a) the *firm* adapts or creates it solely and specifically for, and in response to the request of, a *customer*, in order to meet that *customer's* particular insurance needs, objectives, interests and/or characteristics, where those needs, objectives, interests or characteristics cannot currently be met by the *firm's* existing insurance products (unless adapted); and
- (b) the *firm* does not market it or offer it as available to any other *customers*.

1.4.3-D G (1) Reference to what the existing product covers in *PROD 1.4.3-CR(1)(a)* includes:

- (a) different variants of the product and any optional extras or extended cover generally offered with or part of the existing product. A contract resulting from an adaptation of an existing product to give effect to choices by selecting from those variants, optional extras or that extended cover, is not a bespoke contract; and
- (b) situations where *insurers* amend contracts to include conditions, restrictions or provisions (by endorsement or otherwise) to address particular risks arising in relation to a particular *customer*, and which risks could also apply to others within the existing target market. This only applies where it can reasonably be said that the cover as amended falls within the same general scope of cover envisaged by the existing product. For example, a home *insurer* may impose a condition in relation to the locks required to ensure cover in a particular post code area considered by the *insurer* to present higher risks.

(2) Reference to 'on the request of a *customer*' also includes where requests are made by agents with the appropriate authority of the *customer* – for example, an *insurance intermediary* who, on behalf of

the *customer*, approaches the *insurer* and negotiates the terms of the bespoke insurance contract.

- (3) A *firm* marketing itself in general terms as having specialist expertise in a particular field, for example, that on request the *firm* can consider bespoke products in relation to adventurous or hazardous sport activities, is not the kind of marketing envisaged in *PROD 1.4.3.-CR(2)(b)*.
- (4) An existing insurance product referred to in *PROD 1.4.3-CR* is a product manufactured by the *firm* in line with *PROD 4.2*.

1.4.3-E G As long as it meets the requirements set out in *PROD 1.4.3-CR*:

- (1) a bespoke insurance contract can be used again if other *customers* approach the *firm* for similar insurance cover without that use leading to the contract being considered an ‘insurance product’ for the purposes of *PROD 4*. However, in order to meet the requirements in *PROD 1.4.3-CR* the *firm* will need to be satisfied that the *customer’s* approach does not result from the marketing or other offer by that *firm* to potential *customers* of the availability from the *firm* of that type of similar insurance cover (however small the target market or group of *customers* might be); and
- (2) a contract that has been specifically created by a *firm* (*PROD 1.4.3-CR(1)(b)*) can contain existing insurance product wording.

...

When an intermediary may be considered to be manufacturing

1.4.4 R ...

- (3) Personalisation of and adaptation of an existing insurance product in the context of *insurance distribution activities* for an individual *customer*, as well as the design of tailor-made contracts at the request of a single *customer*, will not be considered *manufacturing*. [deleted]

[Note: article 3 of the *IDD POG Regulation*]

...

## 4 Product governance: IDD and pathway investments

...

### 4.2 Manufacture of insurance products

Product governance arrangements

4.2.1 R ...

4.2.1-A R Where PROD 4.2.14-AR applies, PROD 4.2.1R only applies to the lead *firm* elected in accordance with that rule.

...

Manufacture by more than one firm

4.2.13 R Where there is more than one *firm* involved in the *manufacture* of an insurance product, the *firms* must have a written agreement which specifies:

...

[**Note:** article 3(4) of the *IDD POG Regulation*]

4.2.13A R The exception to PROD 4.2.13R is where more than one *firm* is involved in the *manufacture* of an insurance product and these *firms* opt to make one *firm* solely responsible for compliance with the *manufacturer* obligations in PROD 4.2, as set out in PROD 4.2.14-AR.

4.2.13B G The written agreement referred to in PROD 4.2.13R may include provisions:

- (1) where it is agreed that one *firm* will collect and collate the data necessary to carry out a fair value assessment, carry out the assessments required by PROD and pass on the data and the assessments to the other *firms* involved in the *manufacture* the insurance product; and
- (2) setting out the process whereby *firms* agree, before any data is collected and collated by one of the *firms* for the purposes of assessing compliance with PROD requirements, on what data is needed (including, for example, what data is needed to be able to carry out a fair value assessment, as referred to above), and the practical details as to when and how it is to be collected and used.

4.2.14 R ...

Option for one firm to be solely responsible for compliance with manufacturer obligations

4.2.14- A R (1) Where there is more than one *firm* involved in the *manufacture* of a *non-investment insurance product*, and the conditions in (2) to (4) are met, those *firms* may select one *firm* (the lead *firm*), to be solely responsible for complying with the requirements in PROD 4.2.

- (2) The first condition is that the lead *firm* in (1) must be, either:
  - (a) an *insurer*; or
  - (b) a *managing agent*.

(3) The second condition is that the *firms* can demonstrate that the lead *firm* has sufficiently significant involvement in the *manufacture* of the product to warrant its selection as lead *firm*.

(4) The third condition is that all the *firms* involved in the *manufacture* of an insurance product (ie, the lead *firm* and all the non-lead *firms*) must, unambiguously and in writing, agree that:

- (a) the lead *firm* is solely responsible for compliance with the requirements on manufacturers in PROD 4.2 in relation to all aspects of the insurance product including in relation to any aspects of the *manufacturing* carried out by any of the non-lead *firms*;
- (b) the lead *firm* accepts any and all liability arising out of any breaches of the requirements in PROD 4.2 that it has accepted responsibility for in (1), including liability for any claims for redress arising (though the lead *firm* may seek indemnities from the non-lead *firms* involved in the *manufacture* of the product in relation to that liability); and
- (c) the non-lead *firms* will cooperate with the lead *firm* and share all information reasonably required by the lead *firm*, in a timely manner, to enable the lead *firm* to fully comply with the requirements in PROD 4.2.

4.2.14- B G (1) The effect of PROD 4.2.14-AR(2) is that an *insurance intermediary* cannot be a lead *firm* for the purposes of accepting sole responsibility for compliance with PROD 4.2.

(2) Where the agreement between the lead *firm* and the other non-lead *firms* involved in the *manufacture* of the product in PROD 4.2.14-AR(4) does not unambiguously set out the responsibilities and liabilities in PROD 4.2.14-AR, PROD 4.2.13R will apply.

4.2.14- C E (1) To ensure *firms* can demonstrate sufficiently significant involvement in the *manufacture* of the product:

- (a) the lead *firm* should be the one that created, developed or designed the main aspects of the insurance product; or
- (b) where 2 or more *insurers* or *managing agents* equally design, develop or create the main aspects of the insurance product, the lead *firm* should be the *firm* (of those 2 or more *firms*) that underwrites the main part of the product and if those *firms* also underwrite equal shares, *firms* can determine which of them should be the lead *firm*.

(2) Compliance with (1) may be relied upon as tending to establish compliance with PROD 4.2.14-AR(3) (the second condition).

(3) Contravention of (1) may be relied on as tending to establish contravention of PROD 4.2.14-AR(3) (the second condition).

4.2.14- D G The effect of *PROD 4.2.14-AR* and *PROD 4.2.14-CE* is that where an *insurance intermediary* has designed, created or developed the main parts of an insurance product, it cannot be a *lead firm* (because of *PROD 4.2.14-AR(2)*), and generally nor can an *insurer* or *managing agent* (because of *PROD 4.2.14CE(1)(a)*), so *PROD 4.2.13R* should apply.

4.2.14- E R A *lead firm* meeting the requirements in *PROD 4.2.14-AR* is treated by the *FCA* as responsible for, and liable for any breaches of, the *manufacturer* obligations in relation to the whole of the insurance product for the purposes of *PROD 4.2* and must ensure that the requirements in *PROD 4.2* are met, including in relation to any aspects carried out by the other non-*lead firms* involved in the *manufacture* of the insurance product.

...

#### Distribution channels and information disclosure to distributors

...

4.2.29 R A *firm* which *manufactures* an insurance product, must make available to a *distributor*:

- (1) all appropriate information on the insurance product;
- (2) all appropriate information on the product approval process; and
- (3) the identified target market of the insurance product.

[**Note:** fifth subparagraph of article 25(1) of the *IDD*]

4.2.29A G For a *non-investment insurance product*, the information required by *PROD 4.2.29R* should include:

- (1) all appropriate information to enable the *distributor* to understand the intended value of the insurance product established by the *firm*;
- (2) any effect the *distributor* may have on the intended value that has not been fully taken into account by the *firm* when assessing value, and therefore which the *distributor* should take into account; **and**
- (3) any type of *customer* for whom the insurance product is unlikely to provide fair value; **and**
- (4) only if requested by a *distributor*, information about the determination of the intervals for regular review of the insurance product in *PROD 4.2.36R* and *PROD 4.2.36AAR*. For the avoidance of doubt, this information includes the record made and maintained for the purposes of *PROD 4.2.36ACR*.

...

Monitoring and review of insurance products

...

4.2.34B R ~~For a *non-investment insurance product*, a firm must undertake the regular review required by PROD 4.2.34R: [deleted]~~

- (1) ~~every 12 months; or~~
- (2) ~~more frequently where the potential risk associated with the product makes it appropriate to do so.~~

4.2.34C G ~~For the purposes of PROD 4.2.34BR, the factors that should be taken into account when considering if more frequent reviews would be appropriate include, but are not limited to: [deleted]~~

- (1) ~~the nature and complexity of the product;~~
- (2) ~~the nature of the *customer* base, including whether there are significant numbers of *customers* of long *tenure* and/or vulnerable *customers*;~~
- (3) ~~any specific indicators seen in the *firm*'s assessment of the product's value to the *customer*;~~
- (4) ~~any indicators of customer harm potentially emerging from the performance of the product (for example through claims and complaints data); and~~
- (5) ~~the nature and type of distribution arrangements being used.~~

...

4.2.36A G ~~In relation to a *non-investment insurance product*, when identifying the appropriate intervals for regular review, firms will need to consider the requirement in PROD 4.2.34BR and also whether any event has happened or any issue has arisen requiring the insurance product to be reviewed outside of the minimum review period. [deleted]~~

4.2.36A R ~~In relation to a *non-investment insurance product*, a manufacturer must determine on an ongoing basis the appropriate intervals for regular review based on the potential for *customer* harm arising from risk factors associated with the product.~~

4.2.36A R ~~For the purposes of PROD 4.2.36AAR, a manufacturer must take into account at least the following factors, in addition to those in PROD 4.2.36R:~~

- (1) ~~the nature of the *customer* base, including whether there are significant numbers of *customers* of long *tenure* and/or vulnerable *customers*;~~

(2) any indicators of customer harm seen in the firm's assessment of the product's value to the customer; and

(3) any indicators of customer harm potentially emerging from the performance of the product (for example, through claims and complaints data).

4.2.36A R In relation to a non-investment insurance product, a firm must make and retain a record of:

- (1) its determination of the appropriate intervals for regular review; and
- (2) the reasons for that determination.

4.2.36A G Where the potential for customer harm arising from risk factors associated with a non-investment insurance product is greater, a firm should carry out more frequent reviews under PROD 4.2.34R. This may result in reviews being carried out more frequently than once every 12 months. Conversely, where the potential for customer harm arising from risk factors associated with a non-investment insurance product is lower, a firm may carry out less frequent reviews under PROD 4.2.34R. This may result in reviews being carried out less frequently than once every 12 months.

4.2.36A E G The requirement in PROD 4.2.36AAR applies on an ongoing basis. A manufacturer should review its determination of the appropriate intervals for regular review where it becomes aware of relevant new information.

...

### 4.3 Distribution of insurance products

...

4.3.9 R The firm's governing body responsible for insurance distribution activities must endorse and be ultimately responsible for establishing, implementing and reviewing the product distribution arrangements and continuously verify internal compliance with those arrangements.

[Note: article 10(5) of the IDD POG Regulation]

4.3.10 R (1) A firm must regularly review its product distribution arrangements to ensure that those arrangements are still valid and up to date. The firm must amend product distribution arrangements where appropriate.

...

(3) ...

(3A) In relation to a non-investment insurance product, a firm must determine on an ongoing basis the appropriate intervals for the regular review of its product distribution arrangements based on the potential

for customer harm arising from risk factors associated with the product.

- (4) ...
- (5) In relation to a non-investment insurance product, a firm must make and retain a record of:
  - (a) its determination of the appropriate intervals for the regular review of its product distribution arrangements; and
  - (b) the reasons for that determination.

[Note: article 10(6) of the *IDD POG Regulation*]

- 4.3.10A R A firm must review its product distribution arrangements in relation to a non-investment insurance product at least every 12 months. [deleted]
- 4.3.10A G Where the potential for customer harm arising from risk factors associated with a non-investment insurance product is greater, a firm should carry out more frequent reviews under PROD 4.3.10R. This may result in reviews being carried out more frequently than once every 12 months. Conversely, where the potential for customer harm arising from risk factors associated with a non-investment insurance product is lower, a firm may carry out less frequent reviews under PROD 4.3.10R. This may result in reviews being carried out less frequently than once every 12 months.
- 4.3.10A G The requirement in PROD 4.3.10R(3A) applies on an ongoing basis. A distributor should review its determination of the appropriate intervals for regular review where it becomes aware of relevant new information.
- 4.3.10B R ...
- 4.3.10C G Information on the regular reviews of the product distribution arrangements in PROD 4.3.10R(4) includes information about the determination of the intervals for the regular review of its product distribution arrangements in PROD 4.3.10R(3A). For the avoidance of doubt, this information includes the record made and maintained for the purposes of PROD 4.3.10R(5).

...

## Annex H

### Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

#### 12 Appointed representatives

...

##### 12.4 What must a firm do when it appoints an appointed representative or an FCA registered tied agent?

...

###### Knowledge and ability requirements

12.4.8A G SYSC 28.1 (Minimum knowledge and ability requirements for carrying out insurance distribution activities), SYSC 28.2 (Knowledge and ability requirements) and SYSC 28.4 (Record-keeping requirements) apply in relation to a *firm's relevant employees* non-investment insurance personnel and long-term insurance personnel. This includes its *appointed representatives* and their *employees*.

[**Note:** articles 10(1), 10(2) and last paragraph of article 10(8) of the *IDD*]

...

##### 12.6 Continuing obligations of firms with appointed representatives or FCA registered tied agents

...

###### Obligations of firms under the training and competence rules

12.6.10 G (1) The *rules and guidance* relating to training and competence in SYSC 3 and SYSC 5 and in TC for a *firm* carrying on retail business extend to any *employee* of the *firm* in respect of whom the relevant *rules* apply.

(2) The specific knowledge and ability requirements and guidance in SYSC 28.2 and TC 4.2 for a *firm* with *Part 4A permission* to carry on *insurance distribution activities* apply to a relevant non-investment insurance personnel employee and to long-term insurance personnel (as defined in SYSC 28.1.2R and TC 4.2.3R and in SYSC 28.1.2AR and TC 4.2.3AR respectively) of the *firm*.

(3) For the purposes of (1) and (2), an *employee* or a relevant non-investment insurance employee or a long-term insurance employee of a *firm* includes an individual who is:

- (a) an *appointed representative* of a *firm*; and
- (b) employed or appointed by an *appointed representative* of a *firm* (whether under a contract of service or for services) in connection with the business of the *appointed representative* for which the *firm* has accepted responsibility.

...

## 16 Reporting requirements

### 16.1 Application

...

Application of different sections of SUP 16 (excluding SUP 16.13, SUP 16.15, SUP 16.22 and SUP 16.26)

16.1.3 R

(1) Section(s)	(2) Categories of firm to which section applies	(3) Applicable rules and guidance
...		
SUP 16.23A	<i>A firm undertaking the regulated activities in SUP 16.23A.1R</i>	Entire section
...		

...

### 16.3 General provisions on reporting

...

Structure of the chapter

16.3.2 G This chapter has been split into the following sections, covering:

...

~~18A employers' liability register compliance reporting (SUP 16.23A);~~

...

...

SUP 16.23A (Employers' Liability Register compliance reporting), SUP 16 Annex 44A (Employers' Liability Register compliance return) and SUP 16 Annex 44B (Guidance notes for the completion of Employers' Liability Register compliance return in SUP 16 Annex 44AR) are deleted in their entirety. The deleted text is not shown but the section and annexes are marked [deleted] as shown below.

**16.23A ~~Employers' Liability Register compliance reporting~~ [deleted]**

...

**16 Annex 44AR ~~Employers' Liability Register compliance return~~ [deleted]**

**16 Annex 44B ~~Guidance notes for the completion of Employer's Liability Register compliance return in SUP 16 Annex 44AR~~ [deleted]**

Amend the following as shown.

**TP 1 Transitional provisions**

**TP 1.12 ~~[deleted]~~**

(1)	(2) <del>Material to which the transitional provision applies</del>	(3)	(4) <del>Transitional provision</del>	(5) <del>Transitional provision: dates in force</del>	(6) <del>Handbook provision: coming into force</del>
+	SUP 16.23A.3R(2)	R	If, at the time SUP 16.23A.3R comes into force, the latest <del>director's certificate and auditor's report a firm submitted under the rules replaced by SUP 16.23A.3R related to a version of the register dated 31 March 2018 or earlier, the 'period of production of the register' to be covered by the first return that firms must submit under SUP 16.23A.3R(1) is from that date to 31 March 2019.</del>	From 28 September 2018 to 31 August 2019	28 September 2018

2	SUP16.23A.3R (2)	R	If, at the time SUP 16.23A.3R comes into force, the latest director's certificate and auditor's report a <i>firm</i> submitted under the <i>rules</i> replaced by SUP 16.23A.3R related to a version of the register dated 1 April 2018 or later, the 'period of production of the register' to be covered by the first return that <i>firms</i> must submit under SUP 16.23A.3R(1) is from that date to 31 March 2019.	From 28 September 2018 to 31 August 2019	28 September 2018
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## Annex I

### Amendments to the Perimeter Guidance manual (PERG)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### **2 Authorisation and regulated activities**

...

#### **2.8 Exclusions applicable to particular regulated activities**

...

Dealing in investments as agent

2.8.5 G The *regulated activity* of *dealing in investments as agent* applies to specified transactions relating to any *security* or to any *relevant investment*. The activity is cut back by exclusions as follows.

...

(3) In addition, exclusions apply in specified circumstances (outlined in PERG 2.9 (*Regulated activities: exclusions available in certain circumstances*)) where a *person* enters as agent into a transaction:

...

(i) that involves a *contract of insurance* covering large risks situated outside the EEA UK (see PERG 2.9.19G);

...

...

...

Arranging deals in investments and arranging a home finance transaction

...

[*Editor's note:* further changes to PERG 2.8.6AG made by the Public Offers of Relevant Securities (Operating an Electronic System) Instrument 2025 (FCA 2025/32, FOS 2025/3) come into force on 19 January 2026.]

2.8.6A G The exclusions in the *Regulated Activities Order* that relate to the various *arranging* activities are as follows.

...

(13) The following exclusions from both article 25(1) and (2) (outlined in PERG 2.9) apply in specified circumstances where a *person* makes arrangements:

...

(k) that involve a *contract of insurance* covering large risks situated outside the EEA UK (see PERG 2.9.19G);

...

...

...

### Advising on investments

...

2.8.12A G Advice given by an *unauthorised person* in relation to a *home finance transaction* or *advising on regulated credit agreements for the acquisition of land* in the circumstances referred to in PERG 2.8.6AG (5)(a) or (b) (Arranging deals in investments and arranging a home finance transaction) is also excluded. In addition:

...

(2) the following exclusions apply in specified circumstances where a person is *advising on investments*:

...

(f) that are covering large risks situated outside the UK (see PERG 2.9.19G)

...

...

## 5

### Guidance on insurance distribution activities

...

#### 5.11 Other aspects of exclusions

...

### Large risks

5.11.16 G Article 72D (Large risks contracts where risk situated outside the ~~EEA~~  
United Kingdom) provides an exclusion for large risks situated outside the  
~~EEA~~ United Kingdom. Broadly speaking, these are risks relating to:

- (1) railway rolling stock, aircraft, ships, goods in transit, aircraft liability and shipping liability;
- (2) credit and suretyship where relating to the *policyholder*'s commercial or professional liability;
- (3) land vehicles, fire and natural forces, property damage, motor vehicle liability where the *policyholder* is a business of a certain size.

~~For a fuller definition of *contracts of large risks* see the definition in the Glossary.~~

...

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