

REGULATORY DEVELOPMENTS – September 2016

FCA update on review of CASS 5 for insurance intermediaries

The FCA has [written](#) to firms providing an update on proposed changes to rules and guidance in Chapter 5 of their Client Assets Sourcebook (CASS 5). Back in 2012 a consultation paper had been published by the then FSA on a potential review of client money rules for insurance intermediaries (CP12/20). In the letter the FCA has however stated that it will not pursue any rule changes to CASS 5 without a new consultation. The existing CASS 5 rules remain in place and general insurance intermediaries holding client money or operating under risk transfer agreements must continue to comply with these.

FCA, August 2016

FCA policy statement on renewal process

The FCA has published a [policy statement](#) (PS16/21) on increasing transparency and engagement at renewal in general insurance markets. This follows from the consultation it carried out in 2015 to address the lack of competition within the general insurance industry (CP15/41). The consultation proposed a number of changes, such as for instance including the previous year's premium on renewal notices. In the policy statement the FCA confirms it will implement the changes it has proposed but with minor amendments to reflect some of the responses to the consultation. Insurers and intermediaries have until 1 April 2017 to comply.

Subsequently the FCA published Handbook [Notice 36](#) setting out changes to be made to ICOB 6 to implement the proposals made in the above policy statement.

FCA, 10 August 2016

The Association of British Insurers has published its [response](#) to the policy statement, stating it is pleased about the changes but disappointed the FCA has not followed the ABI's recommendation to exclude health and pet insurance products.

FCA & ABI, 10 August 2016

FCA "Dear CEO" letters on ARs

The FCA has published a "Dear CEO" [letter](#) referring to its thematic review of "Principals and their Appointed Representatives in the general insurance sector" which we reported on in our last edition. The FCA notes the serious shortcomings it has identified and requires the CEOs to consider the review and to take any necessary remedial action.

FCA, 27 July 2016

PRA supervisory statement on capital extractions by run-off firms

The PRA has [issued](#) a supervisory statement (SS4/14 – updated July 16) on capital extractions by run-off firms within the general insurance sector. The supervisory statement has been updated and now sets out expectations for senior management considering making a request to the PRA to extract capital from the firm during a run-off. Reflecting proposals considered in consultation CP42/15 published in November 2015, it has been amended to align with a revised approach when considering requests.

PRA, 28 July 2016

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