



# FCA temporary rule changes for GI

**Branko Bjelobaba FCII**  
Regulation & Compliance Consultant



## Branko Ltd

### FCA compliance consultants

- \* BIBA/AMII Compliance Manual
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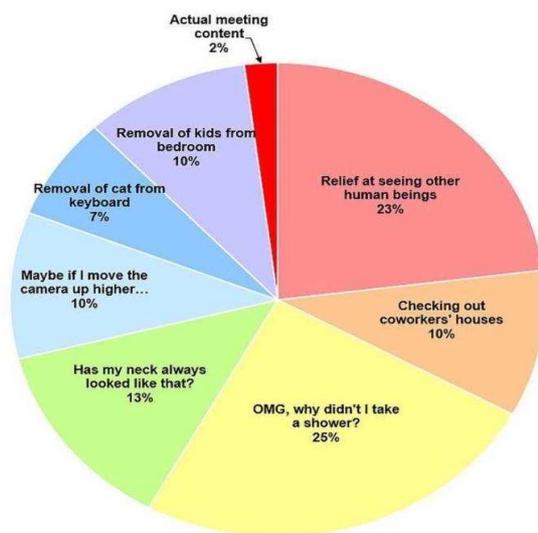


## Today's event

- Thank you to your LI for hosting
- Participation and sharing of ideas is very much encouraged
- Flexibility for the hour or so
- Verbal and chat forum questions welcome
- Feedback survey
- Slides will follow
- Connect with me on [LinkedIn](#)



## What happens in a Zoom meeting?



## What I will cover

- a) What is required when it comes to **consumers**
  - i. Product requirements
  - ii. Product value
  - iii. Premium payments
  
- b) What is required when it comes to **your firm**
  - i. Operational
  - ii. CPD
  - iii. Financials
  - iv. Senior Managers
  - v. Business interruption insurance



## Learning objectives

By the end of this talk you will have awareness of :

- The temporary FCA rule changes and what actions you will need to take in respect of your clients
  
- The temporary FCA rule changes and what actions you will need to take in respect of your own firm



## Just bear in mind

- There is a lot of detail and I will attempt to highlight some of the **KEY** pieces of information
- Please refer to the FCA documents I will signpost for full information
- Bear in mind this is not formal advice
- Please take up whatever professional help you need to ensure you remain compliant with FSMA 2000



## 1st. Poll

Previous talk?



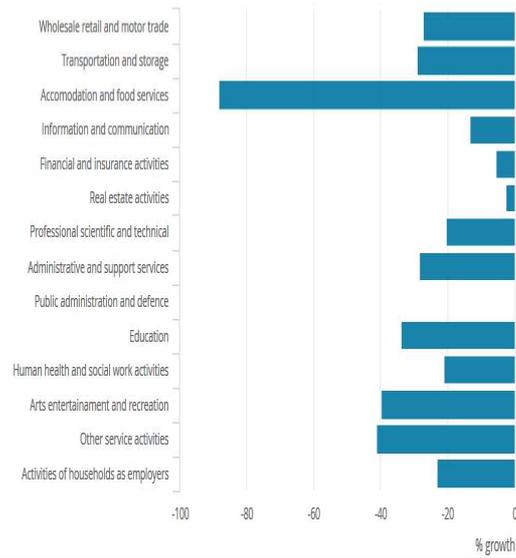
# Introduction



The screenshot shows the BBC News website interface. At the top, there is a navigation bar with the BBC logo, a 'Sign in' button, and a menu of categories: News, Sport, Weather, iPlayer, Sounds, and More. A search bar is located on the right. Below this is a red banner with the word 'NEWS' in white. Underneath the banner is a secondary navigation bar with links for Home, UK, World, Business, Politics, Tech, Science, Health, Family & Education, Entertainment & Arts, Stories, and More. The main content area is titled 'Business' and features a prominent headline: 'UK economy shrinks record 20.4% in April due to lockdown'. Below the headline, it indicates the article was published '12 minutes ago' and includes social media sharing icons for Facebook, Twitter, and Email. A 'Share' button is also present. A tag 'Coronavirus pandemic' is visible. Below the text is a photograph of a supermarket aisle with a blue 'One way' sign pointing right. To the right of the main article is a 'Top Stories' sidebar containing three items: 'UK economy shrinks record 20.4% in April lockdown' (12 minutes ago), 'UK backtracks on full EU border checks post-Brexit' (5 hours ago), and 'UK economy in record slump due to coronavirus' (5 hours ago).

2020

Index of Services, main sectors, month-on-month growth, seasonally adjusted,  
UK, April 2020



## **FS20/5: Coronavirus and customers in temporary financial difficulty: guidance for insurance and premium finance firms**

14 May 2020

# **FS20/7: Product Value and coronavirus: guidance for insurance firms**

3 June 2020

## **Finalised guidance**

**FG 20/1 Our framework:  
assessing adequate financial resources**

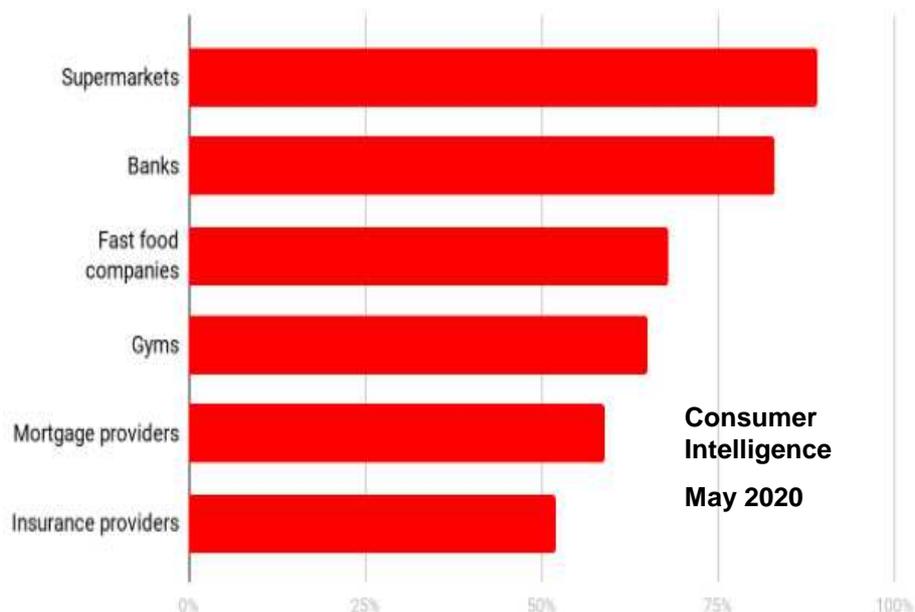
Contents

## What have insurers done?

- Premium holidays/deferrals if client having trouble and removing interest on DD payments
- Admiral refunds of £25 per vehicle insured and others have made statements
- Laid up cover for fleets (no need to SORN)
- Free extended cover for the lockdown and extending unoccupancy clauses
- A need to recognise that exposure all round is less (in line with new FCA rules)



Percentage of consumers who had received communications from



New measures will be in place from 18th May | View in browser



## Financial help announced for any drivers struggling with car insurance payments

If you're in financial difficulty due to coronavirus you could receive help from your insurer.

The [Financial Conduct Authority \(FCA\)](#) has encouraged insurers to reassess insurance policies if the policyholder is in financial difficulty.

If you're struggling to pay for your insurance due to the pandemic, contact your insurer. They'll be able to give you specific advice based on your situation. You should never leave yourself uninsured.

You'll be able to ask for help from 18 May to 18 August 2020.

If you ask your insurer for help, they will consider providing the following options:

- ✓ Reassessing your level of risk; for example, you might be driving less due to lockdown
- ✓ Reviewing your level of cover
- ✓ Waiving cancellation fees, or any fees associated with amending a policy.

Personal Business



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# Coronavirus updates, help and support

The information you need – from taking out a new policy to asking us to defer your next payment



> Insurance > Life Insurance, Investments and Pensions

**LVE** Car Home Travel Pet Landlord Other insurance ▾

Contact us Search

CORONAVIRUS

## Coronavirus help and support

On our dedicated coronavirus hub page, you can find the latest information and news, as well as details on what support is available from us.

Are you trying to get in touch?

Due to coronavirus (COVID-19), we've temporarily changed our opening hours



MAKE A CLAIM CONTACT US LOG IN

**AXA** CAR HOME TRAVEL LANDLORD ▾ BUSINESS ▾ VAN ▾ HEALTH ▾

[Home page](#) / Insurance and coronavirus (COVID-19)

## Coronavirus: help and support

“Coronavirus is disrupting our lives in ways we’ve never seen before. With lockdown restricting people’s movements, our teams across the country have changed their ways of working. I’m incredibly proud of how my colleagues have adapted to this situation to continue supporting our customers. I want to thank them all for their commitment and reassure our customers that we will do everything we can to help.”

Claudio Gienal — Chief Executive Officer, AXA UK and Ireland



EDBACK

## I am struggling to pay

I pay for my cover in monthly instalments, and I'm struggling to make the payments. What will happen to my cover? ^

We understand that it may be difficult to cover your monthly payments if your income has been affected by the coronavirus outbreak. If you have an AXA car insurance policy, please contact us on 0330 024 1229. Please note it may take us longer to answer your call than usual.

## I am changing my car use

I am not using my car; can I suspend my car insurance? ^

Unfortunately it is not possible to suspend your policy. If your car is parked anywhere on a road or other public place, it must be insured unless you register your vehicle off the road and [apply for a SORN](#).

Even if you aren't using your car, your policy still provides cover for damage, fire and theft – all of which could still affect it.

Please let us know if you are worried about [payments](#).

If you decide to declare your vehicle SORN because of the coronavirus situation, and want to cancel your policy, we will waive the cancellation fee.

If I have to drive to work now instead of getting public transport, will my car insurance still cover me? ^

Yes, we will provide short-term commuting cover. You do not need to advise us or change your cover.

I am unable to travel due to the most recent update from the government. What should I do? v

Can I make a claim on my travel insurance if my operator is only offering to reschedule trips or a voucher rather than a refund? v

I am due to make my next payment on my holiday, should I make the payment? v

If I postpone my trip or change my destination will my insurance still cover me? v

I have been advised to stay at home for 12 weeks due to my medical conditions and now can't travel. What should I do? v

I pay for my cover in monthly instalments, and I'm struggling to make the payments. What will happen to my cover? v

I'm now working from home because of the Government advice. Does my home insurance cover me? v

I'm concerned that there is a higher risk of accidental damage occurring to my contents or my property now I'm at home more. Does my home insurance cover me for this? v

Will my home insurance cover the cost of a deep clean to my property should it become contaminated by COVID-19? v

My property has suffered damage (from a fire, flood or other named peril) and it's uninhabitable. I am self-isolating, so will my insurer help me find alternative accommodation? v

I have been quarantined or am unable to travel home from abroad and therefore my home may be left unoccupied for over the 30 or 60 day limit on my policy. Will I still be fully covered? v

FEEDBACK

FEEDBACK

If the government orders my business to close to stop the spread of coronavirus, can I claim on my Business Interruption policy? ▼

---

If I need to stay at home due to coronavirus and can't run my business, is my business covered for financial losses? ▼

---

A lot of customers are cancelling because of coronavirus and my business is suffering. Can we get compensation for the reduced activity? ▼

---

Can I claim on my AXA Business Insurance policy for coronavirus? ▼

---

I'm self-employed and have had upcoming work cancelled. Will my insurance cover this loss of income? ▼

---

I bought my business insurance through a broker. Can I contact AXA directly if I have questions about my cover that relate to coronavirus? ▼

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My business is closed at the moment because of coronavirus. Will this affect my buildings insurance? ▼

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What happens if I can't afford to pay for my policy? ▲

FEEDBACK

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Home / Coronavirus Updates

## CORONAVIRUS UPDATES

10th June 2020	<a href="#" style="color: #0056b3; text-decoration: none;">FCA publishes particulars of BI court case</a>
4th June 2020	<a href="#" style="color: #0056b3; text-decoration: none;">FCA to survey 13,000 firms on their financial resilience</a>
3rd June 2020	<a href="#" style="color: #0056b3; text-decoration: none;">FCA publishes final guidance for insurance firms on assessing product value</a>
1st June 2020	<a href="#" style="color: #0056b3; text-decoration: none;">FCA gives update on validity of business interruption claims test case</a>
29th May 2020	<a href="#" style="color: #0056b3; text-decoration: none;">BSI publishes UK Safe Working Guidelines: UK business community encouraged to unite and shape best practice</a>
27th May 2020	<a href="#" style="color: #0056b3; text-decoration: none;">BIBA Medical Travel - 3 months FREE on annual policies</a>
20th May 2020	<a href="#" style="color: #0056b3; text-decoration: none;">AXA back to business guides</a>

## **a. Consumers**



### **What is needed**

- i. Product value**
- ii. Financial difficulties**
- iii. Policy coverage
- iv. Vulnerable customers



## i. Product value

- The guidance applies to all firms carrying on regulated activities relating to all non-investment insurance products - product manufacturers in particular (but all firms in the chain to work together)
- It is relevant to all insurance products regardless of the type of customer (retail and commercial)
- Firms should consider the value of products where there has been a material reduction in risk so that they are providing little or no utility to customers, and not just where claims are no longer possible



## Cont...

- Not needed at an individual customer level unless reasonable to conclude that they are not being provided with fair outcomes
- 6 months in which to review products and assess their value (sooner where possible)
- Nothing to stop brokers taking action where intended value now not being delivered
- Focus is on fundamental changes - where a benefit cannot be delivered or where there is a reduced level of utility rather than fluctuations in day to day risk



## Appropriate action?

Where firms identify that a product is not delivering the value intended, they should consider taking appropriate action. This includes:

1. delivering benefits in a different way
2. the provision of alternative, comparable benefits
3. reducing premiums for the duration of the change in value
4. refunds or partial refunds of premiums already paid

**Beware if there is a RP there will also be commission clawback (have you made allowances for this?)**



## 2<sup>nd</sup>. Poll

**Have insurers done anything?**



# 3<sup>rd</sup>. Poll

What?



## ii. Financial difficulties

- The guidance sets out expectations for firms dealing with retail customers who are experiencing temporary financial difficulty as a result of COVID-19
- The aim is to help these customers to minimise the impact of temporary financial distress whilst continuing to provide insurance that meets their demands and needs



## Cont...

- Firms should contact customers who have missed payments but otherwise only where they contact **you**:
  - to say they will have difficulty making repayments
  - they wish to reduce cover to lower the cost
- Proactive clear and effective engagement with other customers to confirm that support is available - website updates



## Actions

- **re-assess the risk profile** some motor insurance customers might not use their vehicle or might no longer use it for business purposes and could be offered lower premiums as cover will be reduced
- **offer other products** that would better meet the customer's needs and revise cover accordingly - a motor insurance customer might reduce cover from comp to TPF&T or remove add-ons
- give options such as **payment deferrals** to avoid cancellation of necessary cover, waive cancellation fees and fairly assess new premiums for customers who had to cancel and then later return
- **waive fees** associated with adjusting the policy in line with the other options set out above



## Payment deferral

- Allow a deferral of up to 3 months if the customer wants it and if it is in their best interests
- No fees or charges to be imposed
- **Of consequence to brokers if the premium finance is on a recourse basis (this should not be an impediment to offering it as customers' best interests come first)**
- Everyone should work together and lenders should consider whether recourse is appropriate currently



4.26 We are also aware that the recourse arrangements that are commonly in place between premium finance lenders and the brokers that introduce customers to them mean that often, brokers may ultimately be liable for the customer's debt if following a deferral, the customer cannot repay the monies owed. This risk will be relevant for the subset of customers who ultimately default where a recourse arrangement is in place, and is more material the longer a payment deferral lasts. However, as discussed above, longer payment deferrals are only likely to be in the interests of a relatively smaller number of customers.

4.27 We encourage all firms in the distribution chain to work together in a joined-up way to ensure that best outcomes are achieved. For example, lenders that have entered into recourse arrangements with brokers may want to consider whether it is appropriate to rely on the recourse arrangements during the current exceptional circumstances, where a customer is experiencing temporary payment difficulties because of coronavirus.

4.28 A 1-month payment deferral would reduce the risk of a customer accruing debt that becomes unmanageable at the end of the payment deferral and thus minimise the risk of a broker having to bear the debt burden. However, a 1-month payment deferral on its own might not be appropriate for many customers suffering temporary financial difficulties because of coronavirus. We are also aware that there are lenders offering payment deferrals of up to 2 or 3 months.

### If you're not going to be able to make the payment

You can apply for payment support online:

- One month payment holiday
- Reduce the payment on your next two instalments by 50%
- If you have missed a payment, we can remove the last payment fee

If you take a payment holiday or reduce the payment on your next two instalments the deferred amount will usually be spread equally across your remaining instalments.

We will process your application within 1 working day. To apply, you'll need your account reference number.

[Apply for payment support](#)

Alternatively, you can call our customer services team on [0333 321 8566](tel:0333 321 8566).

If you're experiencing financial difficulty as a result of Coronavirus and you're concerned that your insurance cover is no longer suitable for your needs, please contact your insurance broker directly to discuss your options.

At Premium Credit, we are committed to supporting all our customers, not least those experiencing difficulties as a result of the current situation. We recognise that each customer will have individual needs and challenges, and if you think you'll struggle to make your monthly repayments because of coronavirus, please contact us to agree the support we can provide, including a temporary one month payment deferral.

Whilst this may be a shorter deferral period than is available for other sources of lending, this is because we align with the FCA's view that offering shorter periods is more appropriate in certain circumstances. This is due to the nature of our lending product, customers ongoing need of their insurance or other services supported by our lending and the requirement to renew annually.

#### Is a Payment Deferral right for me?

It's important to remember that a payment deferral is a temporary reduction in your repayments, to help you through these uncertain times.

- Taking a payment deferral means that it may take you longer to repay your balance

 PremFina

ABOUT PRODUCTS TESTIMONIALS & AWARDS CUSTOMER FAQ PAYMENTS RESOURCES BLOG

next if you are experiencing temporary financial challenges due to the Coronavirus circumstances.

**I am experiencing financial difficulty and may not be able to make my monthly direct debit payments. What should I do next?**

Emailing is the quickest way to contact us as we are experiencing high call volumes at the current time. Please email us at [customers@premfina.com](mailto:customers@premfina.com) as soon

[Read more](#) ▼

**I will miss my payment due in the coming days or I have already missed a payment. What should I do next?**

If you are about to or have just missed a payment, please do not worry. You will automatically receive a letter from us notifying you of the missed payment and

[Read more](#) ▼

**Do you offer deferral payments?**

We understand these are uncertain times and you may be encountering difficulties. If this is the case, please contact your insurance broker to discuss your insurance policy and whether they offer any cover extension, policy freeze, downgrading or some other solution to reduce the insurance premium amount which would reduce your loan and monthly payments in the case your insurance is essential to you. As a last resort, please email us at [customers@premfina.com](mailto:customers@premfina.com) and we will review each situation case by case and advise of what we can offer depending on the terms of your loan with us. Options may include a payment deferral.

[Read less](#) ▲



# 4<sup>th</sup>. Poll

**Have any customers been in touch to say they are having difficulties with their payments?**



### **iii. Policy coverage**

- Firms may decide to suspend product offerings or make changes to existing products at renewal (i.e. excl COVID-19)
- To vary any contractual terms, firms need to consider whether the contract provides for the type of change and what the corresponding impact is on value
- Must be flagged prominently at renewal



### **iv. Vulnerable customers**

- The FCA has reminded firms of its vulnerable customer definition and circumstances that can cause vulnerability. It stated that COVID-19 is likely to worsen or change personal circumstances, even for those who would not normally consider themselves to be vulnerable
- For example, this could be through loss of income, the impact of isolation on mental/physical health, caring for others and, for key workers, their new working conditions and exposure to the virus
- You need to think about how you respond



## **b. Your firm**



### **What is needed**

- i. Operational resilience
- ii. CPD
- iii. Financials and Reporting
- iv. Senior Managers
- v. Business Interruption Insurance



## i. Operational resilience



## Operational resilience

- “The ability of firms and the financial system as a whole to absorb and adapt to shocks, rather than contribute to them”
- **Operational Resilience should form an integral part of a firm’s overall strategy.** All firms are expected to have plans in place to deliver critical services, no matter what the cause of the disruption. This should extend beyond business continuity and disaster recovery, and should include man-made threats such as physical and cyber-attacks, IT system outages and third-party supplier failure as well as natural hazards such as fire, flood, severe weather and pandemic flu.



## Operational resilience

We expect all firms to have contingency plans to deal with major events and that the plans have been tested. Alongside the Bank we are actively reviewing the contingency plans of a wide range of firms. This includes firms' assessments of operational risks, the ability of firms to continue to operate effectively and the steps firms are taking to serve and support their customers.

Firms should take all reasonable steps to meet the regulatory obligations which are in place to protect their consumers and maintain market integrity. For example, if a firm has to close a call centre - requiring staff to work from other locations (including their homes) - the firm should establish appropriate systems and controls to ensure it maintains appropriate records, including call recordings if required.

We will continue proactively discussing with firms and trade associations the issues they are facing, and we will be continuing our active dialogue with them in the coming days and weeks.

[Our consultation paper sets out further information on operational resilience matters that firms should be considering.](#)



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Home / Publications / CP19/32: Building operational resilience: impact tolerances for important business services

## CP19/32: Building operational resilience: impact tolerances for important business services



Consultation papers | First published: 05/07/2018 | Last updated: 21/04/2020 | See all updates



Print page



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## ii. CPD



### Allowing individuals to carry over Continuing Professional Development (CPD) because of coronavirus

First published: 27/05/2020 | Last updated: 27/05/2020



Print page



Share page

#### Training and competence

[Allowing individuals to carry over Continuing Professional Development \(CPD\) because of coronavirus](#)

[Examination standards](#)

During the current pandemic, we expect firms to continue to demonstrate that relevant individuals remain competent to carry out their work. This includes employees as referred to in the [Training and Competence sourcebook](#) and employees carrying on insurance distribution activities as referred to in [SYSC 28.2](#) and [TC 4.2](#). Effective and consistent CPD is an essential part of this. But in these exceptional circumstances we are also allowing firms to [defer individuals' CPD to the next CPD year](#).

## Firms most likely to be affected by continuing CPD requirements

But we also recognise that there could be exceptional circumstances when individuals may have difficulty completing the required minimum CPD hours. We expect this to have an impact on firms:

- who must ensure their retail investment advisers complete the required minimum 35 hours of CPD and get independent verification from an accredited body that the firm has met this requirement
- carrying on insurance distribution activities, who must ensure that each relevant employee completes a minimum of 15 hours of professional training or development in each 12-month period

## Allowing individuals to carry over their CPD

So, during the current situation we will temporarily allow firms to let individuals in exceptional circumstances carry over any uncompleted CPD hours to the next CPD year, i.e. the next 12-month period in which to complete the relevant CPD. This applies to CPD years ending before **1 April 2021**.

We expect individuals to stay up to date with our [Covid-19 regulatory developments](#) which could count towards CPD as relevant. Firms should also look into other available online equivalents to training courses or other ways for their staff to get the necessary CPD. Firms should take these other options into account as part of their decision to carry over CPD hours.

## What circumstances can count as 'exceptional'

- When individuals during the current pandemic:
  - are needed to carry out extra duties to manage risks, and/or to provide support, to consumers and businesses during the current situation
  - have caring responsibilities, such as having to care for a partner, child, parent, grandparent or sibling
  - have difficulties accessing CPD material, for example, due to technical difficulties or unavailable material, and
- Where it is not realistic to expect the individual also to fulfil the CPD requirements.

We remind firms that we have rules in place for long-term illness implications, as described in [TC 2.1.17](#).

## What firms will need to take into account

Firms will need to take into account:

- the individual's role and responsibilities
- the individual's knowledge and skill development, (including any relevant Covid-19- related training) during the current CPD year and their continued competence
- the number of CPD hours they intend to carry over
- the individual's circumstances during the current situation
- the reasons why the individual is unable to complete the relevant CPD

Firms should record their decision and the reasons for it, including the number of CPD hours the individual is carrying over to the next CPD year, but do not need to report this to the FCA.

## iii. Financials



### Upcoming COVID-19 Impact Survey

We wanted to advise you that we plan to send you a survey to complete on financial resilience. You will receive the survey on either **4 June** or **8 June** with responses due within **7 working days**. This survey is being sent to all firms in our selected portfolios unless you have already provided related information to us as part of another data collection exercise.

At the FCA, our core responsibilities include protecting consumers and enhancing the integrity of the UK financial markets. We know that financial stresses can put additional pressure on firms and so we are seeking to understand the effect Coronavirus (Covid-19) is having on the finances of the firms we regulate and better guide our supervisory actions. Firms are reminded of their obligations under SUP 15 and where they require the FCA to be informed about the effects of significant financial stress.

We require you to complete the short survey in full, under section 165 of the Financial Services & Markets Act (FSMA) 2000. We have designed this survey so that it is quick and simple to complete. However, if due to exceptional circumstances you cannot access your financial information, please ensure that you complete the questions where the relevant information is available. Your

# FCA survey S165

1. Cash and other liquid assets held and what costs those assets need to cover in the new few months, including extensions with creditors
2. Recent financial performance with regards to P&L and the impact of Covid-19, in the previous 3 months, and if this has affected business models
3. Scale of business activity and income and for e-money and GI, around safeguarded and client money
4. Information around firms accessing Government schemes, loans or furlough schemes



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Home / Publications / FG20/1: Assessing adequate financial resources

## FG20/1: Assessing adequate financial resources

Finalised guidance | First published: 11/06/2020 | Last updated: 11/06/2020



Print page



Share page

We are publishing final guidance on a framework to help financial services firms ensure they have adequate financial resources and to take effective steps to minimise harm.

Show FG20/1 (PDF)

### Why we are publishing this guidance

In [CP19/20](#) we consulted on the purpose of adequate financial resources, what we look for from firms and our

FG20/1: Assessing adequate financial resources

Related content

CP19/20: Our framework: assessing adequate financial resources

The screenshot shows the FCA Handbook page for MIPRU 4.2 Capital resources requirements. The page includes a navigation menu with options like Home, FCA Handbook, What's New, Instruments, Forms, and Guides. The main content area features a table of contents and a detailed view of the 'General solvency requirement' under MIPRU 4.2.1. The requirement states that a firm must at all times ensure that it is able to meet its liabilities as they fall due. The page also includes a search bar, a 'Join Up MyFCA' button, and a 'Content Options' sidebar with checkboxes for Rules, Guidance, Evidential Provisions, and Legal Instruments.

## Minimum capital requirements

Type of Firm	Capital Resource Requirements
A firm that <u>does not</u> have a permission to hold client money	£5,000 or if higher 2.5% of firm's annual income from regulated activities
A firm that <u>holds</u> insurance client money in a statutory trust	£10,000 or if higher 5% of its annual income from regulated activities
A firm which <u>holds</u> commercial insurance client money in a statutory or non-statutory trust	£10,000 or if higher 5% of its annual income from regulated activities
A firm which <u>holds</u> retail insurance client money in a non-statutory trust	£50,000 or if higher 5% of annual income from regulated activities





BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY

## SECTION D1: Regulatory Capital [help](#) [?](#)

### Capital resources per MIPRU 4 (home finance and non-investment insurance intermediation)

Incorporated firms

24 Share capital

25 Reserves

26 Interim net profits

27 Revaluation reserves

28 Eligible subordinated loans

29 **less** Investments in own shares

30 **less** Intangible assets

31 **less** interim net losses

32 CAPITAL RESOURCES

## COND 2.4 Assessment

- Identify key risks from your risk register (the crisis will have increased business risks)
- Robustly stress test the financial forecasts on P&L, cash flow and overall solvency
- **If premium finance is on a recourse basis then what will happen with clients who ask for deferral and are then unable to make the payments?**



# 5<sup>th</sup>. Poll

**Do you use recourse premium finance?**



## **Non-financial COND 2.4**

- Personnel - quality and quantity
- Back office functions
- IT, connectivity, cyber exposure, etc
- Premises
- WFH and RTW - maintain a healthy culture
- Acquisitions and disposals - practicality right now of effective due diligence?



## Issues (1)

- How much fat is there and do you have adequate net current assets?
- Possible breach of threshold conditions
- You should be able to quickly **prove** your position
- Government loans do not constitute regulatory capital



## Issues (2)

- Critical that you ensure the adequacy of your resources to allow you to continue to trade
- Don't underestimate future demands on it
- MIPRU regulatory capital requirement should be seen only as a minimum and that assets of sufficient quality, quantity and availability should be retained



# iv. Senior Managers



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Home / News / Senior Managers and Certification Regime (SM&CR) and coronavirus (Covid-19): our expectations of solo-regulated firms

## Senior Managers and Certification Regime (SM&CR) and coronavirus (Covid-19): our expectations of solo-regulated firms

Statements | Published: 03/04/2020 | Last updated: 03/04/2020

Print page Share page

We set out our expectations to help solo-regulated firms apply the SM&CR. We recognise that firms directly affected by coronavirus will need to keep their governance arrangements under review and make appropriate changes as circumstances change. We do not require firms to have a single Senior Manager responsible for their coronavirus response. Firms should allocate these responsibilities in the way which best enables them to manage the risks they face. We have also [published our expectations for dual-regulated firms](#) with the Prudential Regulation Authority (PRA).

# Notifications to FCA

- SoRs should be kept up to date but no need to send in (incl Form D)
- Temporary arrangements (where cover is from a non-SM) extended 12 to 36 weeks
- Furloughed SMs will retain approval and responsibilities should be temporarily re-allocated
- SMs performing required functions only as a last resort and where not mandatory flexibility exists but should be documented



Version: September 2019

## SUP Template 2 – Statement of Responsibilities

### Statement of Responsibilities - Core Firms

Senior Manager's Name .....

Date/Version .....

#### A. Senior Management Functions (SMFs)

Insert the applicable SMFs from Table A

Senior Management Function	Description of SMF	Effective Date

#### B. Prescribed Responsibilities (PRs)

Insert the applicable PRs from Table B

Reference	Prescribed Responsibility	Is the PR shared? Yes/No

## Senior Managers

- SMs need to be clear about their individual accountability
- Your response plan needs to be agile to reflect the current uncertainty
- This may mean changing day-to-day activities in order to take (and evidence) reasonable steps to manage the impact of the pandemic



## Steps to consider

- Adjusting business practices for WFH and RTW
- FCA expect SMs to identify employees who are unable to perform jobs from home and support them accordingly
- How are you supervising staff WFH?
- Are SMs still fit and proper?
- Do you have contingency plans in place if a significant portion of the SM team is unable to work?
- MI needed/should be reviewed and made available to enable anomalies to be reviewed



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HSE > News > Coronavirus > Working safely during the coronavirus outbreak

**BETA** Help us to improve this page by completing a short [survey](#).

## Working safely during the coronavirus outbreak

This guidance is for employers and those who are self-employed and work with or near other people. It may also be useful to workers and their representatives.

During the coronavirus (COVID 19) outbreak, it is important for businesses to operate where it is safe to do so. This guidance is designed to help you work safely and control the risks associated with running your business at this time.

The guidance explains measures you can take to help you carry on working safely during coronavirus (sometimes known as being 'COVID secure'), for example by putting in place social distancing measures, staggering shifts, providing additional handwashing facilities and how to

**Related content**

- ▶ [Coronavirus \(COVID-19\): latest information and advice](#)
- ▶ [Managing risk and risk assessment at work](#)
- ▶ [Working safely - GOV.UK](#)

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HSE > Guidance > Topics > Health and safety made simple > Risk assessment

**BETA** This is a new way of showing guidance - [your feedback](#) will help us improve it.

## Managing risks and risk assessment at work

**Coronavirus (COVID-19): update**

For the most up-to-date news and guidance, go to our pages on [coronavirus](#)

1. Overview
2. [Steps needed to manage risk](#)
3. [Risk assessment template and examples](#)
4. [More detail on managing risk](#)

# v. Business interruption insurance



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BROKER **Brokers lament “abysmal” claims experience during Covid-19**

 Sian Barton  
@InsuranceSian  
13 May 2020





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**News**

## ABI criticised for “callous and wrong” stance; July timetable for pioneering UK court hearing

10 May 2020

An open letter to the Association of British Insurers (ABI) has once again highlighted the impact on the industry’s reputation from the Covid-19 business interruption claims strategy of some of its members.



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## Insurance risks damaging reputation 'for a decade' warns dispute expert



**Harry Curtis**

24 Apr 2020

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## Business interruption insurance

First published: 15/05/2020 | Last updated: 10/06/2020 | [See all updates](#)

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Find out how we are seeking legal clarity on business interruption (BI) insurance during the coronavirus (Covid-19) crisis. We'll update this page with information on what we've done and are doing.

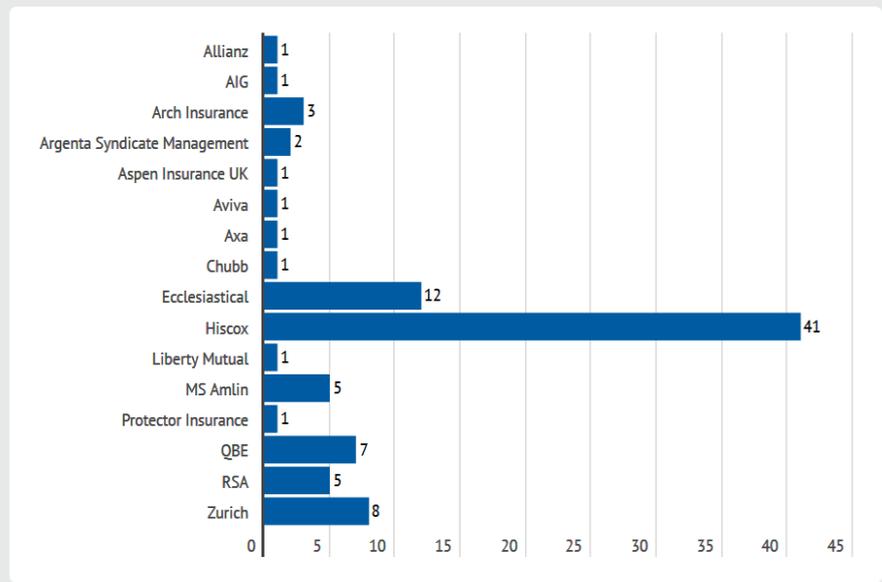
The coronavirus pandemic has led to widespread disruption and business closures resulting in substantial financial loss. Many customers have made claims for these losses under their BI insurance policies. There has been widespread concern about the lack of clarity and certainty for some customers making these claims, and the basis on which some firms are making decisions in relation to claims.

**Business interruption insurance**

**Related information**

- Particulars of Claim
- Representative Sample of Policy Wordings (updated)
- Representative Sample of Policy

### UPDATED: Number of policies affected by the FCA BI test case



# Expectations

- Authoritative declaratory judgment regarding the meaning and effect of some BI policy wordings where there remains unresolved uncertainty
- Is there is a gap between firms' and customers' understanding of what they thought was covered by the policy?
- What did the customer request or instruct?
- What was the customer told was being provided?
- **Check you have undertaken a proper assessment and explained things adequately**



## Sign up for BI insurance updates

[Sign up to receive email updates](#) on BI insurance and the High Court test case.

### Latest updates

10 June 2020

#### Start of proceedings in the High Court

We have started proceedings in the High Court and published the court documents related to this:

- **Claim Form**, which is a procedural document initiating legal proceedings and summarising what we are seeking.
- **Particulars of Claim**, which is the FCA's 'pleading' in the case, setting out our claim in writing.
- **Representative Sample of Policy Wordings**, which are a selection of policy wordings which the FCA believes captures the majority of the key issues that could be in dispute. Read a [tracked changes version](#) so that you can see how this document has developed to date from the proposal published on 1 June 2020 (which is also available below).
- **Assumed Facts** (or 'fact patterns'), which are a set of illustrative factual assumptions, for example the nature of the affected business(es), how they were affected by the pandemic and whether they closed entirely or partially (and why). These are a menu of potential fact patterns to assist the court, and not all of the assumed facts will be applied to all of the representative sample of policy wordings. Read a [tracked changes](#)

## Latest updates

15 June 2020

### Details of first Case Management Conference on 16 June

The first Case Management Conference before a Judge is now confirmed to take place on 16 June from 10.00am (or 10.30am depending on final court listing which can be checked after 4.30pm on 15 June 2020 by [clicking here](#)) to 4pm. At this hearing, the Judge will be invited to consider our application for expedition and admission to the Financial Markets Test Case Scheme, fix the timetable for the case (including the date for the court hearing in the second half of July) and deal with other procedural matters.

The court has agreed to live-stream this hearing. In order to view the hearing live:

- click on the following link, which will become live just before the hearing starts:  
<https://ff-2020-000018.sparq.me.uk/>
- you do not need any specialist software to view the live-stream

### Disease clause

**We** will insure **you** for **your** financial losses and other items specified in the schedule, resulting solely and directly from an interruption to **your activities** caused by:

...

#### Public authority

[11.][12.][13.] **your** inability to use the **insured premises** due to restrictions imposed by a public authority during the **period of insurance** following:

a...

b. an occurrence of any human infectious or human contagious disease, an outbreak of which must be notified to the local authority;

### Denial of access clause

**We** will insure **you** for **your** financial losses and other items specified in the schedule, resulting solely and directly from an interruption to **your activities** caused by:

#### Non-damage denial of access

3. an incident occurring during the **period of insurance** within a one mile radius of the **insured premises** which results in a denial of access or hindrance in access to the **insured premises**, imposed by any civil or statutory authority or by order of the government or any public authority, for more than 24 consecutive hours;

## Concerns for brokers

- **Mis-selling** - firms may suggest that they were sold the wrong policy
- **Poor advice** - there may be allegations that they were advised that this level of cover wasn't required, or they assumed this cover was in place (suitability of cover included)
- Misleading or unclear policy wordings, or exclusions hidden within lengthy policy documents
- **Update your Risk Register**
- **PII cover being restricted**



### More Resources:



Handbook Publications



Consultation papers,  
Discussion papers, Policy  
statements



Derivations & destinations



### Terms to be incorporated in the insurance

MIPRU 3.2.4

R

01/10/2018



The contract of professional indemnity insurance must incorporate terms which make provision for:

- (1) cover in respect of claims for which a *firm* may be liable as a result of the conduct of itself, its *employees* and its *appointed representatives* (acting within the scope of their appointment);
- (2) the minimum *limits of indemnity* per year set out in this section;
- (3) an excess as set out in this section;
- (4) appropriate cover in respect of legal defence costs;
- (5) continuous cover in respect of claims arising from work carried out from the date on which the *firm* was given *Part 4A permission* for the *insurance distribution activity* or *home finance mediation activity* concerned; and
- (6) cover in respect of *Ombudsman* awards made against the *firm*.

## Learning objectives

By the end of this talk you will have awareness of :

- The temporary FCA rule changes and what actions you will need to take in respect of your clients
- The temporary FCA rule changes and what actions you will need to take in respect of your own firm



**Thank you for listening**

**Questions and debate please**

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