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INSURANCE REGULATORY EBULLETIN

ROUND UP OF REGULATORY DEVELOPMENTS IN JULY
2020



WELCOME TO OUR INSURANCE REGULATORY EBULLETIN

Welcome to this edition of our Insurance Regulatory eBulletin, which aims to keep you updated with significant regulatory developments and their implications across the insurance sector.

I hope you and your families continue to be safe and well and that you will manage to have a holiday break with them. Whilst there seems to be some light at the end of the tunnel with the start of the easing of the lockdown restrictions I suspect it will be some time still before some sort of normality returns. We continue to operate and serve our clients as a fully-remote, fully-connected workforce.

July has been a surprisingly busy month on the regulatory front. COVID-19 issues continue to impact but the regulators are now also addressing the issues that had been put on hold. EIOPA has published a single Rulebook for Solvency II and the EC has reminded the insurance sector of the legal implications of Brexit and the effect on their activities at the end of the transition period on 31 December. No doubt Brexit will become a regular theme of this bulletin in the next few months. The FCA is pressing on with its test case on business interruption insurance but is also turning back to its themes of treating customers fairly by banning contingent commissions in motor finance and addressing vulnerable customer issues.

This bulletin contains as much up to date regulatory news as we can gather. Inevitably, this may change as the current situation develops and we will aim to keep you informed in the future.

Please do not hesitate to contact myself or your normal BDO contact if you have any concerns over any matter highlighted in this update.

Say safe and stay well and I hope you enjoy reading this latest update.



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EIOPA

EXPECTATIONS ON PRODUCT OVERSIGHT AND GOVERNANCE REQUIREMENTS DURING COVID-19

EIOPA issued a statement on 1 April on mitigating the impact of the COVID-19 on consumers. On 8 July, EIOPA issued [a further statement](#) to clarify its expectations on the application of Product Oversight and Governance (POG) requirements.

EIOPA expects insurance manufacturers to systematically identify insurance products whose main features, risk coverage or guarantees have been materially impacted by the COVID-19. Insurance manufacturers should take a medium to long-term perspective to ensure that the effect of COVID-19 is assessed in a comprehensive manner.

Insurance product manufacturers are expected to take into account the extent of lockdowns and other ongoing measures in different Member States and their impact on consumers' habits and behaviours, including mobility, liability risks, travel and access to services (e.g., non-essential medical services).

Where products have been materially affected, the insurance manufacturer should assess whether and how they continue to offer value to the target market, taking into account its needs, characteristics and objectives. Where detriment is identified remedial measures should be taken to mitigate the effects.

EIOPA'S RESPONSE TO THE EC'S CONSULTATION ON THE RENEWED SUSTAINABLE FINANCE STRATEGY

On 15 July, EIOPA responded to the EC's [consultation](#) on the renewed sustainable finance strategy. In its response, EIOPA identified three main challenges and opportunities.

- ▶ the need to assess interconnected risks around climate change and other systemic risks presents an opportunity to create an open ecosystem of data on hazards, exposure, vulnerability and insurance coverage.
- ▶ the need for appropriate sustainability disclosure to retail investors using simple and

standardised language to inform them on the adverse impact of insurers' investment decisions; and

- ▶ the need for measures to mitigate risks and reduce losses - a key challenge is to measure the impact of such measures and prevent greenwashing.

EIOPA also welcomed the EC action to integrate environmental, social and governance (ESG) risks and factors into Solvency II and the Insurance Distribution Directive.

IMPACT OF ULTRA LOW YIELDS ON THE INSURANCE SECTOR

On 17 July EIOPA published a [report](#) on the risks and implications of current ultra-low/negative yields on the investment behaviour of insurers. The report also considered the challenges to the profitability and solvency positions of the European insurance market, and a description of the impact on the insurance business models and consumers.

The report also addresses how COVID-19 has affected the macroeconomic and market conditions worldwide, with the launch of support packages and monetary easing by some central banks and governments. This along with the low interest rate environment, has presented challenges for the insurance industry in terms of asset allocations, profitability, solvency and business model adaption.

SUPERVISORY STATEMENT ON THE RECOGNITION OF REINSURANCE SCHEMES FOR COVID-19 AND CREDIT INSURANCE

On 20 July, EIOPA published a [Supervisory Statement](#) (SS) setting out its view on the exceptional supervisory treatment under Solvency II of reinsurance schemes implemented by Member States in the context of the EC's 'Temporary Framework for state aid measures to support the economy in the current COVID-19 outbreak', adopted on 19 March 2020.

The EC recognised the risk of a rapid contraction of credit insurance business during COVID19 and

this led the EC to take similar initiatives as used in the financial crisis of 2008/9. The Temporary Framework enables Member States to adopt temporary measures, including schemes to support export and trade in general.

EIOPA has identified significant differences in how these national schemes supporting credit insurance are implemented through the Temporary Framework. The SS outlines a number of supervisory recommendations for national competent authorities, with the aim of supporting supervisory convergence.

PAPER ON PANDEMIC RESILIENCE SOLUTIONS

On 27 July, EIOPA has issued a [staff paper](#) looking into issues and options for developing shared resilience solutions for pandemics. The paper recognises that private insurance solutions alone will not be enough to protect society against the financial consequences of future pandemics. Solutions will require both public and private sector involvement, and should include proper risk assessment, risk prevention and adaptation measures, appropriate product design, and risk transfer.

Comments on the paper should be submitted by 25 September 2020.

STATEMENT ON SOLVENCY II SUPERVISORY REPORTING DURING COVID-19

On 27 July, issued a [Statement](#) on supervisory reporting during COVID-19. On 20 March, EIOPA recommended later deadlines for annual and quarterly reporting. EIOPA notes it is of utmost importance to continue to provide a framework for a consistent supervisory approach across the EU to ensure that all competent authorities (NCAs) and EIOPA receive timely quarterly information.

EIOPA now considers that insurance and reinsurance undertakings should be able to comply with the normal reporting deadlines set out in the Solvency II framework.

Thus, (re)insurers are expected to report in the Solvency II solo quarterly Own Funds template (S.23.01) with a reference date between 30 June and 31 December 2020, a calculation (if it is available as of reference date) or at least an

estimation of the Solvency Capital Requirement at the end of each quarter reference date.

EIOPA also urges NCAs to submit the information received quarterly to EIOPA no later than 2 weeks after receipt to allow EIOPA to monitor the current situation in a timely manner.

EIOPA OUTLINES KEY FINANCIAL STABILITY RISKS OF INSURANCE SECTOR

On 30 July, EIOPA published its July 2020 [Financial Stability Report](#) on the (re)insurance and occupational pensions sectors in the EEA.

EIOPA noted that the COVID-19 outbreak highlighted the importance of the Solvency II regulatory framework. The market-consistent and risk based approach helped insurers to better align capital to risk, build-up resilience and enhance the risk management practices, while the adjustments included for long-term guarantees allowed to partially mitigate market volatility caused by COVID-19.

At December 2019 the insurance sector had a solid and comfortable capital buffer with a median SCR ratio of 213% which helped insurers to withstand the initial severe market shocks experienced with the COVID-19 crisis. However, a high degree of uncertainty on the magnitude of the economic disruption has increased the future downside risk. COVID-19 has further intensified the existing challenges posed by the prolonged low yield environment, a continuing fundamental risk for the insurance sector.

EIOPA LAUNCHES ITS SOLVENCY II SINGLE RULEBOOK

On 31 July, EIOPA launched its Single Solvency II Rulebook. The Single Rulebook is an online tool focused on Solvency II that is intended to further promote a consistent implementation of the regulatory framework.

The Single Rulebook enables navigation across the different legal acts including the Directive, Delegated and Implementing Regulations, and EIOPA's Guidelines, Recommendations, Opinions and Supervisory Standards.

EIOPA's aim is to improve the understanding of the applicable rules, and at the same time to promote the European internal market.

BREXIT

EUROPEAN COMMISSION NOTICE ON THE EFFECT OF BREXIT ON (RE)INSURANCE ACTIVITY

On 1 February 2020, the United Kingdom withdrew from the EU and became a “third country”. The Withdrawal Agreement provides for a transition period ending on 31 December 2020. Until that date, EU law in its entirety applies to and in the United Kingdom.

On 13 July, the European Commission published a [Notice](#) reminding (re)insurers and insurance intermediaries of the legal implications that the end of the transition period will have on their activities.

The Solvency II Directive and the Insurance Distribution Directive no longer apply to the UK which has the following consequences:

Authorisation and supervision of insurers and reinsurers	<ul style="list-style-type: none"> ▶ Insurers are no longer authorised to provide services in the EU and become third country entities. ▶ Branches of UK insurers become third country branches and require authorisation in the Member State in which they operate. This authorisation applies to the Member State only and there is no rights to provide services in another Member State. ▶ EU subsidiaries of a UK insurer can continue to operate across the EU subject to compliance with Solvency II Directive. ▶ UK reinsurers can carry on activity subject to the rules of the Member State in which they operate. This may mean pledging of assets or the establishment of a branch. Equivalent status may be granted to UK reinsurers in the future but this is subject to an ongoing assessment. Thus UK insurers should prepare for no equivalence on 31 December. ▶ Group supervision - Insurers and reinsurers operating in the EU as part of a group with the parent registered in the United Kingdom will be impacted. EU supervisory authorities can require a worldwide group solvency or apply other methods to ensure appropriate group level supervision (including the establishment of a holding company with head office in the EU).
Insurance contracts	<ul style="list-style-type: none"> ▶ <u>Service continuity</u> - the loss of the EU authorisation may affect the ability of UK insurance undertakings to continue performing certain obligations and activities. Firms are required to take measures to ensure that contracts can continue to be serviced. These risks need to be identified and mitigated. ▶ <u>Information disclosure</u> - policyholders/customers should be informed of the lack of authorisation and the impact on their rights and future provision of insurance services.
Intermediaries	<p>Insurance/reinsurance intermediaries registered in the UK will no longer benefit from the current registration rights under IDD and thus will not be able to conduct business in the EU on the basis of their UK authorisation.</p>

PRUDENTIAL REGULATION

SOLVENCY II TECHNICAL INFORMATION: THE PRA'S PROPOSED APPROACH TO PUBLICATION AT THE END OF THE TRANSITION PERIOD - CP5/20

On 1 July, the PRA issued a Consultation Paper (CP5/20) requesting comments on its proposed approach to the publication of Solvency II technical information (TI) after the end of the transition period (TP) of the Withdrawal Agreement between the UK and EU. The proposals in the CP would be set out in a new PRA Statement of Policy (SoP) to come into effect from the end of the TP.

Until the end of the TP, UK insurers are required to use the TI published by EIOPA to calculate regulatory technical provisions under Solvency II. The PRA will be required to publish TI for each relevant currency following the end of the TP.

The Consultation Paper includes proposals on:

- ▶ how the published TI would be derived;
- ▶ the criteria used to determine the PRA relevant currencies;
- ▶ the PRA's approach to determining the volatility adjustment reference portfolios; and
- ▶ the publication of TI on the PRA website.

The proposed implementation date is expected to be 31 December 2020. Comments on the CP should be submitted on or before 30 September 2020.

MANAGING CLIMATE-RELATED FINANCIAL RISK

On 1 July, the PRA published a letter from Sam Woods to all PRA-regulated firms on [‘Managing climate-related financial risk - thematic feedback from the PRA’s review of firms’ SS3/19 plans and clarifications of expectations’](#). The PRA also published a speech by Sarah Breeden accompanying this: [‘Leading the change: Climate Action in the Financial Sector’](#).

The letter sets out the PRA’s expectation that all firms should have fully embedded their

approaches to managing climate-related financial risks by the end of 2021.

Firms should be able to demonstrate that the expectations set out in SS3/19 have been implemented and embedded throughout the firm as fully as possible. This should be achieved through a proportionate approach that reflects the firm’s exposure to climate-related financial risk and the complexity of its operations.

The letter also sets out the PRA’s observations arising from its thematic review of firms’ SS3/19 plans. The annex provides examples of good practice and highlights where identified gaps between firms’ intentions and PRA expectations. Key issues related to:

- ▶ Governance - strategic response and oversight of climate-related financial risk;
- ▶ Risk management - metrics and quantification together with a lack of integrated policy and process;
- ▶ Scenario analysis - significant gaps in capabilities, data and tools; and
- ▶ Disclosure - appetite for making climate related disclosure is currently limited by the capability of firms.

PRA Statement to insurers on the application of the matching adjustment during COVID-19

On 7 July, the PRA published a [statement](#) on the matching adjustment (MA) during the COVID-19 crisis. The PRA reminded firms that there is no requirement to sell downgraded assets as long as the MA Portfolio (MAP) continues to comply with Regulation 42 of the Solvency II Regulations and firms’ own governance and risk management systems. The PRA has also provided further clarification on eligibility of MA assets as a result of changes to underlying cash flows; and the calculations of cash flows for assets included in the MAP.

REGULATED FEES AND LEVIES: RATES FOR 2020/21 - PS16/20

On 7 July, the PRA published a [Policy Statement \(PS16/20\)](#) providing feedback on the responses to Consultation Paper (CP) 4/20 'Regulated fees and levies: Rates proposals 2020/21'. The PS contains the PRA's final policy, including:

- ▶ the fee rates to meet the PRA's 2020/21 Annual Funding Requirement (AFR) for 2020/21;
- ▶ amendments to the Fees Part of the PRA Rulebook (Appendix 1); and
- ▶ updates to Supervisory Statement (SS3/16) 'Fees: PRA approach and application'.

The PRA's AFR for 2020/21 is £276.1 million, which is £22.1 million higher than the AFR for 2019/20 of £254 million. The 9% increase in the AFR is primarily driven by increases in investment activities, work on operational resilience and climate change, developments in technology, and an increase in PRA pension costs.

STRENGTHENING ACCOUNTABILITY: SM&CR FORMS UPDATE - CP7/20

On 13 July, the PRA published a [Consultation Paper \(CP7/20\)](#), setting out proposals to make minor amendments to the PRA Rulebook, the Notifications Form and the Senior Manager & Certification Regime (SM&CR) Form L.

Responses are requested by 13 October 2020.

COMPLAINTS AGAINST THE REGULATORS - CP8/20

On 21 July, the FCA, PRA and Bank of England (the Bank) jointly published a [Consultation Paper \(CP8/20\)](#) setting out proposed changes to their joint complaints scheme (the Scheme). The Scheme was set up under the Financial Services Act 2012 to cover the procedures for handling complaints against the regulators themselves (as opposed to complaints against regulated firms), and to describe the role of the independent Complaints Commissioner.

The CP proposes a new version of the Scheme to simplify its wording and make it more accessible to its main users - consumers and small

businesses - as well as others. It also puts forward a more detailed description of the regulators' approach to remedies, in particular ex-gratia compensatory payments (which is a payment made out of goodwill, without any legal obligation to make it).

The consultation closes on 14 September 2020.

Enforcement Decision Making Committee: 2019/20 Report

The Enforcement Decision Making Committee (EDMC) of the Bank of England has published the [first report](#) on its review of the PRA's process for settled enforcement cases for the period from the establishment of the EDMC in August 2018 to the end of February 2020.

The report covers: how often the EDMC has met and which members have sat in which matters; number of matters brought to it from the Prudential Regulation Authority (PRA); and whether EDMC decisions have been subject to subsequent successful challenge.

SOLVENCY II: PRA EXPECTATIONS OF AUDIT WORK ON THE MATCHING ADJUSTMENT - CP11/20

On 30 July, the PRA issued a [Consultation Paper \(CP11/20\)](#) setting out its proposed expectations and guidance relating to auditors' work on the matching adjustment (MA). The PRA also proposed several new expectations that relate to the communication by auditors on the subject of the MA.

The proposals in the CP would result in changes to Supervisory Statement (SS) 11/16 'Solvency II: external audit of, and responsibilities of the governing body in relation to, the public disclosure requirement'.

The purpose of these proposals is to clarify the current requirements for auditors in relation to the MA and increase transparency on the respective roles of auditors and the PRA. The proposals set out the PRA's expectations on the way that auditors should consider the MA as part of their audit work. The proposals also clarify the scope of the PRA's approval of the MA.

CONDUCT REGULATION

REGULATION ROUND-UP

On 16 July, the FCA published its monthly Regulation round up. In it the FCA confirmed further support for motor finance and high cost credit customers. The Hot Topics included: the new Financial Services Register* and the extension of the Senior Managers & Certification Regime (SM&CR) implementation periods for solo-regulated firms*.

This edition included the following articles that are relevant to insurers or insurance intermediaries:

- ▶ Business interruption (BI) court proceedings: Publication of the FCA's [Reply](#) response to the [Defences](#) of the defendants.
- ▶ Travel insurance claims - ensuring the customer is treated fairly;
- ▶ Updated guidance on MOT's; and
- ▶ Extension of the Senior Managers & Certification Regime (SM&CR) implementation periods for solo-regulated firms*.

* covered below

FCA REGULATED FEES AND LEVIES 2020/21 - PS20/7

On 2 July, the FCA published a [Policy Statement \(PS20/7\)](#) setting out the 2020/21 periodic regulatory fees and levies for the FCA, the Financial Ombudsman Service, the Money and Pensions Service, Devolved Authorities, and Treasury's expenses for tackling illegal money lending.

The document also includes the FCA's feedback on the responses it received to the consultation on the draft fees and levies rules in CP20/06.

BUILDING A FINANCIAL REGULATORY SYSTEM SUITABLE FOR THE UK IN THE NEW ERA

The FCA published a speech delivered by Nausicaa Delfas, Executive Director of International, at the City & Financial Professional Virtual Roundtables on 1 July, 2020.

Ms Delfas discussed the 'new era' we currently find ourselves in and how it will be defined by developments brought about by Brexit, COVID-19 and technological and societal changes. On the topic of Brexit, she emphasised the importance of undertaking preparations for a range of alternative scenarios in order to be ready for the end of the year. She also restated the approach going forward will be guided by a continued commitment to the highest international standards, and by what is right for the UK's markets, building on the strengths of the existing UK regulatory and legal system.

Ms Delfas noted the strategy for dealing with the challenges that have arisen from COVID-19 was moving from crisis response to supporting economic recovery. She also highlighted the non-bank sector as having a critical role in enabling recapitalisation to promote growth and recovery from the pandemic.

Ms Delfas concluded by stating that the challenges brought about by Brexit and COVID-19 need to be tackled in an agile way in the long term in order to deliver a more connected and robust financial system.

FCA'S RESPONSE TO THE COMPLAINTS COMMISSIONER'S ANNUAL REPORT 2019-20

On 6 July, the FCA published its [response](#) to the Complaints Commissioner's Annual Report 2019-2020.

The FCA acknowledged the need to address the backlog of complaints, improve quality control, and ensure that regulatory issues are identified and tackled, as set out in the Commissioner's comments. These are being dealt with through changes already implemented by the FCA for the functioning of the Complaints team and by additional improvements to be made over the course of 2020.

The response also sets out some of the FCA's work to address key themes noted by the Commissioner arising from complaints, such as the accuracy of the Register.

IMPLEMENTATION DEADLINES FOR THE CERTIFICATION REGIME AND CONDUCT RULES - CP20/10

On 17 July, the FCS issued a [Consultation Paper \(CP2/10\)](#) on extending the implementation deadlines for the Certification Regime and Conduct Rules. The CP proposes reflecting the Treasury's extension in FCA's requirements for the Conduct Rules, providing an extra 16 weeks (from 9 December 2020 to 31 March 2021) for firms to complete their Directory Persons reporting.

The delay in implementation is to give firms significantly affected by COVID-19 time to make necessary changes.

CP20/10 applies to all FCA solo-regulated firms authorised to provide financial services under the Financial Services and Markets Act 2000.

Comments must be submitted by 14 August 2020.

COMPLAINTS AGAINST THE REGULATORS - CP20/11

As noted in the Prudential section of this alert, on 20 July the FCA, PRA and the Bank of England published a joint consultation paper on a revised Scheme for handling complaints against the regulators.

Comments must be submitted by 14 September.

LETTER TO REMUNERATION COMMITTEE CHAIRS

On 22 July, the FCA published [a letter](#) to the Chairs of Remuneration Committees setting out its observations and findings from the 2019/20 remuneration review, along with its plans to assess firms' remuneration policies and practices during 2020/21.

The FCA the possible effects of COVID-19 on firms' outlook and identifies a risk that firms may deprioritise their focus on culture as they redirect resources in response to COVID-19. The FCA stress their belief that maintaining healthy cultures and driving the right behaviours during turbulent times can mitigate the potential for harm, as well as make firms more resilient and successful in the long-term.

The way that firms approach remuneration and recognition remain an area of key importance as

the FCA want to continue assessing the extent to which firms' approaches to rewarding and incentivising all staff promote a healthy culture and minimise harm.

The FCA has requested that, in line with last year, firms submit the additional information with their Remuneration Policy Statement.

INTERGENERATIONAL DIFFERENCES: SUMMARY OF RESPONSES AND NEXT STEPS - FS20/12

On 22 July, the FCA published [a Feedback Statement \(FS20/12\)](#) presenting its approach following Discussion Paper (DP19/2) on intergenerational differences. The FS outlines why intergenerational differences are an important issue for the FCA, the financial services sector, and consumers of financial services. The FS also presents the FCA's key findings on areas where evolving consumer needs could be better met by financial services sector. The FCA's findings represent analysis of long-term socio-economic trends over the past 30 years and the differing needs of baby boomers, millennials, and generation X. This includes:

- ▶ better support to manage increased responsibility and additional exposure to risk;
- ▶ access to more hybrid and flexible products to help balance short and long-term needs;
- ▶ benefit from access to lending products needed for differing financial goals; and
- ▶ access to better products to fund long-term care.

The FCA's priorities cover:

- ▶ enabling effective consumer investments decisions;
- ▶ ensuring consumer credit markets work well;
- ▶ making payments safe and accessible; and
- ▶ delivering fair value in a digital age.

FCA BOARD MINUTES: 21 MAY AND 10 JUNE 2020

On 23 July, the FCA published the [minutes](#) of the FCA Board meeting held on 21 May.

The Board discussed the Rules and Guidance, on the FCA's Policy Statements about pension transfer advice (contingent charging) and the extension of Senior Managers & Certification Regime (SM&CR) to benchmark administrators. Other topics discussed included:

- ▶ compensatory payments under the Complaints Scheme;
- ▶ the macro-economic implications of the COVID-19 pandemic;
- ▶ further support for consumers impacted by COVID-19; and
- ▶ the reduction of consumer harm deriving from high-risk investments.

On 23 July, the FCA published the [minutes](#) of the FCA Board meeting on 10 June 2020.

The minutes include the results of its Board Effectiveness Review, a quarterly update on the Digital, Data and Cyber Strategy & Major Projects Portfolio, and an update from the Chief Executive.

TECHNICAL INFORMATION ON RMAR SOURCE DATA

On 23 July, the FCA updated its [webpage](#) on the Retail Mediation Activities Return (RMAR), the core regulatory return submitted by firms providing intermediary services by arranging and/or advising on retail products such as mortgages, non-investment insurance or investment products. The webpage sets out the form requirements and the FCA's uses of the data collected in the RMAR.

COVID-19: INFORMATION FOR FIRMS

The FCA has updated its [webpage](#) on the information for firms during July covering:

- ▶ Unsecured debt products - persistent credit card debt;
- ▶ Motor finance and high cost credit section following updated draft temporary guidance;
- ▶ Updated section on safeguarding and prudential risk management;
- ▶ Updated information on credit cards and motor finance; and

- ▶ Call for Input and a Guidance Consultation on insurance and premium finance COVID-19 issues.

STATEMENT ON UPDATED GUIDANCE FOR INSURANCE AND PREMIUM FINANCE FIRMS

On 24 July, the FCA published a [statement](#) which announcing proposals to extend a [series of temporary measures](#) intended to assist customers who may be in temporary financial difficulties because of COVID-19.

The FCA reminded firms that if payment deferral is not in the best interest of consumers, other measures can be taken, including premium reductions, offering an alternative product to better meet a customer's needs, or fee waivers associated with altering covers.

Updated [draft guidance](#) was also published by the FCA.

FCA LAUNCHES ENHANCED FINANCIAL SERVICES REGISTER

On 27 July, the FCA launched its [updated Financial Services \(FS\) Register](#) to include a simpler design and clearer language. The redesign is intended to provide a better experience for the Register's users.

The FCA is also proposed to extend the previous deadline of 9 December 2020 for solo-regulated firms to submit information about Directory Persons to the Register to 31 March 2021.

The FS Register is available [here](#).

SIGNPOSTING TO TRAVEL INSURANCE FOR CONSUMERS WITH MEDICAL CONDITIONS

On 27 July the FCA issued an [update](#) to [Policy Statement PS20/3](#).

In April 2020 the FCA announced delay the implementation of the measures set out in PS20/3, thus allowing firms to focus on urgent priorities related to the COVID-19.

The FCA now believe firms should be in a position to implement the changes. As travel has resumed consumers with Pre-existing Medical Conditions (PEMCs) will want to access specialist insurance. This is especially important as some travel cover may have coronavirus exclusions.

The expected next steps are:

- ▶ The FCA working closely with Money and Pensions Service (MaPS) in developing a directory of specialist insurance providers, which is expected for September 2020.
- ▶ One month after the directory goes live and is listed on the FCA website, firms must include details of the directory on their websites.
- ▶ From 26 April 2021, firms must signpost to a directory certain customers with PEMCs.

FCA BANS MOTOR FINANCE DISCRETIONARY COMMISSION MODELS - PS20/8

On 28 July, the FCA has confirmed it will introduce a ban on discretionary commission models following a consultation in October 2019. The FCA's [Policy Statement \(PS20/8\)](#) sets out that the ban on discretionary commission models in motor finance and the related commission disclosure changes will apply across all credit sectors with effect from 28 January 2021.

GUIDANCE FOR FIRMS ON THE FAIR TREATMENT OF VULNERABLE CUSTOMERS - GC20/3

On 29 July, the FCA published a [Guidance Consultation \(GC20/3\)](#) on the fair treatment of vulnerable customers. The draft guidance is intended to bring about a practical shift in firm behaviour that enables consumers to be treated fairly and consistently across the financial services sector.

The Guidance will apply to all firms subject to the FCA principle of treating customers fairly and to their appointed representatives.

The FCA are asking for comments on the GC by 30 September 2020.

ENFORCEMENT ACTION

FCA REGULATORY FINES ROUND-UP

FCA regulatory fines in 2020 total [£104.7m](#). No new fines have been announced by the PRA or FCA in the past month.

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