FCA FINANCIAL CONDUCT AUTHORITY

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Rt Hon Mel Stride MP
Chair
Treasury Select Committee
House of Commons
London
SW1A 0AA

5th February 2020

Dear Mel

RE: Signposting to travel insurance for consumers with pre-existing medical conditions

Today, we have announced new rules and guidance designed to help consumers with pre-existing medical conditions (PEMCs) better navigate the travel insurance market and get better outcomes. These changes are intended to help consumers with more serious PEMCs to access affordable insurance that covers their conditions.

Following a Call for Input issued in June 2017, we found that some consumers with PEMCs can face problems navigating the travel insurance market and finding affordable cover for their conditions. Some are declined cover, offered cover with exclusions for their PEMCs or offered what they consider to be unaffordable premiums. Our analysis indicated that the problems are partly of navigation, as there are specialist providers in the market who offer competitive quotes to people with PEMCs, but consumers are not always aware of these firms.

In July 2019, we consulted on new requirements for firms to signpost certain consumers with PEMCs to a directory of travel insurance firms with the risk appetite and capability to cover consumers with more serious PEMCs. We also consulted on new guidance clarifying firms' obligations to travel insurance customers with PEMCs.

After engaging with stakeholders and receiving feedback on our proposed requirements and guidance for firms, we will be introducing the following changes:

- Requiring firms to signpost certain consumers with more serious PEMCs to a directory of specialist providers

- Introducing guidance to explain that firms should tell consumers whether and how PEMC exclusions can be removed from their policies

- Introducing guidance reminding firms that, when assessing the risk of PEMCs and calculating premium in respect of that risk, they should use reliable information that is relevant to the assessment. This will help ensure that consumers are quoted a fair premium which properly accounts for their circumstances. We also remind firms of their obligations under the Equality Act 2010.

Stakeholders supported the proposal to create a publicly available directory of specialist providers. We have been working with the Money and Pensions Service (MaPS) to create a directory that meets our criteria, as there are currently none that exist in the market. MaPS expects to launch its directory in the summer. If another organisation creates a directory that meets our criteria, firms could meet our requirements by signposting to that directory instead. The British Insurance Brokers' Association (BIBA) has indicated that it would like to develop its Find a Broker service to meet our criteria for a directory.

We expect all affected firms to implement the new requirements no later than 5 November 2020. Firms will be required to have a link to the directory on their website. This will come into effect on 1 July 2020, by which time the MaPS directory is expected to be live (or 30 days after the directory is live, should the launch date of the directory be later than June 2020).

We will monitor compliance with the new rules as part of our ongoing supervision of firms. In 12-18 months, once the new rules and guidance have been embedded in the market, we plan to conduct a post-implementation review to assess whether our intervention has delivered the desired outcomes.

Please let me know if you would like any additional information about our new rules and guidance.

Yours sincerely,

Yours Sincerely

Andrew Bailey
Chief Executive