

General Insurance Working Group Meeting Summary  
Wednesday 28<sup>th</sup> August 2024

**Summary**

**Credit Broking Limitation:**

Alastair Haughton discussed a suggested limitation for a credit broking permission for insurance brokers, aiming to simplify the limitation to just arranging insurance. This was agreed by the case officer, indicating a move towards more straightforward limitations and streamlining the application process for insurance brokers.

The new limitation, however, impacts brokers by potentially excluding non-insurance related products from credit broking, as discussed by Mark Tyrrell, raising concerns about the scope of products covered under the new limitation. Alastair suggested that each case, on its merits, could be discussed with the relevant case officer.

**Consumer Duty Impact:**

Mark Tyrrell and Jonathan Davis discussed the unintended consequences of regulatory actions on the GAP Insurance market, highlighting how regulatory efforts to control commissions have led to a shift towards uninsured products, potentially reducing consumer protection.

**Regulatory Consequences:**

Mark Tyrrell outlined how FCA's regulatory actions, intended to control commissions in the GAP Insurance market, inadvertently led to a shift towards uninsured products, which may diminish consumer protection.

**Market Shift:**

Jonathan Davis provided insights into the market's response to regulatory changes, noting a significant move to uninsured products and the potential long-term effects this could have on consumer protection.

**Industry Polarisation:**

Jonathan Davis also noted the polarisation of the industry, where smaller brokers struggle to compete, leading to a market that favours larger companies and potentially limits consumer choice.

**Dormant Asset Scheme:**

Alastair Haughton brought up the policy statement about the dormant asset scheme, which now includes client money. This provides a formal pathway for brokers to deal with unclaimed client money, addressing and resolving a long-standing issue within the industry. Mike Cranny expressed interest in the dormant asset scheme, particularly in scenarios involving business acquisitions and closures, indicating potential practical applications within the industry.

**FCA's Approach to Regulation:**

Jonathan Davis expressed concerns about the execution of regulatory intentions by the FCA, suggesting that while the intentions are good, the execution often misses the mark, leading to unintended negative impacts on the market. Jonathan acknowledged the FCA's well-intentioned regulatory goals but criticised the execution at lower levels, which he believes fails to deliver the intended positive outcomes for the market. Jonathan also pointed out specific examples where

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FCA's regulatory actions have not resulted in beneficial changes, emphasising the disconnect between intention and execution.

**Definition Alignment:**

Karen raised a concern about the misalignment of various definitions across FCA regulations, suggesting a need for the FCA to tidy up these definitions to ensure consistency and clarity in regulatory requirements.

**Follow-up tasks:**

**Credit Broking Limitation:**

Review and potentially revise the credit broking limitation wording to ensure it encompasses all relevant insurance-related activities. (Alastair Haughton)

**Dormant Asset Scheme:**

Further investigate the process and requirements for transferring dormant client money to Reclaim Fund Ltd. as per the dormant asset scheme policy statement, by continuing to liaise with Reclaim Fund Ltd. (Alastair Haughton)

**Consumer Credit Act:**

Explore the implications of the Finance Act on the Consumer Credit Act and identify any necessary actions for compliance. (Karen)