

Financial Conduct Authority (FCA) Multi-occupancy building insurance reforms

TRAVELERS RESPONSE AND Q&A DOCUMENT FOR BROKERS, DECEMBER 2023

Summary of FCA Leaseholder Reforms

The FCA published the final outcome of their review of the residential leaseholder insurance market on 29 September 2023. In respect of residential property owners policies, effective 1 January 2024, insurers are required to;

1. Provide a Policy Summary that must be passed to leaseholders
2. Disclose the policy premium and where the policy covers a portfolio of buildings, the premium at building or dwelling level, including the insured sum
3. Respond to queries from leaseholders for the required information in 1 & 2 above
4. Treat residential leaseholders as their customer and act in their 'best interest'

There are also additional requirements upon Insurance intermediaries which are not shown here.

The information in this document does not constitute legal or professional advice nor is it a full summary of FCA Policy Statement PS23/14. Full details can be found here :

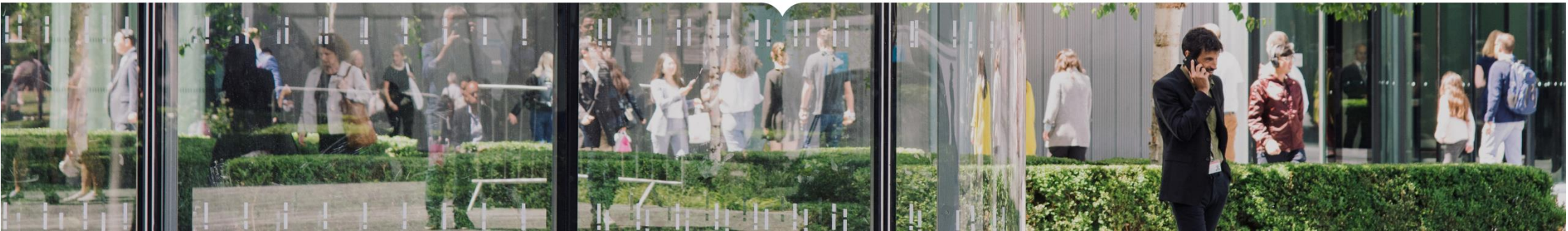
<https://www.fca.org.uk/news/press-releases/fca-confirms-leasehold-buildings-insurance-reforms>

Travelers Response

As an insurer of residential property owners policies, we are supportive of these changes to increase transparency to leaseholders/other policy stakeholders. We commit to providing all required information to our affected policyholders, ready to be passed on to the leaseholders and/or other policy stakeholders as necessary.

Travelers will be providing the following documents to our residential property owners customers from 1 January 2024 at new business and as policies renew:

- A policy summary PDF document
- A 'folio' style policy schedule for each premises covered showing the sum insured and premium split(s) as required by the FCA changes
- Our contact details to allow leaseholders and other policy stakeholders to contact us to ask for the above documents if they have not received them from the policyholder/managing agent or broker



FCA Leaseholder Reforms: **Questions & Answers for Brokers**

Q1

What documents will Travelers supply to property owners customers' in order to comply with these changes?

- **Mid-Market/Non eTrade Property Owners**
 - A policy summary
 - A 'folio' schedule for each premises covered showing the building sum insured and premium split
 - Travelers contact details for leaseholders

- **SME eTrade Property Owners**
 - A PDF Policy Summary
 - The system produced Schedule which already splits the premium at buildings level
 - Travelers contact details for leaseholders

Q2

Will you be providing the information for all premises on property owners policies?

We will provide a buildings premium split for buildings that contain any residential usage

Q3

Where do I direct any queries on this?

- For mid-market policies, please contact your usual local Travelers Branch
- For SME eTrade, please contact one of our dedicated SME eTrade underwriters

All of our contact details can be found here:

- www.travelers.co.uk/contact-us

Q4

How will you be splitting the premium on the folio schedule?

The premium split will include the following at premises (buildings) level:

- Building premium
 - Rent premium
 - Terrorism premium
 - Public liability premium
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- Where selected, legal expenses and employers' liability premiums will only be shown at policy level, not as part of the buildings/premises level split

Premium split will only show for those covers applicable to that specific policy, for example, if there is no rent cover, the rent premium will show as £0

Q5

Has your appetite for residential business changed?

Our overall underwriting appetite for residential property owners has not changed. We continue to write residential/mixed usage buildings as part of good quality property owners portfolios

Q6

How are you demonstrating 'fair value' on your residential property owners' business?

Travelers has always prioritised the delivery of fair value and good customer outcomes and we welcome these changes.

We have assessed our property owners products to ensure:

- that they are consistent with the needs and interests of leaseholders and other policy stakeholders, as well as those of our policyholder

- that leaseholders are considered as part of the target market for the purposes of pricing and distributing these products

- that our products are priced in a way that provides fair value and that remuneration practices do not lead to poor outcomes

You can view the outcome of our fair value assessments along with target market information in our property owners 'product statements' on our website here:
<https://www.travelers.co.uk/brokers/resources/product-statement>

Q7

What are the contact details for leaseholders if they wish to contact you directly?

- **Tel:** *Will be published on our website by 01/01/2024*
- **E-mail:** LeaseholderQueries@Travelers.com

These details will also be published on our website.

Q8

If a leaseholder contacts you to ask for the information they are entitled to, will you be informing the broker and/or policyholder?

We will inform you as broker that a leaseholder has been in touch with us to ask for the information. We may need you to help us verify the leaseholder. We may also ask you if you have a record of the summary document/schedule being sent to the leaseholder. The FCA makes it clear that direct leaseholder contact with insurer is not intended to be the primary method by which leaseholders receive this information.

We will ask leaseholders for proof of identification prior to releasing any documentation to ensure they are entitled to receive it.

Q9

Will you be able to split premiums at 'dwelling' level?

Due to the way we capture and store the key risk information, we will not be able to split premiums at individual dwelling level. We will instead provide a split at buildings level.

Q10

As there are no 'leaseholders' in Scotland, will you be providing these documents to Scottish property owners customers and is your expectation they are passed on to policy stakeholders in the same way as the rest of the UK and Northern Ireland?

Although there are generally no 'leaseholders' in Scotland, we believe that policy stakeholders residing in Scotland will also benefit from the same transparency and protection that the changes will bring.

We will provide a policy summary/premium split in exactly the same way for all of our residential property owners customers/leaseholders/policy stakeholders wherever in the UK they are based. Our expectation is that these are passed to the 'end customer/leaseholder/policy stakeholder' by the Policyholder.

Q11

Will you be issuing the summary document and premium split in respect of student let accommodation?

We will issue the documents in respect of all residential properties including student let blocks. It will be up to the Policyholder/property management company to pass these documents on to any policy stakeholders as defined by the FCA.

Q12

How long after renewal or inception will you be issuing the required documents?

In line with the FCA guidelines, these documents are not required at quotation stage and the rules allow for documents to be provided 'as soon as reasonably practicable' after conclusion of the contract. We will aim to issue them within 14 days of issuing the policy on a best endeavours basis.