

Current Issues Committee

Newsletter March 2007

The content of this newsletter is a summary of some of the current issues that might be of interest to UK General Insurance actuaries and that have come to the attention of the Current Issues Committee. As such it is not a complete list. Anyone who feels that relevant issues have been omitted or that the above summaries are in anyway misleading is invited to contact the Chairman of the Committee, Laurence Townley.

The information provided has been derived from a variety of sources. The Committee has not been able to check independently the veracity of all of the facts stated. Any opinions expressed are those of the Committee members, and do not necessarily reflect the position of the Institute or Faculty of Actuaries.

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1 International

Continental Europe

Environmental liability insurance

A white paper on the insurability of environmental liabilities produced by an expert working group was published at the Comité Européen des Assurances in Brussels, Belgium in February. The paper referred to the challenges in transforming the environmental liability market. This is driven by the new European Environmental Liability Directive which members of the European Union must transpose into their national law by April 30. The European Commission has, however, given the insurance industry until 2010 to develop products to cover the liabilities.

The Environmental Liability Directive, adopted in April 2004, aims to create incentives to avoid environmental damage based on the "polluter pays principle". It ensures that environmental damage is repaired at the expense of the polluter, rather than society. Under the directive, the environment is considered a legal entity, and national governments will have the responsibility to bring claims against polluters on behalf of the environment. Some forms of remediation referred to in the directive are not covered under current insurance policies.

New EU members increased liability risk

The recent accession of Bulgaria and Romania into the European Union means companies in those countries are now facing an increased threat of liability claims. Some companies may find this risk financially difficult to manage fully. The risks are greater, particularly for companies increasing exports to the EU because of exposure to product recalls and liability lawsuits. In the period leading up to EU accession, major Bulgarian and Romanian companies were asking for higher liability limits and for more sophisticated insurance products that cover product liability and recalls. There is also increasing awareness of the need for directors and officers and professional indemnity insurance. Product offerings from domestic carriers can be limited.

Irish Issues

Injury board

An independent study on the benefits of the Personal Injury Assessment Board (PIAB) estimates that since 2004 it has saved €24m in litigation costs. Since the introduction of the PIAB the number of writs have reduced from 33,000 to 4,000. The study also noted that insurance premiums were at their lowest levels since 2001 and that the speed of settlement has accelerated from over three years to less than one year for 90% of cases going through the PIAB.

Irish Competition Authority

A report from the Irish competition authority on the employers and public liability insurance market has argued that policyholders could ultimately benefit from the Irish financial regulator

collecting and publishing historical claims data by helping new entrants into the market. Such claims data could be used for pricing and reserving exercises by new entrants to the market or individual lines of business. However, it has been reported that the regulator has rejected these proposals as being unnecessary.

Central and Eastern Europe and CIS

Hungary

The Hungarian government will decide in the next couple of months how to reform the health insurance system, which is currently in the planning stage. One option is that a basic healthcare service package is offered by a single insurer and supplementary packages are offered by several insurers on a competitive basis. Another option is that the basic package is offered by competing insurers, with the insured paying a co-share, to a varying degree. Or the state-owned National Health Insurance Fund may become the core insurer while private insurers compete with its services. The ministry is examining models from many countries, and the German system looks closest to what Hungary might adopt.

Russia

In December, Russia's State Duma approved the third and final reading of a bill that would increase the Federal Mandatory Health Insurance Fund's revenue to 125.98 billion rubles (US\$5 billion) in 2006. Of the total increase, the federal government is expected to allocate up to 10 billion rubles to finance regional mandatory health insurance programs. The federal government is expected to earmark an additional 2.6 billion rubles for payments to general practitioners, family doctors and nurses on top of the 12.8 billion rubles originally allocated for this purpose. The bill still needs to be approved by the Federation Council, the upper house of the parliament.

US and Canada

Crop insurance

A plan has been submitted to Congress for crop insurance to be subsidised to cover 100% of US farmers' operations. Under the USDA's existing \$25 billion crop insurance program, authorised in 2002, farmers can cover up to 70% of their operations through coverage from one of 16 private insurers that receive reinsurance from the Federal Crop Insurance Corporation, a division of the USDA's Risk Management Agency. The RMA's Standard Reinsurance Agreement defines the risk-sharing agreement between the government and the companies. The plan would redefine the SRA to extend reimbursements to supplemental insurance – a type of 'gap coverage' where farmers can buy cover to 100% of any loss under the crop insurance program.

New Jersey Auto

Guidelines introduced by the state's Department of Banking and Insurance means that New Jersey automobile insurers would receive subsidy funds from a proposed industry agency for writing policies in high-risk areas. The proposed Territorial Rating Equalization Exchange is designed to promote competition by creating a pool of money to compensate companies writing auto insurance in areas where losses due to vandalism, theft and accidents are exceptionally high. Current laws require all New Jersey insurers to write a percentage of its auto policies in urban areas. Funds for the subsidy would be collected from premiums paid to insurers from all state drivers. The state is currently accepting public comment.

The National Association of Insurance Commissioners ("NAIC") 2003/2004 Auto Insurance Database found that New Jersey was the most expensive state for auto insurance in the US in 2004.

Florida insurance premiums

The Florida legislature approved several measures in January that will lower the cost of homeowners insurance by transferring billions of dollars in additional insurance risk to the state. Insurance rates increased sharply in Florida after the hurricanes in 2004 and 2005 and the new Governor is now keen to address the problem of escalating insurance costs. Under the new law, private insurers will be able to buy reinsurance from the state's Hurricane Catastrophe Fund at rates below the market price in return for reducing homeowner premiums. If the fund is depleted as a result of catastrophic losses, home, auto and other policyholders would have to pay annual assessments.

NAIC proposal over reinsurance collateral

The reinsurance committee of the NAIC have passed a proposal to allow non-US reinsurers to only secure 50% of their US cedant liabilities. However, this allowance would be based on certain requirements such as ratings and fillings. The system, if it goes ahead, will change the requirements that make non-US reinsurers post 100% collateral to back the risks they assume in the US. However, this proposal has yet to be taken up by the NAIC governing committee and passed. This is unlikely to happen before October 2007. If passed by the governing committee, it could take an additional three years to be incorporated into the insurance laws of each state.

India

New regulations

Indian insurance regulator Insurance Regulatory and Development Authority ("IRDA") has decided to slash motor insurance premium rates. Motor operators had called for a strike against previous rate increases, but called these off following action by the regulator. The IRDA said that it will partially roll back the hike in third party motor insurance premium from 150% to

70%. At the beginning of the year, third party premium rates increased by between 126% and 150% in India. Third Party insurance has been a non-profit making business for insurers. With this partial rollback, insurance companies will be looking for other means to increase their profits.

Australia and New Zealand

Compulsory home warranty insurance

Home warranty insurance is compulsory in many Australian states, where it is also known as builders' warranty or home indemnity insurance. It is intended as a safeguard to protect property owners from financial loss if a builder fails to complete the work or meet certain standards. The Building and Housing Department is now investigating making home warranty insurance compulsory in New Zealand.

IAG looks further a field

IAG has looked offshore, making acquisitions in Asia and the United Kingdom. Recently it acquired Equity Insurance Group, one of the UK's leading motor insurance groups, with a purchase price of nearly AUS\$1.4 billion. IAG's extensive business footprint in Australia and New Zealand means there are few growth options in the region. Last year it acquired insurance businesses in Malaysia and Thailand and reached preliminary agreement to take a 24.9 per cent stake in China's second-largest insurer. The recent purchase of Equity Insurance Group will further diversify IAG's earnings base away from Australia.

Africa

Proposed Financial Condition Reporting

The South African insurance regulator, the Financial Services Bureau ("FSB"), has published its FCR discussion paper for the Short Term Insurance industry.

<ftp://ftp.fsb.co.za/public/insurance/IssPpcomment09012007.pdf>

2 Claims and Legal

Public Liability Claims for Environmental Damage

A recent court case has provided clarification on how UK public liability insurance policies might respond to environmental clean-up costs. A fire at premises belonging to Bartoline Limited resulted in pollution of two watercourses. The Environment Agency carried out emergency work to clean up the pollution. Bartoline was charged for this work by the Environment Agency, as permitted by law. Bartoline attempted to claim these amounts from their public liability insurers, Royal and SunAlliance.

In court, it was determined that costs incurred through complying with statutory notices served on an insured by the Environment Agency were not covered by the public liability insurance. Reporting of this case indicates that the public liability insurance may have responded to claims arising from the pollution had the Environment Agency not carried out emergency work, and third party landowners had decided to pursue their own claims for damages.

UK Asbestos

A court has ruled in favour of a woman claiming damages against the Ministry of Defence. The court case related to a woman who believed that she had contracted mesothelioma in November 2006 from inhaling asbestos dust on the clothes of her father as a child. The court heard that the woman's father worked as a lagger in the MoD Plymouth Docks and would return from work covered in dust. The woman's father died in August 2006 from asbestos related diseases and it is likely that the woman may also suffer a similar fate. The woman has declared that she has never come into contact with asbestos dust in any other way and that her employment history has been to work as a dinner lady and in a supermarket. Doctors giving evidence in the court case said that contact with her father was the only possible explanation for her illness.

Following the ruling, the MoD have admitted liability. It is thought that this court case could open the way for another generation of asbestos sufferers to claim compensation.

Climate change exclusions

Insurers may need to exclude climate change related claims from their policies to protect themselves against politically motivated lawsuits. A number of cases have recently been launched against companies for their alleged role in contributing towards global warming.

Winter Storm Kyrill

Kyrill was an unusually violent European windstorm, which developed into an extra-tropical cyclone with hurricane-strength winds. It formed over Newfoundland on 15 January and moved across the Atlantic Ocean reaching Ireland and Great Britain by the evening of 17 January. The storm then crossed the North Sea, making landfall on the German and Dutch coasts on 18 January, before moving eastwards toward Poland and the Baltic Sea on 19 January and then further on to northern Russia.

Kyrill caused widespread damage across Western Europe, especially in the United Kingdom and Germany. 47 fatalities were reported as of January 19 as well as extensive disruptions of public transport, power outages to over one hundred thousand homes, severe damages to public and private buildings and major forest damage. Large insurers and catastrophe modelling firms have produced estimates of the insurance industry losses. Total industry claims have been estimated at €4.7 billion by Hannover Re, €5.7 billion by Munich Re and up to €3.5 billion by Swiss Re. Of the catastrophe modelling firms, Eqecat and RMS both estimated industry losses would be in the range of approximately €3.5 billion, whereas AIR indicated a more pessimistic range of €4.8 billion.

The breakdown of losses shows that most of the damage was caused in the UK and Germany and is likely to come from residential and motor losses. In the UK, Kyrill was the most damaging storm since Windstorm Daria in January 1990, but was much less intense.

Calm down dear – you won't save any money

Insurance companies have been told by the FSA to stop publishing misleading advertisements that give the impression customers will save money, if savings are only actually available for a few. The majority of motor insurance advertisements surveyed by the FSA did not provide any evidence of how savings could be obtained. Problems were also identified with other general insurance products. The FSA has warned that insurers could be fined if advertising doesn't change. Since 2004, the FSA has fined 12 companies because of their advertising.

Changes to Ogden tables

The sixth edition of the Ogden tables are due to be published in early 2007. The tables will reflect continuing improving mortality for the UK population, which is expected to cause a small increase in the cost of compensation. Perhaps more significantly, the factors used to adjust the basic multipliers for contingencies other than mortality will change. Previously, the level of compensation for lifetime earnings depended on occupation, industry sector and geography of a claimant. Research has indicated that more appropriate factors are whether the claimant is in employment before and after the accident, disability status and level of education. Compared to the current multiples, the new multiples are likely to produce lower levels of compensation for those who were unemployed before their accident or who have a low standard of education, and higher compensation for those that were employed.

3 Market News

Berkshire Hathaway deal

Lloyd's has welcomed a transaction between Equitas and Berkshire Hathaway Inc. which, once completed, will end the residual legal liabilities of Lloyd's and bring finality to Names reinsured by Equitas.

The transaction will occur in two phases. In the first phase, US\$5.7 billion of reinsurance cover will be provided and the staff and operations of Equitas, along with the management of the run-off, will all pass to an English subsidiary of Berkshire Hathaway. Once this stage is completed a small return premium will be paid to reinsured Names.

In the second phase, Equitas will seek approval of the High Court to transfer all the liabilities of reinsured Names into Equitas or a subsidiary of Berkshire Hathaway.

If both phases of the transaction are completed the underlying policyholders will have the benefit of up to an additional \$7 billion of reinsurance cover, which will nearly double the assets available for the run-off of Equitas.

Reserves for run-off sector down

According to a survey by KPMG and the Association of Run-off Companies, the total liabilities of the UK non-life run-off market were over £38.2 billion at the end of 2005, down £0.2 billion on 2004. This represented 19% of the non-life sector as a whole, compared to 23% in 2004.

Catlin to take over Wellington

Catlin will become the largest underwriting operation at Lloyd's after agreeing takeover terms with rival insurer Wellington Underwriting, in a deal that could be worth as much as £706 million. As part of the deal Stephen Catlin will remain chief executive and Wellington's current chief executive will take on a deputy role, where he will be responsible for the integration of the companies. However, insurance analysts have predicted difficulties in merging two Lloyd's businesses together and speculation has mounted that the deal could lead to a number of redundancies.

Lloyd's has since launched an investigation into whether the insurers were in talks with one another in September, when Wellington participated in three Lloyd's capacity auctions for the 2007 year of account. In total, Wellington bought £29 million worth of capacity on Wellington Syndicate 2020 from third party investors during these auctions, for an average price of 3p per £1 of capacity. Catlin then offered remaining investors 50p per £1 of capacity as part of its takeover deal.

Elsewhere, the Office of Fair Trading has decided not to refer the take over to the Competition Commission.

HIH to sue Limit

Collapsed Australian insurance company HIH is preparing to sue Lloyd's managing agent Limit over alleged unpaid reinsurance contracts. The Supreme Court in Sydney has ruled that HIH can take legal action against Limit for an estimated £21.8 million. At the centre of the case is whether HIH should have paid claims to its own insurance clients before it was entitled to be reimbursed by Limit. The eventual outcome of the case could affect the recovery of uncollected amounts from other reinsurers, estimated at more than £84 million. In addition the decision could set a precedent for future insurance company insolvencies.

Lloyd's date set

The High Court has set a date of January 2008 to hear Lloyd's £325 million claim against Aon and Benfield. The claim relates to the brokers part in arranging Lloyd's Central Fund reinsurance policy. Six reinsurers refused to pay claims under the policy in April 2003.

First sidecar

The number of temporary insurance vehicles in Lloyd's could rise in 2007 following completion of the market's first syndicate sidecar. Hiscox has finalised an agreement with a Bermudan reinsurance company which will allow Hiscox Syndicate 33 to write an increased amount of property catastrophe business in 2007 and 2008. Brit has also recently set up a sidecar. More managing agents are now expected to look at limited life vehicles as a way of taking advantage of strong underwriting opportunities, particularly US catastrophe risks.

Hardening motor market?

It has been suggested that the motor market will harden during the beginning of 2007 after the largest UK insurer committed to raising premiums. Royal Bank of Scotland Insurance is to introduce gradual rises in rates in a bid to turn the market, starting by increasing premiums by 5% on all new business during the last quarter of 2006. This follows rate rises by Norwich Union, as reported in the last Current Issues Newsletter. With RBSI and NU being the two largest motor insurers in the UK, it is predicted that other insurers are likely to follow suit. The motor market has been unprofitable since 1994, and is predicted to make another loss in 2007.

... and household market?

Home insurance rates could also rise following winter Storm Kyrill in January. The storm as discussed in Section 2 is expected to cost insurers hundreds of millions of pounds in claims, and hence could slow the decline in rates in the household sector.

Another below average hurricane season?

It appears not! Tropical Storm Risk have warned that a return to high hurricane activity is likely in 2007, following the below average 2006 hurricane season. TSR's long-range forecast anticipates Atlantic basin and US landfalling hurricane activity will be 60% above the 1950 to 2006 norm next season, which begins on 1 June and ends on 30 November.

Reinsurance default deal

Aspen has announced that it has completed an "innovative" insurance deal, which will protect a portfolio of its reinsurance contracts against the risk of default, if one of its reinsurers is unable to pay. The policy, which has characteristics similar to a credit derivative, is for up to \$420 million of reinsurance receivables.

Lloyd's warning

Lloyd's has urged the market to remain disciplined in the face of rising capacity levels, and not to drive rates down. For 2007, Lloyd's underwriting capacity has risen to £16.1 billion, up from £14.8 billion in 2006, meaning that Lloyd's is set to write record levels of business this year. Lloyd's has warned that capacity could be cut if the market's profitability is threatened. Insurance and reinsurance rates are now regarded to be flat or falling in many lines, even in areas affected by the 2005 hurricanes.

QBE looks further a field

QBE Insurance Group, the largest Australian property and casualty insurer, has reported higher first-half profits after acquisitions in the US and Britain lifted sales. QBE has more recently agreed to buy a farm insurer in the American Midwest. Purchases in 2005 included a British ship insurer, a US farm insurance unit of White Mountain Insurance Group, Nordic Aviation Insurance (based in Copenhagen) and units in Colombia, France, Germany and Spain. They are reportedly examining ten acquisition opportunities in Latin America, the US and Europe.

4 Solvency 2

CEIOPS Consultation Papers

In the last few months CEIOPS have published several consultation papers: CP15 to CP20. Two of these CP15 and CP20 had important things to say about general insurance. CP15 related to disclosure requirements whilst CP20's subject was Pillar 1 issues. The other consultation papers covered Pillar 2 issues for reinsurers, safety measures, capital add-ons and supervisors powers.

CP15 raises questions on how often insurers should make disclosures and what insurers should be disclosing. CP15 recognises that a fair amount of disclosure will be made in the normal course of events in annual accounts and not be limited to regulatory returns. One point of debate is whether to disclose SCR breaches either when they happen or at year-end regardless of whether the situation has subsequently been rectified.

CEIOPS has since published its CP15 feedback on its website and many responses question the need for such heavy disclosure arguing that this could lead to unnecessary damage to a firm's reputation and a policyholder's confidence that an insurer's ability to meet its liabilities. Such damage may be self-fulfilling and lead to balance sheet problems for an insurer. It is argued that making some disclosure confidential would be more beneficial. Group Consultatif (with representation from the UK actuarial profession) responded to CP15 agreeing with most submissions that not all information should be subject to public disclosure.

CP20 on Pillar 1 issues has some more potentially controversial comments within, notably on the selection of a method for the best estimates. CP20 included a statement that it should be the highest of all the reliable and relevant actuarial methods used to calculate the best estimate of the liabilities. This statement was challenged and disagreed with by most of the responses to CEIOPS. CP20 also argues for cost of capital being a preferred approach to calculating risk margins as opposed to a percentile approach.

In terms of risk measures, CP20 set out its preference for TailVaR rather than VaR. However, it noted that the EU Commission had up to now held a different view for the risk measure for the calculation of the Solvency Capital Requirement (SCR). Several responses have argued for VaR as a measure of risk since the TailVaR whilst recognising the expected amount above a risk tolerance is hard to parameterise. Group Consultatif in its response was frustrated with the mixed message on this issue of risk measures but suggested that the choice should be left open.

Group Consultatif Website

This website at www.gactuaries.org has its own Current Issues in Solvency 2 section. It is worth a read in order to keep up to date with where the EU Commission are, the latest views and questions from CEIOPS and the Group Consultatif's work on responses to CEIOPS and interaction with the member state supervisors. The list of documents sent and received are easy to navigate and include almost everything ever sent out by the Group.

Quantitative Impact Studies

QIS2 has been completed and the EU Commission have reminded the industry that the draft of the Solvency 2 directive will be presented in July 2007. The draft directive will probably include the Pillar 1 concepts of a VaR 99.5% risk measure over a one-year time horizon. As tested in QIS2, the formula approach to the Solvency Capital Requirement will probably be presented.

A further study, QIS3, has been scoped and will open in April with responses due in July in time for the draft directive. The pretest consultation has recently started. Whilst QIS2 focussed on a suitable approach for the Solvency Capital Requirement formulae, this new study will try to be comprehensive by picking up unresolved issues, looking at group issues, and designing a calibrated approach to the standard formula. QIS3 will probably also look at valuation of assets and liabilities, treatment of certain assets as capital and further refinement of Standard and Minimum Capital Requirements.

FSA / HM Treasury Paper

The HM Treasury and the FSA published a discussion paper at the end of 2006 on “Supervising insurance groups under Solvency 2”. The paper proposes how this supervision might work and argues why such supervision might be very different once Solvency 2 comes into force. The document focuses on the treatment of group rather than individual entities and how the responsibilities of group and local management could be allocated.

5 Government and Regulatory Issues

FSA Business Plan 2007/2008

The FSA has released their business plan for 2007/2008 in January 2007. The FSA Business Plan sets out the FSA's priorities for the year ahead under three strategic aims:

1. Promoting efficient, orderly and fair markets
2. Helping retail consumers achieve a fair deal
3. Improving our business capability and effectiveness

The plan also looks at the budget that the FSA believe is necessary to deliver the work intended in the next financial year.

FSA Financial Risk Outlook 2007

The Financial Risk Outlook 2007 highlights priority risks for the year ahead and looks at the prospects for Global Economy amongst other relative topics and significant developments in the environment within which the FSA operates. It aims to draw out the links between these developments and the risks to the FSA's statutory objectives. This analysis is then used to help shape the FSA's strategy.

Key factors include the increasing geopolitical risks, which escalate the probability of an 'event risk' materialising; increasingly complex financial markets and the combination of low volatility of asset prices, a low market pricing of risk and stronger correlations between the prices of different classes of asset. A result of the report is further encouragement for firms to improve the stress testing of their businesses.

Insurance Sector Briefing: Risk management in Insurers

The FSA has published their thematic review of risk management practices in insurers operating in the UK (http://www.fsa.gov.uk/pubs/other/isb_risk.pdf), their first on the subject since 2003. The paper comments on the task undertaken by firms on identification and measurement of risks as a day-to-day business operation and the positive impact of the ICAS regime on risk management. The key areas discussed in the Sector briefing for boards and senior management are governance & oversight, risk appetite, implementation, management information and impact of ICAS.

The Compensation Act 2006 (Contribution for Mesothelioma Claims) Regulations 2006

In November 2006 the Treasury announced that it would legislate to allow the FSA to make changes to the Financial Services Compensation Scheme (FSCS) broadening the circumstances in which responsible persons (who are liable for having exposed someone to asbestos) and /or their insurers, can recover contributions directly from the FSCS in mesothelioma cases.

The Regulations amend the Financial Services and Markets Act 2000 (Transitional Provisions, Repeals and Savings) (Financial Services Compensation Scheme) Order 2001 (the Transitional Order). The Transitional Order provides for the FSCS to pay transitional claims which are made in relation to events which happened before the commencement of the Financial Services and Markets Act 2000. The Regulations amend the Transitional Order to enable the FSA to modify the FSCS rules and provide guidance on the FSCS to enable a responsible person, or the insurer of such a person, to recover a contribution from the FSCS in mesothelioma cases. The Regulations also enable the FSA to make rules and guidance for claims which are not covered by the Transitional Order.

FSA letter to CEOs on contract certainty

The FSA has published a letter sent to CEOs of firms conducting general insurance business on the FSA's view of progress made by the general insurance industry towards finding a solution to the issue of contract certainty. The letter, which also provides feedback on the FSA's supervisory work, is intended to help firms conducting general insurance business to decide what further work they need to undertake to achieve and demonstrate contract certainty.

The FSA expects all firms to be able to demonstrate that they are achieving contract certainty. Firms should already have in place appropriate systems and controls to challenge and support any data collected for internal management purposes or for reporting to the market groups. Firms should also develop systems that capture information on those contracts that do not achieve contract certainty.

Contract certainty will continue to be a supervisory priority for the FSA in 2007. Where firms clearly fall behind the rest of the market in progressing contract certainty, the FSA will make appropriate and properly targeted use of its existing regulatory tools. This may include enforcement action.

Lloyd's Sector Briefing on ICA

At the end of January, Lloyd's provided feedback on the ICA submissions in the last year and outlined some proposed changes for the coming year. Highlights include:

- Timetable has been extended - submission date for the ICA 26th July
- The variable economic uplift to the ECA (Economic Capital Assessment) will continue - the uplift will be a proportional uplift to ICAs
- The RBC will continue to be used as a benchmark - the RBC is no longer smoothed and will be sensitive to the cycle
- ICA to be prepared on one year time horizon
- Stress & scenario based ICAs continues to be acceptable subject to appropriate justification of 1:200 event level
- For the 2008 ICAs the impact of softening rates on ICA assessment will be key issue

- Capital corridor will not apply for 2008
- Some agents will not have to submit full ICA - Lloyd's will ask for summary of change and pro-forma information (subject to FSA approval).

Treating Customers Fairly Deadline

The FSA have set a deadline of March 2007 for insurers to put into place the requirements of the Treating Customers Fairly (“TCF”) initiative. The FSA have said that firms need to implement TCF in large parts of their business by this date. The FSA have also said that they will be monitoring progress regularly, that they will set further goals and deadlines in the future and that they will be providing encouragement to those companies that are already making good progress.