

Subsidiary Legislation made under ss. 55C, 620, 621 and 627.

## **Financial Services (Insurance) (Conduct of Business) Regulations 2026**

**LN.2026/111**

*Commencement*                      **28.5.2026**

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*In exercise of the powers conferred on the Minister by sections 55C, 620, 621 and 627 of the Financial Services Act 2019, the Minister has made these Regulations-*

**PART 1  
PRELIMINARY**

**Title.**

1. These Regulations may be cited as the Financial Services (Insurance) (Conduct of Business) Regulations 2026.

**Commencement.**

2. These Regulations come into operation on the day of publication.

**Interpretation.**

3. In these Regulations—

“customer” means a policyholder or prospective policyholder who—

- (a) in Part 2, is a consumer or a person who is acting for purposes of the person’s trade or profession; or
- (b) in Part 3, is a consumer (see regulation 11(6));

“insurance distributor” has the meaning given in regulation 2(10) of the Financial Services (Insurance Distribution) Regulations 2020;

“insurance entity” has the meaning given in regulation 4(1);

“non-investment insurance contract” has the meaning given in Article 2(1) of the Annex to the Financial Services (Insurance Product Oversight and Governance) (Technical Standards) Regulations 2024; and

“policyholder” means any person who, on the occurrence of the contingency insured against, is entitled to make a claim directly to the insurance undertaking concerned.

**Application.**

4.(1) These regulations impose specific conduct of business requirements which apply to—

- (a) insurance undertakings;
- (b) insurance distributors; and
- (c) intermediaries, representatives or other persons who act for or on behalf of a person in paragraph (a) or (b).

collectively referred to in these regulations as an “insurance entity”.

(2) The obligation to comply with sub-regulation (1) do not apply in relation to any activity carried on in respect of an excluded product within the meaning of regulation 9(3) of the Financial Services (Core Principles and Consumer Duty) Regulations 2024.

(3) An insurance entity must–

- (a) comply with any specific requirement in Part 2 or 3 which applies to the entity; and
- (b) take appropriate steps to ensure that any person who acts on its behalf complies with any such requirement.

(4) The obligation to comply with sub-regulation (1) applies–

- (a) in the case of an insurance entity which carries on regulated activity in the United Kingdom (whether by virtue of a market access right or otherwise)–
  - (i) in respect of customers in the United Kingdom, from the date these Regulations comes into operation; and
  - (ii) in respect of all customers, from such date as the Minister may appoint by notice in the Gazette; and
- (b) in the case of any other insurance entity, from such date as the Minister may appoint by notice in the Gazette.

(5) The Minister may appoint–

- (a) different days for the purposes of sub-regulation (4)(a)(ii) and (b); and
- (b) in the case of sub-regulation (4)(b), different days for different categories of insurance entity.

(6) In sub-regulation (4)(a), a “market access right” means a deemed passporting right provided under the Financial Services (Passport Rights and Transitional Provisions) (EU Exit) Regulations 2020 and the corresponding law of the United Kingdom.

(7) The requirements in these regulations apply without limiting any other obligation which may apply to the conduct of an insurance entity’s business.

**PART 2  
CLAIMS, RENEWALS AND SPECIFIED PRODUCTS**

**Claims handling.**

5. An insurance undertaking must–

- (a) handle claims promptly and fairly;
- (b) provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress;
- (c) not unreasonably reject a claim (including by terminating or avoiding a policy); and
- (d) settle claims promptly once settlement terms are agreed.

**Auto-renewal.**

6.(1) An insurance entity must–

- (a) inform a consumer whether the terms and conditions of a policy entered into by a consumer provide for the policy to renew automatically at the end of its term;
- (b) provide the consumer with an explanation of the effect of automatic renewal for the consumer; and
- (c) provide the consumer with information on the right to cancel the automatic renewal element of the policy at any time.

(2) The information on the right to cancel the automatic renewal element must include–

- (a) the existence of the right;
- (b) the conditions for exercising it;

- (c) the consequences of exercising it; and
  - (d) the practical instructions for exercising it.
- (3) The information in sub-regulations (1) and (2) must be provided—
- (a) in good time before conclusion of the contract; and
  - (b) in writing or another durable medium.
- (4) Sub-regulations (1) to (3) do not apply in the case of a contract for private health or medical insurance, or pet insurance.

**Renewals.**

7.(1) This regulation applies when an insurance entity proposes to a consumer the renewal of a non-life insurance contract with a duration of 10 months or more which is not a group policy.

(2) In this regulation “renewal” means carrying forward a policy, at the point of expiry and as a successive or separate operation of the same nature and duration as the policy, with the same insurance entity.

(3) The insurance entity must provide the consumer with the following information, presented in a manner so that it can easily be compared, in good time before the renewal—

- (a) the premium to be paid by the consumer on renewal; and
  - (b) either—
    - (i) the premium which the consumer paid at the inception of the policy for which renewal is proposed (the “previous policy”); or
    - (ii) where any change was made to the previous policy during its term, an amount calculated by annualising (or otherwise adjusting as appropriate to the duration of the proposed policy) the premium in effect following the most recent change (excluding any fees or charges associated with any change).
- (4) The information provided in accordance with sub-regulation (3) must be accompanied by—

- (a) a statement indicating that the consumer should check that the level of cover offered by the renewal is appropriate for the consumer's needs; and
  - (b) either–
    - (i) a statement indicating that the consumer is able, if the consumer wishes, to compare the prices and levels of cover offered by alternative providers; or
    - (ii) where the proposed renewal would be the fourth or subsequent renewal the consumer has entered into in respect of the policy, the statement “You have been with us a number of years. You may be able to get the insurance cover you want at a better price if you shop around.”; and
  - (c) a statement informing the consumer whether the contract will automatically renew or whether the consumer needs to take any action to accept the renewal offer.
- (5) The insurance entity must communicate the information in sub-regulations (3) and (4)–
- (a) clearly and accurately;
  - (b) in writing or another durable medium; and
  - (c) in a way that is accessible and which draws the consumer's attention to it as key information.

**Price information: non-revolving credit agreement.**

8.(1) This regulation applies when an insurance premium is to be paid using a credit agreement other than a revolving credit agreement.

(2) An insurance entity must provide price information in a way calculated to enable the customer to understand the additional repayments that relate to the purchase of the policy, and the total cost of the policy.

(3) Price information must reflect any difference between the duration of the policy and that of the credit agreement.

(4) An insurance entity must explain to a customer, where applicable, that the premium will be added to the amount provided under the credit agreement and that interest will be payable on it.

**Guaranteed asset protection (GAP) contracts.**

9.(1) This regulation applies when an insurance entity sells a GAP contract to a customer in connection with the sale of a vehicle by the entity or a person connected to the entity.

(2) For the purposes of sub-regulation (1)–

- (a) a GAP contract sold in connection with the sale of a vehicle includes a GAP contract sold in connection with other goods and services, such as a credit agreement, related to the sale of a vehicle; and
- (b) a person connected to the entity includes any person acting as an introducer or appointed representative for the entity or who has a relevant business relationship with the entity.

(3) Before a GAP contract is concluded, an insurance entity must give the customer the following information–

- (a) the total premium of the GAP contract, separate from any other prices;
- (b) the significant features and benefits, significant and unusual exclusions or limitations, and cross-references to the relevant policy document provisions;
- (c) whether or not the GAP contract is sold in connection with vehicle finance, that GAP contracts are sold by other distributors;
- (d) the duration of the policy;
- (e) whether the GAP contract is optional or compulsory;
- (f) when the GAP contract may be concluded by the entity, as described in sub-regulations (5) and (6); and
- (g) the date the information in sub-regulations (a) to (f) is provided to the customer.

(4) The insurance entity must communicate the information in sub-regulation (3)–

- (a) clearly and accurately;
- (b) in writing or another durable medium; and
- (c) in a way that is accessible and which draws the customer’s attention to it as key information.

(5) Subject to sub-regulation (6), an insurance entity must not conclude a gap contract until at least two clear days have passed since the entity provided the customer with the information in sub-regulation (3).

(6) An insurance entity may conclude a GAP contract the day after providing a customer with the information in sub-regulation (3) if the customer–

- (a) initiates the conclusion of the GAP contract;
- (b) confirms that the customer is aware of and understands the restriction in sub-regulation (5); and
- (c) consents to the entity concluding the GAP contract earlier than provided for in sub-regulation (5).

**Retail premium finance: disclosure and remuneration.**

10.(1) An insurance entity offering retail premium finance in relation to a non-investment insurance policy must give the consumer, in good time before entering into or renewing a policy–

- (a) price information about–
  - (i) the total cost of the policy if purchased without retail premium finance;
  - (ii) the total cost of the policy with retail premium finance including the costs of, or associated with, the retail premium finance; and
  - (iii) any difference in the costs in paragraphs (i) and (ii), alongside each other;
- (b) a statement that the use of retail premium finance arrangements will be more expensive for the consumer compared to paying for the policy upfront;
- (c) details of any difference between the duration of the policy and the retail premium finance; and
- (d) where the price information is presented on any basis other than annually, an explanation of any difference between the total price to be paid by the consumer when buying with or without retail premium finance.

(2) The information in sub-regulation (1) must be communicated–

- (a) clearly and accurately;
- (b) in writing or another durable medium; and
- (c) in a way that is accessible and which draws the consumer's attention to it as key information.

(3) An insurance entity must not propose or arrange the use of any particular retail premium finance where doing would be inconsistent with the entity's obligations, including regulations 11 and 34 of the Financial Services (Insurance Distribution) Regulations 2020.

(4) In this regulation "retail premium finance" means a credit agreement entered into with a view to its use, by a consumer, to finance all or part of the premium for a non-investment insurance contract, excluding a credit agreement where the total price to the consumer (including any interest, fees and other costs) does not result in the consumer paying any amount in addition to the price of the policy.

### **PART 3 HOME INSURANCE AND MOTOR INSURANCE PRICING**

#### **Overview.**

11.(1) This Part applies where an insurance entity carries out any of the following activities in relation to a home insurance or motor insurance policy or any related additional product sold to a consumer—

- (a) setting the renewal price;
- (b) setting the price for any additional product offered to the consumer at renewal; or
- (c) determining the level of remuneration, including in particular any fees earned by the entity when distributing a product at renewal.

(2) This Part also applies where a home insurance or motor insurance policy is sold on a subscription basis and the entity increases the price of the policy at any point during the policy's lifetime.

(3) This Part also applies where an entity carries out insurance distribution activities at renewal and either—

- (a) forgoes commission in whole or in part when selling to a new business customer;  
or
  - (b) offers cash or cash-equivalent incentives to new business customers.
- (4) This Part does not apply to group policies which include, or are sold alongside, home insurance or motor insurance products.
- (5) The purpose of this Part is–
- (a) to promote competition by ensuring consumers have a realistic picture of the long-term cost of their chosen product when purchasing it and incentivising entities to compete for consumer business on that basis; and
  - (b) to protect consumers by ensuring that they are placed in a position where they can understand the long-term cost of their chosen product,

but it is not intended to affect how risk is priced for home insurance or motor insurance.

- (6) In this Part–

“customer” means a consumer;

“new business customer” means a consumer who is a prospective customer for a policy where the policy being taken out is not a renewal; and

“renewal” has the meaning given in regulation 7(2).

**Setting renewal prices for home or motor insurance.**

12.(1) An insurance entity must not set a renewal price for a home insurance or motor insurance policy that is higher than the equivalent new business price.

(2) In the case of a combined home insurance and motor insurance package, the renewal price for each of the following must be no higher than the equivalent new business price–

- (a) the home insurance element;
- (b) the motor insurance element; and
- (c) the bundled price for the package.

(3) Sub-regulations (1) and (2) apply at the point the renewal notice is prepared.

**Renewal pricing: assumptions regarding channel used.**

13.(1) In determining the equivalent new business price an insurance entity must assume that the existing customer has approached the entity through the same channel that the customer used when the policy was first purchased.

(2) Where the entity no longer accepts new business through that channel or that channel can no longer be identified, the entity must assume that the customer approached the entity through the channel most commonly used by its new business customers.

(3) If the customer used more than one channel when the policy was first purchased, the entity must determine the equivalent new business price using the channel or combination of channels that was used to determine the price of the customer's policy as new business.

(4) An entity may calculate the equivalent new business price on the basis that the customer is using a different channel than that used when the policy was first purchased where—

- (a) the customer has agreed to take out a different product from that taken out in the last insurance period;
- (b) the product the customer is taking out is most frequently purchased via a different channel to the one the customer used to take out the original product; and
- (c) it is in the customer's best interests to take out the new product.

(5) Where an entity calculates the equivalent new business price in accordance with subparagraph (4), it must assume that the customer approached the entity using the channel through which the product is most frequently purchased.

**Renewal pricing: incentives.**

14.(1) When calculating the equivalent new business price, an insurance entity must include any cash or cash-equivalent incentives that it gives to new business customers and that the renewing customer would be eligible for if the customer were a new business customer.

(2) Sub-regulation (1) applies to any cash or cash-equivalent incentive that is wholly or partially funded by the entity—

- (a) which is funded directly by the entity; or

- (b) where the entity provides funding to a third party contingent on that third party providing an incentive to the customer.
- (3) A cash or cash-equivalent incentive is any incentive that can be readily expressed as having a monetary value, such as–
- (a) a percentage or monetary discount on the premium;
  - (b) part of the insurance term or another product being provided without charge;
  - (c) cash back rewards;
  - (d) retail vouchers or gift cards; or
  - (e) retail loyalty scheme points.
- (4) This regulation does not apply to incentives that are not capable of being readily expressed as having a definite monetary value.

**Renewal pricing: new business discounts.**

15. When calculating the equivalent new business price, an insurance entity must take account of any individually negotiated discounts the entity agrees with an equivalent new business customer for the product.

**Renewal pricing: information acquired during current policy term.**

16.(1) When determining a customer's equivalent new business price, an insurance entity must include any risk information acquired during the term of the customer's current policy that has the effect of either increasing or decreasing the equivalent new business price.

(2) The information in sub-regulation (1) includes risk information that the entity would not normally have in relation to new business customers, such as telematics data or fraud risk indicators.

**Renewal pricing: subscription policies.**

17.(1) Where an insurance entity increases the price of a home insurance or motor insurance policy sold on a subscription basis, it must apply the requirements in this Part on setting a renewal price.

(2) An entity that sells policies on a subscription basis must review the pricing of its subscription policies at least annually.

(3) The annual review must assess whether the price of the policy sold on a subscription basis is no higher than the equivalent new business price.

**Renewal pricing: closed books.**

18.(1) An insurance entity must determine a customer's equivalent new business price in accordance with this regulation where the customer's policy is in a closed book.

(2) The entity must identify from the home insurance and motor insurance products that it currently actively markets or distributes, whether it has a home insurance or motor insurance product that is a closely matching product.

(3) Where the entity no longer actively markets or distributes any home insurance or motor insurance product which is a closely matching product but it is part of a group which does actively market or distribute home insurance or motor insurance products, it must identify whether the entity's group actively markets or distributes a closely matching product.

(4) Where there is more than one product which is a closely matching product, the entity must select—

- (a) the closely matching product which is the most similar to the customer's existing policy; or
- (b) where it is not possible to identify the most similar closely matching product, the closely matching product which will lead to the most favourable pricing outcome for customers who hold a policy in the closed book.

(5) Where a closely matching product is identified or selected, the equivalent new business price for a customer in the relevant closed book is the equivalent new business price for the closely matching product, but subject to any adjustment permitted under sub-regulation (6).

(6) The permitted adjustments are those which fairly and proportionately reflect the difference in costs for the entity arising from differences between—

- (a) the cover or benefits (including any compulsory excess) provided by the closed book policies and the closely matching product; or
- (b) the services or benefits (such as additional telephone support) provided under the closed book policies and the closely matching product.

(7) In calculating the equivalent new business price for a closely matching product, an entity must assume that the customer approached the entity using the channel most commonly used by new business customers of the closely matching product.

(8) An entity must set the renewal price in accordance with regulation 21 if it is unable–

- (a) to identify a product which is a closely matching product; or
- (b) to determine an equivalent new business price because it would not offer a policy to a new business customer of the same risk profile as the existing customer.

(9) An entity must assess whether any of its home insurance or motor insurance products are in closed books–

- (a) at least annually; and
- (b) whenever it makes a material change to the distribution or marketing of the product that could change the book from being an open book to a closed book.

(10) In this Part a “closely matching product” means a home insurance or motor insurance product which provides a customer with core cover and benefits which are broadly equivalent to the core cover and benefits enjoyed under the customer’s existing policy.

**Renewal pricing: involvement and remuneration of intermediaries.**

19.(1) An insurance intermediary that is involved in the setting of any portion of the renewal price of a policy must ensure that the portion it sets or its contribution to that portion is set at a level that is no higher than it would be set for a new business customer.

(2) An insurance intermediary that carries out insurance distribution activities at renewal and either–

- (a) forgoes commission in whole or in part when selling to new business customers; or
- (b) offers a cash or cash-equivalent incentive (within the meaning of regulation 11) to new business customers,

must, to the extent that a customer renewing a policy would be eligible to benefit from the commission forgone or the cash or cash-equivalent incentive if the customer were a new

business customer, include that forgone commission or incentive when determining the equivalent new business price at renewal and applying paragraph 10.

**Renewal pricing: additional products.**

20.(1) An insurance entity that has responsibility for setting the price of an additional product that is available to a customer in connection with a home insurance or motor insurance policy must ensure that the price of the additional product at renewal is no higher than the price at which the additional product would be offered to the customer if they were a new business customer.

(2) Where an entity no longer offers to new business customers an additional product which is available to a customer in connection with the renewal of a home insurance or motor insurance policy, the entity must set the price for that additional product as follows–

- (a) where the additional product is a policy–
  - (i) by applying regulation 18, but as if references in that regulation to home insurance or motor insurance were references to “additional product”; or
  - (ii) if the additional product has no closely matching product, by applying regulation 21; or
- (b) where the additional product is not a policy, by applying regulation 21.

(3) In this Part an “additional product” means a good, service or right of any description, whether or not financial in nature, obtained by a customer in connection with, or alongside, a non-investment insurance contract that the customer–

- (a) may choose to obtain (an “optional additional product”) including retail premium finance; or
- (b) is required to obtain (a “mandatory additional product”).

**Renewal pricing: assurance over customer outcomes.**

21.(1) An insurance entity must ensure that it does not systematically discriminate against customers based on tenure when determining–

- (a) an equivalent new business price;

- (b) the renewal price for customers in closed books where the entity is unable to identify a closely matching product;
  - (c) the price for any additional products offered to the customer at renewal of a policy; or
  - (d) the level of any remuneration earned by the entity including, in particular, any fees charged to a customer at renewal of a policy.
- (2) An entity must not make arrangements that are designed to enable it to treat existing customers as new business customers unless—
- (a) it can demonstrate that the proposed arrangements are in the best interests of the customers that will be treated as new business customers under those arrangements; and
  - (b) the price of the products distributed to those customers does not have an adverse impact on the product offering fair value.
- (3) It is not contrary to sub-regulation (1) for an entity to offer a customer a renewal price that is lower than the equivalent new business price based on any factor, including the customer's tenure.
- (4) In this Part "tenure" means the number of years a customer has held a policy, including any renewal within the meaning of regulation 7(2).

**Renewal pricing: sales practices.**

22. An insurance entity must not systematically discriminate against customers based on tenure—
- (a) when communicating a renewal price, or a price for an additional product at policy renewal, to customers; or
  - (b) when contacted by customers to discuss a renewal price or a price for an additional product at policy renewal.

**Renewal pricing: records.**

- 23.(1) An insurance entity must make and retain written records of how it continues to satisfy itself that it does not systematically discriminate against customers based on tenure, including details of—

- (a) the assessment it has undertaken to evaluate whether the equivalent new business price for customers of longer tenure systematically exceeds that for new business customers;
  - (b) the controls it has put in place to ensure that any pricing model it uses to generate its equivalent new business prices, or the renewal prices for customers in closed books where it is unable to identify a closely matching product, does not generate prices which are systematically higher the longer the customer's tenure;
  - (c) the evidence it has gathered and the assessment it has undertaken to evaluate whether its renewal prices or prices for additional products at renewal offer fair value to customers of longer tenure;
  - (d) the assessment it has undertaken to evaluate whether the fees it charges to customers of longer tenure systematically exceed those charged to new business customers; and
  - (e) any appropriate independent oversight of the assessments and controls in paragraphs (a) to (d).
- (2) An entity must make and retain written records of how it satisfies itself that any arrangements it makes to treat existing customers as new business customers are consistent with regulation 21, including details of—
- (a) the assessment it has undertaken to assure itself that it is acting in the best interests of customers; and
  - (b) the assessment it has undertaken of the likely effect of the arrangements on the price customers will pay for the product after the arrangements have taken effect as compared to the price customers would pay if the arrangements did not take effect.
- (3) An entity must also make and retain written records of its consideration of the extent to which material decisions which it takes in relation to its compliance with this Part are consistent with—
- (a) the objectives set out in regulation 11(4);
  - (b) the requirement not to discriminate against customers based on tenure; and

- (c) the requirements in regulation 21(2) concerning the treatment of existing customers as new business customers.
- (4) The records compiled under sub-regulations (1) and (2) must set out clearly–
- (a) the basis on which the entity is complying with this Part;
  - (b) how the entity has resolved any areas of discretion, ambiguity or potential uncertainty in its determination that the pricing of its home insurance and motor insurance renewal business, including additional products available to customers in connection with that business, complies with this Part; and
  - (c) appropriate expert input and advice on which the entity relies in satisfying itself as to its compliance with this Part.
- (5) The records compiled by the entity under sub-regulations (1) to (3) must be provided as soon as reasonably practicable after the record is prepared or updated to the person responsible for the attestation in regulation 24 and to the GFSC on request.

**Notifications to the GFSC.**

24. An insurance entity must notify the GFSC if it becomes aware that any other person in the distribution chain is not or may not be complying with this Part.