

# Newsflash

## FCA issues measures for customers facing financial difficulty

In light of the financial difficulty many consumers are finding themselves in during the COVID-19 pandemic, the FCA announced on Thursday 14<sup>th</sup> May a series of temporary measures for insurers and intermediaries.

These are aimed at alleviating some of those financial pressures where possible, by reducing the impact of temporary financial distress, and ensuring that customers continue to have insurance that meets their demands and needs.

The targeted measures come into effect on Monday 18<sup>th</sup> May and will be reviewed in the next 3 months.

They specifically ask providers to focus on instances when customers miss a payment or when they get in contact due to financial difficulty.

The measures also set out some actions providers could take, including:

- Reassessing the risk profile of customers. The FCA suggest this may have changed because of COVID-19 and there may be scope to offer customers materially lower premiums.
- Working with customers to avoid the need for cancellation of necessary cover such as by considering payment deferrals. The FCA also suggests that firms should consider fair treatment of customers when assessing new premiums for customers who cancel and then return to the insurer.

### Our view

This guidance is helpful for insurers thinking about how they can help customers at this time. It follows several measures, such as premium flexibility options, already announced by life insurers who have been proactive over the past few weeks in seeking ways to alleviate the financial pressures on their customers. Insurers have been busy reviewing the impact of COVID-19 on their products and customers. In fact, according to a poll conducted by Hymans Robertson at the end of April 2020, reviewing the impact on customers and products is their main area of focus right now, ahead of reviewing assumptions or revising asset strategy. Part of this focus on customers is about ensuring that existing products continue to deliver value, and it's an area we are expecting more measures from the FCA by the end of the May.

The finalised guidance can be found [here](#).

If you would like to discuss anything mentioned in this newsflash, please do [get in touch](#).



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