

Introduction

Insurance for multi-occupancy buildings review - Information Request

Firm Name: _____

FRN: _____

Your firm has been selected to be included in a review the FCA is undertaking.

The review is considering the supply of property owners insurance for multi-occupancy buildings, given concerns around how this market is operating and whether it is causing harm to those bearing the costs of this insurance, often the residents and leaseholders. This is a particular issue for those buildings with unsafe or flammable cladding that has been fitted widely over the last two decades, or where other material fire safety defects may exist.

Following the Grenfell Fire in 2017, various investigations have been undertaken and there are plans to remediate many buildings across the country. However, this is a slow process and there have been issues for freeholders and leaseholders obtaining affordable insurance during this time.

The Secretary of State for the Department of Levelling-up, Housing and Communities has expressed his concerns over the insurance market failing to meet the needs of those buying insurance for multi-occupancy buildings, and the prices being charged for this insurance, particularly in the context of those buildings with unsafe or flammable cladding, or other material fire safety defects, identified following the Grenfell Tower fire in 2017.

The information we are collecting via this survey will help us to better understand the impact fire hazards and other factors are having on prices as well as firms' general approach to pricing insurance for multi-occupancy buildings. We are also assessing the impact of non-risk price elements, such as commissions and other distribution costs. This will help us decide whether further work or changes may be required to make sure that those bearing the costs of insuring multi-occupancy buildings are not harmed by unfair practices.

Please can you submit the information and documents requested by **18 May 2022**.

Following receipt of the requested information, we will analyse this. Where we identify specific areas of interest or concern, we may ask additional questions, provide feedback or look to perform additional work, and will contact your firm directly as necessary.

Following the conclusion of our work, we anticipate that we will report our findings and next steps, and will contact firms as necessary with individual feedback.

If you have any questions, please do not hesitate to call Martin Scarrett on 0207-0669004, John Levett on 0207-0665266, or email InsuranceSectorProjects@fca.org.uk

Important Notes

- Please answer the following questions and where they exist, provide the documents requested.
- If your file exceeds the 100Mb limit, please contact InsuranceSectorProjects@fca.org.uk for assistance.
- Please note that you can only upload one file in response to each question. To upload multiple files in response to one question, please zip the relevant files and upload as one zip file.
- To overwrite or delete a previously uploaded file, please re-upload a new file. Uploading a new file will overwrite any previously uploaded.
- If a document we are requesting does not exist, please clearly state this.
- The next button on the bottom of the page saves your answers provided on the page and allows you to return to the request to continue at another time, using your unique link.
- By clicking SUBMIT at the end of this request, your responses will be submitted and you will not be able to return to the request.
- On submission, a summary of your responses will be provided for your records.
- If you need to make any changes, please navigate using the back button on the bottom of the page(s) before submission.

You may find it helpful to preview the request as a PDF document [LINK]

Filtering Questions

Do you (or did you since 1 July 2016) distribute, act as broker, or otherwise intermediate, any property owners insurance business that includes residential units in the UK? This includes mixed-use buildings with both residential and commercial units.

- ☐ Yes
- ☐ No

Broker questions

Since 1 July 2016, you have distributed, acted as broker, or otherwise intermediated property owners insurance business that includes residential units.

1. Who is responsible for product oversight and governance within your organisation, including ensuring product value?

Please provide full name(s) and job title(s).

2a. Please confirm who is ultimately responsible for insurance intermediation within your firm.

Please provide full name and job title.

2b. Who is directly responsible for managing your property owners business unit within your organisation? By "property owners", in this context, we mean all residential or mixed-use buildings insured on a freehold basis. This should not include commercial combined policies, pure commercial freeholds or policies for commercial tenants on self-repairing leases.

Please provide full name and job title.

3a. Do you, or have you since 1 July 2016, intermediated (brokered or co-manufactured) any multi-occupancy property owners business with residential units? This includes mixed-use buildings with both residential and commercial units.

- ☐ Yes
☐ No

3b. Do you, or have you since 1 July 2017, intermediated (brokered or co-manufactured) any NEW property owners risks which are exposed to combustible cladding issues (including Aluminium Composite Panel - ACM) or risks exposed to other material fire safety concerns impacting risk and pricing (including missing cavity barriers, wooden balconies, etc.)?

- ☐ Yes
☐ No

3c. Do you, or have you since 1 July 2017, intermediated (brokered or co-manufactured) any RENEWALS of property owners risks which are exposed to combustible cladding issues (including Aluminium Composite Panel - ACM) or risks exposed to other material fire safety concerns impacting risk and pricing (including missing cavity barriers, wooden balconies, etc.)?

- ☐ Yes
☐ No

4a. Have you secured information from the manufacturers to help you understand the property owners products you distribute (broke)?

- ☐ Yes
☐ No

4b. Please provide example information you have obtained from the manufacturer to understand insurance products you distribute covering cladding exposed premises. Where possible, please provide at least three examples, including the insurer you have placed the most GWP with over the last two years.

Multiple documents may be uploaded as a Zip File.

4c. Please outline what steps you have taken to secure this information from manufacturers.

5a. Do you have written documents setting out your distribution arrangements for residential property owners business?

- ☐ Yes
☐ No

5b. Please provide the written document setting out your distribution arrangements for residential property owner business, including any specific arrangements for cladding or high fire risk exposed products. This should include information on any charges or fees for your service and any agreement on commission to freeholders or

their agents.

Multiple documents may be uploaded as a Zip File.

6a. Please briefly explain any actions you have proactively taken to mitigate harm to residential leaseholders from poor value, including those in buildings with cladding or high fire risk, since 1 July 2017.



6b. Please provide documentary evidence of the relevant actions you have taken to amend any distribution arrangements for cladding exposed products since 1 July 2017, as explained in your answer to question 6a.

(Multiple documents may be uploaded as a Zip File)

7a. To the best of your knowledge, please explain how frequently property managers that arrange insurance through you typically:

- a. **negotiate a lower insurance premium**
- b. **negotiate lower broker remuneration**
- c. **obtain quotes from rival brokers**



7b. Please explain how frequently property managers and freeholders typically negotiate their share of commission.

7c. To what extent have you observed that commissions are a key driver of insurer or broker selection?

8. Please briefly explain the arrangements you have in place to manage conflicts of interest within the distribution chain, including in respect to remuneration of other parties in the chain.

9a. Do you receive any overrides or contingent commission scales based on the volume of business you place with particular insurers?

- ☐ Yes
- ☐ No

9b. Please provide details of any overrides or commission scales you have agreed with insurers, based on business placed since 2016.

9c. Please provide a schedule setting out the amount of overrides or contingent commissions you have received for property owners business since 2016. Please split this by insurer and year, and detail GWP to which the commission relates.

10a. Do you receive any profit commission based on the performance of business you place with particular insurers?

- ☐ Yes
☐ No

10b. Please provide details of any Profit Commissions ("PC") arrangements agreed with insurers, including any PC caps in place since 2016.

10c. Please provide a schedule of the amount of profit commissions you have received for property owners business since 2016. Please split this by insurer and year, and the amount of GWP to which this relates.

11a. Do you have a bribery and corruption policy.

- ☐ Yes
☐ No

11b. Please provide a copy of your bribery and corruption policy.

Multiple documents may be uploaded as a Zip File.

12. Please provide the details of all UK property owners policies for the previous six years of account (i.e., 2016 - 2021) for properties of 11 meters, or four floors or more in height.

Please use the template “Broker Sheet Primary Placed” provided.

Notes:

- 1. Please click the Excel icon to download and complete the Excel template, then upload the completed file in the grey box below.*
- 2. If the downloaded file is not visible, please check your 'Downloads' folder.*
- 3. **Please note that you can only upload one file in response to each question.** To upload multiple files in response to one question, please zip the relevant files and upload as one zip file.*
- 4. To overwrite or delete a previously uploaded file, please re-upload a new file. Uploading a new file will overwrite any previously uploaded.*



13. Please provide the details of all UK property owners exposed reinsurance arrangements you have placed or introduced for the previous five years of account.

Please use the template “Broker Sheet Reinsurance Placed” provided.

Notes:

- 1. Please click the Excel icon to download and complete the Excel template, then upload the completed file in the grey box below.*
- 2. If the downloaded file is not visible, please check your 'Downloads' folder.*
- 3. **Please note that you can only upload one file in response to each question.** To upload multiple files in response to one question, please zip the relevant files and upload as one zip file.*
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14. Please set out the number of complaints received in relation to the property owners class of business, by complaint category and by year since 2017.

Survey End

Thank you for completing the survey.

By clicking SUBMIT, your responses will be submitted and you will not be able to return to the survey.

On submission, a summary of your responses will be displayed on screen with the option to save a copy for your records.

If you need to make any changes, please navigate using the back button before submitting the survey.

