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Bridget Moss  
Business Standards  
The Financial Services Authority  
25 The North Colonnade  
London  
E14 5HS

Date: 30 January 2004

Our ref:-

Dear Bridget

**Response from the Financial Services Consumer Panel to  
CP201: Implementation of the Insurance Mediation Directive for long-term  
insurance business**

**Q1. Do you agree with our general approach to implementing the IMF for life and pensions business?**

We agree.

**Q2. Do you agree with our proposal to apply the requirements described in this paper to insurers only when dealing with private customers?**

We accept the logic of the decision.

**Q3. Do you agree with our proposals on the provision of information about status and services for life and pensions policies?**

Again, we accept the logic that flows through from excluding insurers from these requirements in relation to non-private customers. We believe that introducers should have to tell consumers the range of providers offered by the firm they introduce to. It would be good to introduce these ideas to consumers at the earliest opportunity, as a form of consumer education.

**Q4. Do you agree with our proposal in respect of private customers?**

We agree with the proposal to require intermediaries to comply with the requirement for a statement of the customer's demands and needs and reason for any advice by issuing the suitability letter before any contract is concluded. Moreover, we agree that this approach should also be applied to insurers. We believe it will be necessary to emphasise to consumers the importance of the statement of demands and needs document.

**Q5. Do you agree that a two-stage approach for complying with the requirement for a statement of the customer's demands and needs and the reasons for any advice would be more costly for firms and confusing for consumers?**

We agree that a two-stage approach would be confusing for consumers.

**Q6. Do you agree with our proposal to require intermediaries but not insurers to give non-private customers a statement of the customer's demands and needs and, for advised sales, the reasons for any advice?**

No comment.

**Q7. Do you agree with our proposal for non-advised sales?**

We agree with the proposals but we believe that the format of the application form will need attention by the FSA and testing with a potentially 'dangerous' product, to ensure that, in the absence of advice, consumers are properly alerted to the effect the product might have on their demands and needs. It may be a particular problem in the case of mail-shots by IFAs to existing clients where no advice has been given.

**Q8. Do you agree with our proposal to amend the client money rules so that intermediaries carrying on IMB business cannot opt their clients out of the protection given by these rules?**

This appears only to affect non-private clients, by giving them more protection than they had in the past.

**Q9. Do you agree with our proposals for the non-mainstream regulated activities of authorised professional firms to ensure that the authorised and unauthorised members of the same DPB can be treated alike in relation to these incidental activities?**

We agree.

Yours sincerely



Chairman  
FS Consumer Panel

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