



# A Practitioner's Guide to the FSA Regulation of Insurance

3rd Edition

Consultant Editor: John Young, Lovells LLP

*“With the publication of this third edition, it is time to acknowledge that the Financial Services Authority (“FSA”) has come of age. It has achieved both maturity and self-confidence in its approach to insurance, and the industry is largely getting used to that approach. At the same time, the FSA’s overall approach, in particular its championing of “principles-based” regulation, has brought it a renewed standing within the EU, which is shamelessly adopting UK concepts in Solvency II. This approach is now also receiving positive international appraisal, in particular as an alternative to the rules-based conservatism still largely espoused in the USA.”*

**John Young, Senior Partner,  
Head of Financial Institutions Group,  
Lovells LLP**

Although the actual implementation of Solvency II is several years away, its impact on insurance firms will be as great as the impact of Basel 2 on banks. The FSA has argued that lessons learnt from the implementation of Basel 2 mean that early planning is essential for firms to successfully prepare for the introduction of the new regulatory regime.

The implications of the Solvency II Directive – intended to create a European-wide solvency framework to provide adequate consumer protection and help the single market in financial services function better by improving capital allocation within the EU financial markets – are anticipated in this 3<sup>rd</sup> edition of *A Practitioner’s Guide to the FSA Regulation of Insurance*.

In addition, this *Practitioner’s Guide* takes full account of the FSA’s move to ‘more principles-based regulation’ in which a prescriptive rules-based regime is supplanted by one based on outcomes. What this means for insurance firms used to operating with detailed rule books is analysed and discussed. Sitting within this principles-based approach, the FSA has made amendments to the Insurance Conduct of Business sourcebook (ICOBS) which are covered in full. Developments relating to the FSA’s focus on treating customers fairly which they have described as ‘pioneering’ and ‘making a real difference to consumers’ are also covered in detail.



# A Practitioner's Guide to the FSA Regulation of Insurance

## Who should read this book?

- Compliance officers in the insurance industry
- Lawyers
- Finance directors
- Senior management in insurance companies
- Company secretaries

## Why should you read this book?

This clear and concise book offers a comprehensive guide to regulation in the insurance industry. It is essential reading to bring you up to date with developments in regulation introduced by the FSA over

the last four years. Practical guidance on all issues covered is a key feature of this publication, which also stands as a single source reference book.

The third edition of *A Practitioner's Guide to the FSA Regulation of Insurance* includes coverage of

- Measures anticipating implementation of Solvency II in 2010
- MiFID-related developments
- The new Conduct of Business Sourcebook and ICOBS
- The Reinsurance Directive
- Treating customers fairly
- Principles-based regulation

## About the Consultant Editor

John Young has been Senior Partner of Lovells since 1 May 2004. For many years he has spent the whole of his professional time advising on the regulation of insurance business and corporate transactions within the insurance industry, both in the UK and internationally. Apart from his duties as Senior Partner he manages the activities of the lawyers in Lovells' Financial Institutions Group. Under his leadership the Lovells corporate insurance team has become widely regarded as the leading UK team in its field and has evolved a

significant worldwide reputation. In the last 15 years John has advised on many of the most significant deals within the UK insurance industry and has advised over 100 insurance groups on corporate or regulatory matters. Both *Chambers Guide to the Legal Profession* and *Legal 500* have named him as the UK's leading solicitor in the field of non-contentious insurance. John speaks frequently in the UK and overseas on subjects relating to the regulation of insurance and transactions involving insurance companies and businesses.

## Other titles covering FSA regulation

**A Practitioner's Guide to the FSA Handbook - 5<sup>th</sup> Edition,**  
**Consultant Editor: Ruth Fox,**  
Slaughter and May

The best selling *A Practitioner's Guide to the FSA Handbook* provides a single point of reference for users, with clear and comprehensive guidance to the rules explained in a practical context. Written by a team of 12 authors who are amongst the leading figures in financial services law and regulation in the UK, this book is essential reading for all those affected by the FSA regime.

The implementation of the Markets in Financial Instruments Directive (MiFID) is causing far-reaching changes to the financial services environment.

The 5<sup>th</sup> edition of *A Practitioner's Guide to the FSA Handbook* has been extensively rewritten to take into account these changes, together with the introduction of the Capital Requirements Directive; the FSA's move towards more principles-based regulation (MPBR); the Treating Customers Fairly (TCF) initiative and the introduction of the new Conduct of Business Sourcebook (COBS).

**Price: £99**  
**Publication Date: February 2008**  
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**ISBN: 978 1 905121 25 0**  
[www.cityandfinancial.com/fsahbk](http://www.cityandfinancial.com/fsahbk)

**A Practitioner's Guide to the FSA Regulation of Designated Investment Business - 3<sup>rd</sup> Edition**  
**Consultant Editor: Tim Cornick,**  
Macfarlanes

This book deals with the specific issues that are relevant to regulated firms on a daily basis. It analyses the investments that are regulated, considers the impact of the Conduct of Business Rules and looks at the Client Asset regime and related rules as well as the special cases of trustee firms, occupational pension schemes and collective investment schemes.

This fully revised third edition takes into account all the changes affecting designated investment business since the last edition was published in June 2004 – and most significantly the impact of MiFID, implemented in November 2007.

**Price: £95**  
**Publication Date: February 2008**  
**Dimensions: 234mm x 156mm**  
**ISBN: 978 1 905121 26 7**  
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**A Practitioner's Guide to FSA  
Investigations and Enforcement -  
2<sup>nd</sup> Edition**

**Consultant Editors: Angela Hayes,**  
Mayer Brown International LLP  
**Calum Burnett,**  
Allen & Overy LLP

The 2<sup>nd</sup> edition of *A Practitioner's Guide to FSA Investigations and Enforcement* takes into account all the developments following the Strachan review, as well as the significant amount of new case law and Tribunal decisions since the first edition was published.

The review has led to new procedures involving the Regulatory Decisions Committee and measures to strengthen the objectivity of the RDC; a new legal review as part of the FSA's process; a new discount system to encourage early settlement; and a recommendation that the FSA should instigate a system of feedback on their process and also publish an annual performance statement.

This new edition includes a chapter by the FSA's Director of Enforcement covering the Regulator's perspective.

**Price: £85**  
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**[www.cityandfinancial.com/fsainenbk](http://www.cityandfinancial.com/fsainenbk)**

**A Practitioner's Guide to MiFID**  
**Consultant Editor: Matthew Elderfield**

The implementation of MiFID on November 1<sup>st</sup> 2007 has had an enormous impact on the way that financial markets operate. MiFID extends the coverage of the ISD regime and introduces new and more extensive requirements to which firms will have to adapt, in particular in relation to their conduct of business and internal organisation.

*A Practitioner's Guide to MiFID* is an important publication from City & Financial. It provides readers with a definitive guide to the substantial changes in regulation that MiFID has ushered in and includes contributions from the Financial Services Authority and industry experts.

**Price: £85**  
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**[www.cityandfinancial.com/mifid](http://www.cityandfinancial.com/mifid)**



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