

Our Ref: FOI9345

Dear Mr Bull,

## **Freedom of Information: Right to know request**

Thank you for your email on 10 June 2022, in which you asked:

*The Chancellor, Rt Hon Rishi Sunak, wrote to my MP Rt Hon Mel Stride on the 27th May 2022, indicating that he had asked the FCA for a progress report on [the matters highlighted in the 'Dying for a Payout' report], and the FCA had replied: 'FCA officials advise that they are in the middle of a multi-firm review (based on a sample of life insurance firms) to understand further the approaches being taken by firms with respect to terminal illness claims under a life insurance policy.*

### **FOI Request**

*Please can you advise the defined scope of this review, in particular:*

*Planned timescale, subject areas being reviewed, including whether potential Human and Consumer Rights breaches are being considered?*

We have processed your email in line with the provisions of the Freedom of Information Act 2000 (FOIA) and our response is below.

We can confirm that we hold some of the requested information.

As outlined in our 'Approach to Supervision' published report, we take a risk-based and proportionate approach to supervisory work, which includes reviews such as the one we are conducting in relation to Terminal Illness. This means that we look to identify where harm is potentially caused and investigate or remediate proportionately based on the risk presented.

The purpose of our information request to firms was to better understand the experience of customers making terminal illness claims and to understand the changes firms have made to their terminal illness claims process in light of a recent Department of Work and Pensions (DWP) rule change. The questions asked formed the basis of the review and were as follows:

1. Following the rule changes made by the DWP, has [firm] reviewed its approach to terminal illness claims?
2. How is [firm] ensuring fair treatment of this vulnerable customer group through the claims process? In your answer, please give consideration to each of the outcomes stated above? [The outcomes required were better understanding of customers' claims experience and changes to process following a DWP rule change.]
3. To support your answer to question 2 please provide MI across 2020 and 2021 (year to date) or claims for terminal illness benefit for each life product offering terminal illness cover.  
Please provide:
  - a) Number of claims received
  - b) Number of claims received that followed a referral from initial contact (if available please state if the information provided forms part of your regular reported MI).
  - c) Percentage of claims that resulted in a terminal illness pay-out
  - d) Percentage of claims that were deferred following the initial contact, that resulted in a terminal illness pay-out (if available).
  - e) Breakdown of main (top 5) terminal illnesses of successful claims.
  - f) Breakdown of main (top 5) terminal illnesses of unsuccessful claims.
4. [Firms] current policy wording together with any other documentation provided, including pre-contractual information.
5. The wording of [firms] current proof of morbidity definition.

6. Any changes [firm] are considering making to the definition of new policies.
7. Whether [firm] are considering making changes to the definition in existing policies, and if so, the legal basis on which [firm] will make those changes and how those changes will be communicated to consumers.

We currently estimate our review will be completed no later than the end of the year. We are considering the responses we received from firms involved in this review and anticipate further follow-up enquiries and analysis to be required.

Regarding the question around whether 'Human or Consumer Rights breaches' are being considered, we can advise that the FCA considers whether our framework of principles and rules have been met in all reviews.

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If you are not content with the outcome of the internal review, you also have a right of appeal to the Information Commissioner by phone or on their website at:

Telephone: 0303 123 1113

Website: [www.ico.org.uk](http://www.ico.org.uk)

Yours sincerely

Information Disclosure Team / Operations



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