



Association of British Insurers

Unit-linked life: disclosure rules and customer needs

Chris Kenny, Director of Life and Pensions,
Association of British Insurers



Unit-linked life - market

- Major growth market in UK for pension and non-pension saving
- Offers investment fund choice within a single tax wrapper
- Complements UCITS but not always in competition



Unit-linked life - regulation

- Level-playing field with UCITS, but doesn't mean uniform rules
- UL life subject to significant regulation – prudential, sales etc
- Disclosure rules apply both to product provider and distributor



UK disclosure requirements

- Distributor – disclosure of status; commissions; suitability letter etc
- Post-MiFID some requirements may not apply to UCITS
- Provider – Key Features Document – similar to SP



What will customer read?

- FSA/ABI research confirms information overload problem
- Basic information with signposting
- Explore “risk ratings” to engage customer
- Huge compliance costs of change



Principles-based regulation

- Recognise problems with SP – so no case for extending it to life
- High-level rules supplemented by industry guidance
- Share good practice across EU, rather than rush to more rules