



Guidance on application of the Insurance (Conduct of Business) (Long Term Business) Code 2018 for products closed to new business

This guidance is issued in consideration of the requirements of the Insurance (Conduct of Business) (Long Term Business) Code 2018 (“the Code”) and sets out the Isle of Man Financial Services Authority’s (“the Authority”) expectations in respect of products that are closed to new business.

The Authority issues guidance for various purposes, including to illustrate best practice, to assist regulated entities to comply with legislation and to provide examples or illustrations. This guidance is, by its nature, not law, however it is persuasive. Where a person follows guidance this would tend to indicate compliance with the legislative provisions, and vice versa.

The Code explicitly exempts regulated entities from the requirement to produce a Key Information Document (“KID”) for any product that is closed to new business (under paragraph (7)(2)(b)) and so paragraphs (8)-(10) in relation to content and issue of the KID also would not apply. This also means that any top up made on a product that is closed to new business would not require a KID to be issued.

In relation to top ups on products closed to new business, there is no exemption from paragraph 18 of the Code (cancellation rights) and so any top ups paid will require disclosure of the right to cancel.

Those sections of the Code that are relevant to in force business, e.g. paragraph 23 in relation to post sale disclosure and paragraph 24 in relation to claims handling, will remain a requirement for products closed to new business. However, it is the Authority’s expectation that paragraphs 6, 16 and 17 will also not apply to products closed to new business because regulated entities will not continue to market such products.