



Civil Liability Act 2018

2018 CHAPTER 29

PART 3

MISCELLANEOUS AND GENERAL

11 Report on effect of Parts 1 and 2

- (1) Regulations made by the Treasury may require an insurer to provide information to the FCA about the effect of Parts 1 and 2 of this Act on individuals who hold policies of insurance with the insurer.
- (2) The regulations may provide that an insurer is required to provide information only if it has issued third party personal injury policies of insurance on or after 1 April 2020 to individuals domiciled in England and Wales.
- (3) The regulations may—
 - (a) specify the information or descriptions of information to be provided;
 - (b) specify how information is to be provided;
 - (c) specify when information is to be provided;
 - (d) require that information or specified descriptions of information be audited by a qualified auditor before being provided;
 - (e) make provision about the audit;
 - (f) require that details of the auditor be provided to the FCA.
- (4) Regulations under subsection (3) (a) may in particular require an insurer to provide information, by reference to each of the report years, about—
 - (a) the amount paid by the insurer during the report period under its relevant third party personal injury policies of insurance in respect of personal injuries sustained by third parties, where the amount of damages for the injury is governed by the law of England and Wales;
 - (b) the amount that the insurer might reasonably have been expected to pay in respect of those injuries if this Act had not been passed;
 - (c) the mean of the amounts paid during the report period under those policies in respect of those injuries;

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- (d) what might reasonably have been expected to be the mean of the amounts paid in respect of those injuries if this Act had not been passed;
 - (e) the amounts described in paragraphs (a) to (d), determined by reference only to cases where—
 - (i) the amount paid by an insurer under a policy, or
 - (ii) the amount that an insurer might reasonably have been expected to pay under a policy,
 falls within one of the bands specified in the regulations;
 - (f) the amount charged by the insurer by way of premiums for relevant third party personal injury policies of insurance where the cover starts in the report period;
 - (g) the amount that the insurer might reasonably have been expected to charge by way of premiums for those policies if this Act had not been passed;
 - (h) the mean of the premiums charged for those policies;
 - (i) what might reasonably have been expected to be the mean of the premiums charged for those policies if this Act had not been passed;
 - (j) the amounts described in paragraphs (f) to (i), determined as if the references to a premium charged for a relevant third party personal injury policy of insurance were references to so much of the premium as is charged in order to cover the risk of causing a third party to sustain personal injury;
 - (k) if any reduction in the amounts referred to in paragraph (a) has been used to confer benefits other than reduced premiums on individuals, those benefits.
- (5) The regulations may make provision about the methods to be used in determining the amounts described in subsection (4) (b), (d), (g) and (i), including provision about factors to be taken into account.
- (6) The regulations may provide for exceptions, including but not limited to—
- (a) exceptions relating to policies of insurance obtained wholly or partly for purposes relating to a business, trade or profession,
 - (b) exceptions relating to policies of insurance of a specified description,
 - (c) exceptions for cases where the value or number of policies of insurance issued by an insurer is below a level specified by or determined in accordance with the regulations, and
 - (d) exceptions relating to insurers who, during the report period, issue policies of insurance only within a period that does not exceed a specified duration.
- (7) Before the end of a period of one year beginning with 1 April 2024, the Treasury must prepare and lay before Parliament a report that—
- (a) summarises the information provided about the effect of Parts 1 and 2 of this Act, and
 - (b) gives a view on whether and how individuals who are policy holders have benefited from any reductions in costs for insurers.
- (8) If insurers provide additional information to the FCA about the effect of Parts 1 and 2 of this Act, the report may relate also to that information.
- (9) The FCA must assist the Treasury in the preparation of the report.
- (10) In the Financial Services and Markets Act 2000—
- (a) in section 1A (functions of the Financial Conduct Authority), in subsection (6), after paragraph (cza) insert—

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- “(czb) the Civil Liability Act 2018;”;
- (b) in section 204A (meaning of “relevant requirement” and “appropriate regulator”)—
- (i) in subsection (2), after paragraph (a) insert—
- “(aa) by regulations under section 11 of the Civil Liability Act 2018;”;
- (ii) in subsection (6), after paragraph (a) insert—
- “(aa) by regulations under section 11 of the Civil Liability Act 2018;”.
- (11) A statutory instrument containing regulations under this section is subject to affirmative resolution procedure.
- (12) In this section—
- “the FCA” means the Financial Conduct Authority;
- “insurer” means an institution which is authorised under the Financial Services and Markets Act 2000 to carry on the regulated activity of—
- (a) effecting or carrying out contracts of insurance as principal, or
- (b) managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's;
- “qualified auditor” means a person who is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006;
- “relevant third party personal injury policy of insurance” means a third party personal injury policy of insurance issued by an insurer to an individual domiciled in England and Wales;
- “report period” means the period of three years beginning with 1 April 2020;
- “report year” means a year beginning with 1 April 2020, 2021 or 2022;
- “third party personal injury policy of insurance” means a policy of insurance issued by an insurer which provides cover against the risk, or risks that include the risk, of causing a third party to sustain personal injury.

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