

Additional information for insurance brokers on Enterprise Insurance

Premium finance and compensation for motor policies

FSCS has been discussing how best to compensate consumers with finance companies. We expect to pay premium finance companies where the policyholder has purchased the cover using a loan. We've been working with the two main providers to finalise the terms of how we can arrange for the payment of compensation to be paid to the finance company on behalf of and for the benefit of policyholders. We expect to be in a position to conclude those discussions very shortly.

As part of any such arrangement, if the finance company has a contractual right to use the compensation to reduce a policyholder's debt with it and there is any surplus left over once the debt has been cleared, the finance company will pay that on to the policyholder.

Where brokers have organised replacement cover for policyholders

In a number of cases, FSCS is working to put in place an arrangement where compensation can be paid directly to brokers on behalf of policyholders to allow them to facilitate replacement cover with a new insurer. Subject to a broker reaching an agreement with FSCS, FSCS will pay the value of the return of premium to brokers to contribute exclusively towards the cost of the new insurance. It is likely that this can only happen where the broker can secure a block transfer and replacement of cover for policyholders.

Where policyholders have purchased the cover without premium finance

Where policyholders have purchased a policy without premium finance, FSCS will make compensation payments directly to those policyholders.