

Products covered by the reporting requirement in SUP 16.11

G This is the *guidance* referred to in SUP 16.11.6G.

SUP 16.11.3R requires certain *firms* to report product sales data. For reporting purposes, a reportable sale applies where the contract has been made and the premium has been paid.

In the case of mortgage transactions, the reporting requirement only applies to loans for house purchase and remortgages and not to further advances. A reportable mortgage transaction applies where the mortgage transaction has completed (i.e. funds have been transferred and have been applied for the purpose of the mortgage).

Part 1 - Products

The following tables provide *guidance* on the products for which sales data is to be reported. These tables are not intended to be a complete list of relevant products; *firms* should report sales data on all products which would fall within the scope of *retail investments*, *pure protection contracts*, and *regulated mortgage contracts* and other *home finance transactions*.

Table 1 – RETAIL INVESTMENTS

Relevant products include:

Unit trust scheme /OEIC
Investment trust
ISA
Structured capital-at-risk product
 With profit bond
Unit linked bond
 Distribution bond
 Mortgage Endowment
 With profit endowment
 Endowment savings plan
 Guaranteed income/growth/investment bond
 Trustee investment bond
 Life annuity
 Pension annuity
 Long term care insurance contract
 Stakeholder pension
Self-invested personal pension
 Personal pension
 Group personal pension
FSAVC
 Individual pension transfer
Pension opt out
 Section 32 buy out
 Group section 32 buy out
 Income drawdown
 Executive pension
SSAS
 Group money purchase
AVC final salary
AVC group money purchase

Table 2 - PURE PROTECTION CONTRACTS

Relevant products include:

Income protection
 Standalone critical illness
 Critical illness sold as a rider benefit to mortgage protection and mortgage term assurances

Table 3 - MORTGAGES

Relevant mortgage types include:

Fixed rate mortgages
 Discounted variable rate mortgages
 Tracker mortgages
 Capped rate mortgages
 Standard variable rate mortgages

Table 4 – OTHER HOME FINANCE TRANSACTIONS

Relevant products include:

Home reversion plans

Home purchase plans

Part 2: Supporting product definitions/guidance for product sales data reporting

Part 2 contains *guidance* on the terms used in part 1 and on other relevant material.

Where products have not been defined in the *Glossary*, an explanatory description is provided.

Retail investments

| PRODUCT | Guidance |
|-------------------|---|
| With profit bond | Includes all single premium policies where a lump sum is paid into a with profits fund made up of <i>investments</i> such as company shares, fixed interest <i>securities</i> , commercial property and <i>money</i> . Unitised with profit bonds should be reported under this category. |
| Unit linked bond | A contract where the premium buys, or is deemed to buy investment units in a selected fund. The value of the <i>policyholder's</i> fund is linked to the value of the <i>units</i> (see <i>guidance</i> relating to distribution bonds). |
| Distribution bond | A single premium <i>investment</i> policy. The funds are |

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| | <p>invested in equities and gilts and an income is paid each year to the <i>policyholder</i>, dependent on the performance of the <i>investments</i>.</p> <p>Only report as a distribution bond where over 50% of the fund allocation relates to the distribution fund. If less than a 50% allocation is made, the product should be reported as a unit linked bond.</p> |
| Guaranteed income/growth/investment bond | This includes income and growth bonds which include guaranteed income and guaranteed equity bonds that include guarantees and pay a percentage of the movement of more one or more index. |
| Structured capital-at-risk product | Defined in the Handbook <i>Glossary</i> . |
| Life/pension annuity | <p>An arrangement by which a life company pays someone a regular income, usually for life, in return for a lump sum premium. This would include</p> <ul style="list-style-type: none"> • deferred and immediate annuities • compulsory purchase annuities • home income plans; and • all other types of life annuities |
| <i>Unit trust scheme</i> | Defined in the Handbook <i>Glossary</i> . |
| Investment trust | Defined in the Handbook <i>Glossary</i> . |
| ISA | <p>Defined in the Handbook <i>Glossary</i>.</p> <p>Cash and insurance ISAs should not be reported</p> |
| Endowment savings plan | An endowment plan with a fixed term with benefits paid on death within the term or on maturity |
| Mortgage endowment | This should include any regular premium low cost endowments plus unitised with profit endowments |
| Long-term care insurance contract | [The FSA consulted in CP 200 on the definition of long-term care insurance contract that will apply from 14 January 2005. The guidance here will cross-refer to the finalised definition.] |
| Stakeholder Pension | See Handbook <i>Glossary</i> for definition of ' <i>stakeholder pension scheme</i> '. |
| Self-invested personal pension | See Handbook <i>Glossary</i> for definition of ' <i>self-invested personal pension</i> ' |
| Personal pension | <p>See Handbook <i>Glossary</i> for definition of '<i>personal pension scheme</i>'.</p> <p>For reporting purposes do not include Rebate Only Pension business.</p> |

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| Group personal pension | See Handbook <i>Glossary</i> for definition of ' <i>group personal pension scheme</i> '. Phased retirement should include transfer plans that permit staggered annuities to subsequently be purchased. Deferred transfer plans should be excluded. Report each individual policy as a separate case. |
| FSAVC | Defined in the Handbook <i>Glossary</i> . Do not include Rebate Only Pension business. |
| Individual pension transfer | See Handbook <i>Glossary</i> for definition of ' <i>pension transfer</i> '. |
| Pension opt out | Defined in the Handbook <i>Glossary</i> . |
| Section 32 buy out/ Group section 32 buy out | An arrangement where trustees accept capital from employees who have left <i>occupational pension scheme</i> service and the transfer value is reinvested in an attempt to provide better benefits when the employee retires. |
| Income drawdown | See Handbook <i>Glossary</i> for definition of ' <i>income withdrawal</i> '. This should include transfer plans that allow income from a pension plan in advance of an annuity being purchased |
| Executive pension scheme | An arrangement where each premium paid is identifiable to an individual employee and where an employer has discretion as to whether a pension arrangement is made for a particular employee and to the level of contribution or target benefit under the policy. Report each individual policy as a separate case. Pension premiums should be reported gross. |
| SSAS | Defined in the Handbook <i>Glossary</i> . Pension premiums should be reported gross. <i>SSAS</i> business should not be reported if you only provide an administration service. Report each individual policy as a separate case. |
| Trustee investment bond | A lump sum <i>investment</i> vehicle designed for use by <i>pension scheme</i> trustees. Includes <i>SSAS</i> Trustee Investment Bonds and SIPP Trustee Investment Bonds |
| Group money purchase | An <i>occupational pension scheme</i> which provides <i>money-purchase benefits</i> which is available to employees of the same employer or of employers within a group. |
| <i>AVC</i> Final salary | Pension premiums should be reported gross. |
| <i>AVC</i> Group money purchase | Pension premiums should be reported gross. |

Mortgages

(a) Types of interest rate

| Types of interest rate | Description |
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| Fixed rate | where the interest rate is fixed for a stated period. |
| Discounted rate | where a discount is applied to the lender's standard variable rate usually for a limited period of time. |
| Tracker | where the interest rate is guaranteed to move in line with either the Bank of England Base (or repo) Rate (BBR) or another index such as LIBOR (London InterBank Offered Rate). |
| Capped (and collared) rate mortgage | where the interest rate is guaranteed not to exceed a stated maximum rate (the 'capped' rate) for specific period of time, but where the standard variable interest rate applies when the rate is lower than the capped rate. Also includes products where the interest rate is subject to a minimum rate (the 'collared' rate). |
| Cashback | a cash amount paid by a <i>mortgage lender</i> to a <i>customer</i> (typically at the beginning of a contract) as an inducement to enter into a <i>regulated mortgage contract</i> with the <i>mortgage lender</i> . |
| Standard variable rate | the lender's underlying interest rate. |

(b) Features

| Data Item | Description |
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| Flexible mortgage | <p>A mortgage where you can change the monthly payments and pay off part or all of the loan whenever you like. It is normally linked to any interest rate type.</p> <p>Details vary from one mortgage to another, but for reporting purposes, to be reported as a flexible mortgage, the mortgage should have the following features:</p> <ul style="list-style-type: none"> • interest must be calculated monthly or daily; and • must have an overpayment facility |
| Offset mortgage – positive and/or negative offset | An offset mortgage will typically have similar facilities to a flexible mortgage, but will also allow the borrower to offset positive (savings and/or current account) and/or negative balances (credit card and/or personal loans) against their outstanding mortgage balance. |
| Loans where income is not evidenced | This applies to loans which are based on one or more <i>persons'</i> incomes. These loans are those where the lender has no independent documentary evidence to verify income (e.g. as provided by an employer's reference, a bank statement, a salary slip, a P60, or audited/certified accounts). |
| Total gross income | This is the total of the gross annual incomes (before tax or other deductions) of each of the individual borrowers whose incomes were taken into account when the lender made the lending assessment/decision. For these purposes, each borrower's gross income is the sum of that person's main income and any other reckonable income (e.g., |

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| | overtime, income from other sources etc to the extent that the lender takes such additional income into account in whole or in part). For example if borrower A has gross income of £25,000 and borrower B has gross income of £20,000 then total gross income for the loan would be £45,000 |
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Pure protection contracts

| Policy Type | Description |
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| Standalone critical illness | These policies are 'pure' critical illness policies i.e. there is no life cover sold alongside them. Under these policies the <i>insurer</i> provides the sum insured to the <i>policyholder</i> in the event of diagnosis of a life threatening condition. |
| Critical illness sold as a rider benefit to term assurance | For reporting purposes, this applies where critical illness is offered as a rider benefit to either a mortgage protection policy (a <i>life policy</i> that provides by means of decreasing term assurance for a mortgage to be paid off in the event of the borrower's death) or a protection term assurance contract. |
| Income protection | Insurance contracts arranged by an individual to provide for payment of income during a period of incapacity, due to ill health or accident |

Other home finance transactions

| Finance Type | Description |
|----------------------------|---|
| <i>Home reversion plan</i> | Defined in the Handbook <i>Glossary</i> |
| <i>Home purchase plan</i> | Defined in the Handbook <i>Glossary</i> |