

## Introduction

As a qualifying body, we, the Financial Services Authority (the FSA), can challenge firms using terms which we view as unfair under the Unfair Terms in Consumer Contracts Regulations 1999 (the Regulations). So we review contract terms which are referred to us by consumers, enforcement bodies and consumer organisations. This has led to UK Underwriting Limited, undertaking not to use terms which we consider may be unfair.

We have a duty under the Regulations to notify the Office of Fair Trading (OFT) of the undertakings we receive. The OFT has a duty to publish details of these undertakings, which it puts on its Consumer Regulation Website. We also publish the undertakings on our website. Both publications will name the firm and identify the specific term and the part of the Regulations which relate to the term's fairness.

As part of their risk management, firms that have not given an undertaking or been subject to a court decision should remain alert to undertakings or court decisions concerning other firms. These will be of potential value in showing the likely attitude of the courts, the FSA, the OFT or other qualifying bodies to similar terms or terms with similar effects.

Publishing undertakings may attract more consumer complaints both to the FSA and direct to firms, which will need to be addressed.

## UK Underwriting Limited undertaking

<b>Name of business</b>	<b>UK Underwriting Limited</b> are the policy underwriters and are responsible for the policy wording and Key Facts documentation.	<b>Lead organisation</b>	FSA
<b>Trading sector</b>	Travel Insurance	<b>Contract identifier</b>	(1) Certificate of insurance for Debenhams Annual Multi-trip Travel Insurance 2007 ('the certificate of insurance'); and (2) Key Facts for Debenhams Annual Multi-trip Travel Insurance 2007 ('the Key Facts').  Both of these documents are collectively referred to as 'the contract'.

## **First term**

### **Original term**

The definition of '**Family**' under the 'Meaning of words' section in the certificate of insurance. *'Family – Shall mean parents or grandparents and their Children or grandchildren. Cover for families shall apply where the appropriate premium has been paid and where the family members travel together.'*

### **Application of the Regulations (Schedule 2 paragraph or as indicated)**

Regulation 7(1): In our view, the term was not expressed in plain and intelligible language, breaching regulation 7(1). In particular, this definition did not make clear to consumers the extent of the cover when a family member travelled alone. It was also unclear whether the policy covered children under 18 when they travel independently of the family unit.

### **How the term has changed**

The firm has revised the contract by:

- amending the definition of 'Family' to clarify that adults can travel independently under the policy, but that children cannot;
- amending the definition of 'Children' under the 'Meaning of words' section of the certificate of insurance to clarify that grandchildren also fall within this definition;
- amending the definition of 'Age Limit' also under the 'Meaning of words' section of the certificate of insurance to clarify that children/ grandchildren are separately defined; and
- adding a new 'Family Policies' definition in the Key Facts for this insurance.

### **New terms**

#### Term 1: Definition of Family

*'Family – Shall mean parents or grandparents (up to a maximum of two adults) and their Children or grandchildren. Cover for families shall apply where the appropriate premium has been paid and where the Family members travel together. Adults insured on an annual multi-trip policy are entitled to travel independently of each other. Cover for Children will only be provided if travelling with an insured adult and all travellers are named on the policy schedule.'*

#### Term 2: Definition of Children

*'Children/Grandchildren – Are defined as persons aged up to and including 17 years of age'*

#### Term 3: Definition of Age Limit

*'Age Limit – The maximum age of any insured person will be 74, at the date of payment of Your premium. For Wintersports the maximum age of any insured person within Europe shall be 69, and outside Europe will be 64, at the date of payment of Your premium. Children/Grandchildren are separately defined.'*

#### Term 4: New 'Family Policies' wording in the Keyfacts document

### *'Family Policies*

*Family policies provide cover in respect of a maximum two parents or grandparents and their Children or Grandchildren. Cover for families shall apply where the appropriate premium has been paid and where the Family members travel together. Adults insured on an annual multi-trip policy are entitled to travel independently of each other. Cover for Children/Grandchildren will only be provided if travelling with an insured adult and all travellers are named on the policy schedule.'*

### **Second term**

#### **Original term**

The definition of '**You, Your(s), Insured Person**' under the 'Meaning of words' section in the certificate of insurance.

*'You, Your(s), Insured Person – All person(s) within the Age Limit, the names of whom are provided to Travellers Protection Services at the time of premium payment, being resident in the UK. Each person is separately insured'.*

#### **Application of the Regulations (Schedule 2 paragraph or as indicated)**

Regulation 7(1): As with the definition of 'Family', in our view, the term was not expressed in plain and intelligible language, so it breached regulation 7(1). This definition gave the impression that each insured person was covered to travel alone separately, although children were not covered to travel alone.

#### **How the term has changed**

The firm has revised the definition of 'You Your(s), Insured Person' to clarify that children are not covered to travel alone.

#### **New term**

The revised definition of 'You Your(s), Insured Person':

*'You Your(s), Insured Person – All person(s) within the Age Limit, the names of whom are provided to Travellers Protection Services at the time of premium payment, being resident in the UK. Each person is separately insured, with the exception of Children/Grandchildren unless travelling with an Insured Adult'.*

### **Other information**

The new terms came into effect on 1 January 2008.

For customers with contracts entered into prior to 1 January 2008, containing the same terms or terms with similar effect, the firm undertakes to apply its contract terms fairly to ensure that no policyholder is disadvantaged as a result of the ambiguity in the old wording.

The firm was fully cooperative in agreeing to this undertaking.

**Undertaking published 14 May 2008**