

# RICS Practice Alert to DPB Licensed Firms

**Issued by email 16 February 2024**

RICS is issuing this Practice Alert to all RICS-regulated firms on the Designated Professional Body (DPB) Scheme. Its purpose is to notify of upcoming changes to the DPB Rules and Guidance documents.

The amendments will introduce new requirements for firms undertaking insurance distribution for residential multi-occupancy buildings. Firms will be required to provide additional information about remuneration that they receive when carrying out general insurance distribution activities in this context to their clients and residential leaseholders. Firms will need to ensure that their communications are clear, and that their remuneration practices do not conflict with leaseholders' and other policy stakeholders' interests.

The new rules will only apply to multi-occupancy building insurance policies for residential leaseholders, as the definition of 'policy stakeholder' only captures natural persons who are acting outside of their trade or profession. Therefore, commercial entities (including commercial leaseholders) will not be considered policy stakeholders.

DPB Licenced Firms should familiarise themselves with the changes as soon as possible and ensure that their general insurance distribution activities are compliant with the new requirements.

## Why are the changes being made?

RICS is making changes to the DPB Rules and Guidance to ensure they are consistent with the [Financial Conduct Authority \(FCA\) Rules](#). The FCA has made changes to its Rules with effect from 31 December 2023 to ensure that:

- there is increased transparency about multi-occupancy building insurance for residential leaseholders to make it easier for them to understand and challenge insurance costs passed on to them and
- firms ensure their products are consistent with the needs and interests of leaseholders and other policy stakeholders, are priced in a way that provides fair value and that remuneration practices do not lead to poor outcomes.

The changes have been implemented via amendments to the FCA's SYSC, ICOBS and PROD handbooks.

### What the changes mean for affected firms

The amendments will introduce these requirements, as follows.

- DPB Licensed Firms must distinguish remuneration connected to Multi-Occupancy Buildings Insurance Contracts from other remuneration.
- DPB Licensed Firms must promptly provide additional information relating to such remuneration to Clients and tell Clients to pass the information to any Policy Stakeholder.
- If a DPB Licensed Firm becomes aware that a Client has not passed such information to any Policy Stakeholder, the DPB Licensed Firm must do so itself if it holds the necessary contact information.
- DPB Licensed Firms should follow best practices when receiving and responding to queries from Clients and Policy Stakeholders.
- DPB Licensed Firms must act honestly, fairly and professionally, in the best interests of Clients and Policy Stakeholders.

The proposed amendments to the DPB Rules and Guidance document, which can be seen in the attached draft versions, will be updated to RICS house style and fully formatted in due course. They have been sent to the FCA for approval. The key changes can be found in the following sections:

#### [DPB Rules:](#)

- Definitions
- Part 2 Section 2.3
- Part 2 Section 2.6

#### [DPB Guidance:](#)

- Paragraph 51 – Consumer Duty
- Appendix F – Section 4
- Appendix F – Section 5
- Appendix H – Consumer Duty
- Appendix I – new appendix

DPB Licenced Firms should familiarise themselves with changes as soon as possible and ensure that their general insurance distribution activities are compliant with the new requirements. Once approved by the FCA, RICS will issue a further Practice Alert with the finalised DPB Rules and Guidance document. The new rules will come into effect three months from the date of this Practice Alert, or one month after FCA approval (if later than three months from 16 February 2024).

For queries, please contact [standards@rics.org](mailto:standards@rics.org)