



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Sent by email

20 November 2020

Dear all,

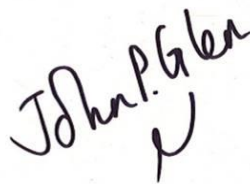
I am very sorry to hear of the difficulties that you are experiencing due to the COVID-19 outbreak. I can assure you that the Government is in continual dialogue with the insurance sector regarding its response to this unprecedented situation, and is encouraging insurers to do all they can to support customers during this difficult period.

Following the letters issued by the Treasury and the Association of British Insurers at the end of September, I am aware that NFU Mutual has continued to make deductions from business interruption insurance settlements to account for specific government grant funds. As stated in my letter, these grants are intended to provide emergency support to businesses at this time of crisis, and it is the Government's firm expectation that they are not to be deducted from business interruption insurance claims.

As such, the Financial Conduct Authority (FCA) are looking into this matter further. The FCA sets the conduct standards required of insurance firms in relation to their business which aim to ensure customers are treated in a fair manner. You will note that the FCA has already written to relevant insurers providing clarification on how government support should be treated in claim calculations and asking that they consider very carefully the appropriateness of any deductions in the context of individual insurance policies. The FCA has also made it clear that it may intervene and take further actions where firms do not appear to be meeting the FCA's expectations and treating their customers fairly.

The Government has stated that if grant deductions continue to be made, we will consider further action to protect the financial support being issued to businesses. I am monitoring this issue closely and will assess what, if any, further steps are needed to resolve this issue for policyholders.

Thank you for taking the time to make me aware of these concerns. I would also encourage all businesses facing financial difficulty to explore the full package of support set out by the Chancellor which includes measures such as business rates holidays, the Coronavirus Business Interruption Loan Scheme, for which the application window has been extended to 31 January, and wage support. Information on the Government's support for businesses and employees can be found here: <https://www.gov.uk/coronavirus/business-support>.

A handwritten signature in black ink that reads "John P. Glen" with a stylized flourish underneath.

JOHN GLEN