Rules – accounting for changes to IPT rates

Introduction

The IPT rate within a scheme can now be updated using a more simplified version of the rules that are currently in effect. This simplified format can now be applied because HMRC has not imposed a transitional period on the IPT rate increase due to come into effect, as they have done on the previous two increases.

The existing rules that are set up within your schemes will remain in effect for pre 01/06/2017 risks; the new rule will run after the existing rules to identify and apply the correct rate of IPT to new business risks, MTAs and renewals.

How to create the required rules

Select Admin ➢ Rule Builder

Use the first dropdown box to select the scheme that the rule is to apply to. Leave the second dropdown at the default option of 'Any Insurer' and the third dropdown as 'Any Type'. In the final dropdown box select the option 'More Info' – this option is the best to use as there are generally no other rules in this section, which means that the rules can easily be imported to all other status types to ensure that every status scenario is updated with the correct IPT rate:
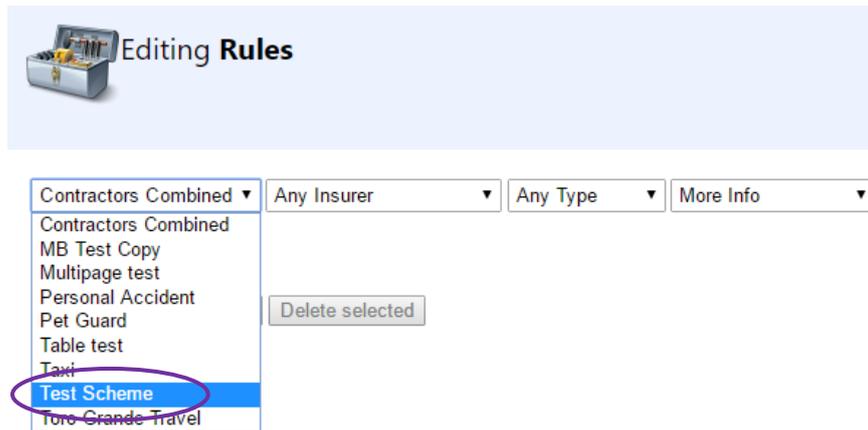
Select the 'New Rule' option to the bottom right of the screen:
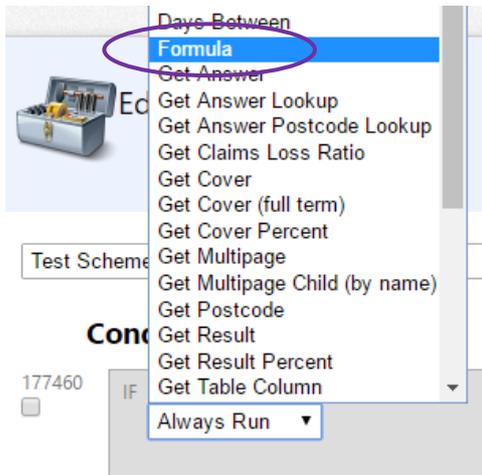

Two grey shaded boxes will become visible – these are used to set the conditions of when the rule should run, and the actions that need to be applied.

To set a condition, select the green plus icon:

From the dropdown menu that then appears in the 'Conditions' section, select the 'Formula' option:
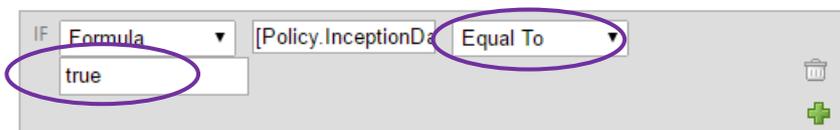

Use the blank field after selecting 'Formula' to enter the required formula that will identify risks that need a rate of 12% applied:
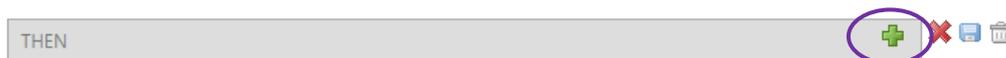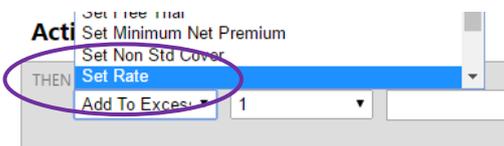
[Policy.InceptionDate] >= #2017-06-01#

The next dropdown menu will already have defaulted to 'Equal to' and the final field to 'true' – leave these fields with their default values, they do not need changing:
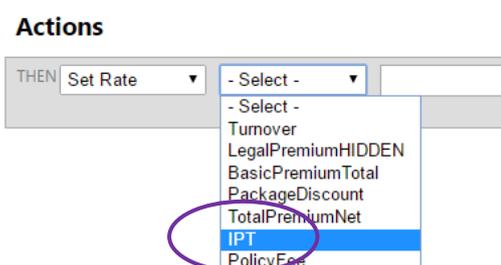

In the 'Actions' section, select the green plus icon:

In the first dropdown menu, select the 'Set Rate' option:

In the second dropdown menu, select 'IPT':

The final box is used to enter new IPT rate:

Save the rule by clicking on the blue save icon – the entire section (conditions and actions) will shade out in grey:

Finally, enable the rule by selecting the red X icon – the grey shading will be removed, the red X will be replaced by a green tick, and the rule will be effective:

Copying the rules to all other status types within the existing scheme

The new rule needs to be copied to all status options within the scheme so that the correct IPT rate is applied, regardless of the case status. The 'Import from another scheme' function is used to copy rules on a bulk basis from one status to another within a scheme, as well as to other schemes – it negates the need to create individual rules over and over again.

Stay on the same screen where the new rule has been created and select the 'Import from another scheme' option to the right of the screen:

The following box will be visible:
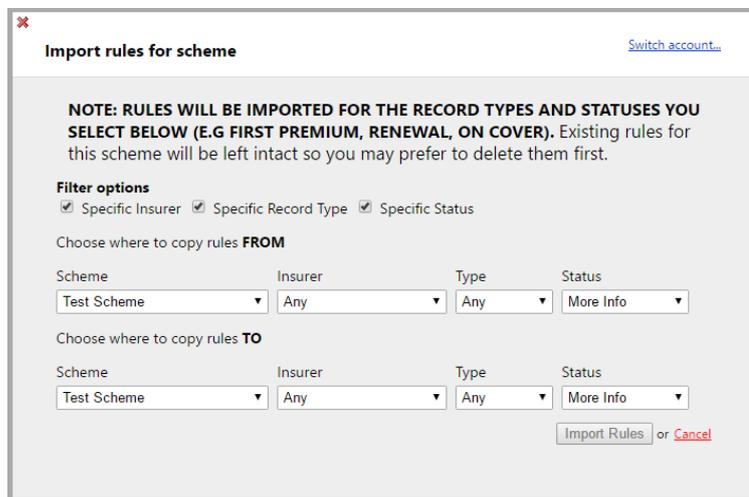
The options in the dropdown box will default to the scheme, insurer, type and status of the rules page that you were just working in. The only option that will need to be changed can be found to the bottom right on the box – the 'Status' dropdown:
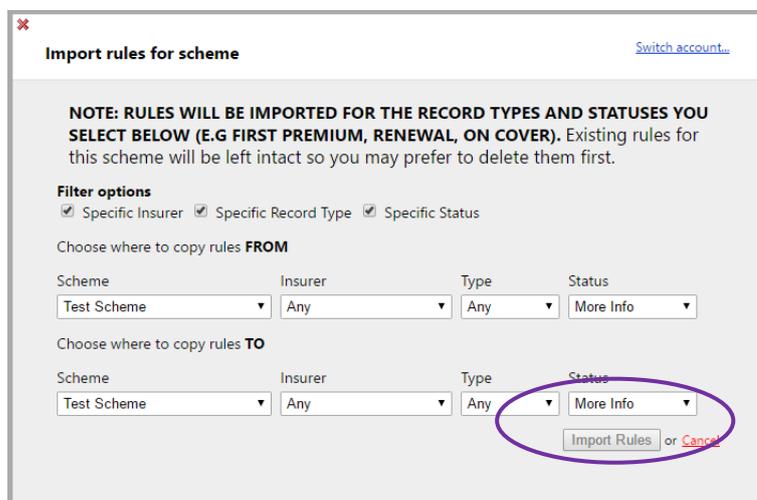
Working through the statuses in order (to make it less likely that any one status will be overlooked and the rules not copied over) first select the option 'User Saved' from the 'Status' dropdown menu and then click on the 'Import Rules'' button:

The new rule created under the 'More Info' status will now be copied to the 'User Saved' status – a message will show at the top of the Import box to confirm if the import was successful:

The rule that has been copied over will automatically populate after any existing rules i.e. it will appear at the bottom of the list. It will run after the existing rules when a quote is processed and, if the inception date of the new business or renewal risk is after 01/06/2017, it will apply the rate of 12%.

If the quote being processed is an MTA, the rule will look at the inception date of the risk that is being adjusted and, if that date is after 01/06/2017, it will apply the rate of 12%; if the inception date of the risk being adjusted is pre 01/06/2017, it will continue to apply the appropriate rate as per the existing rules.

Copying the rules to all other status types within other scheme types

Once all statuses within the current scheme have been updated, the process will need repeating to copy the rule to all other schemes.

Stay on the same screen where the new rule has been created and change the 'Scheme' dropdown to the new scheme that needs the rule imported, then select the 'Import from another scheme' option to the right of the screen:

When the import box opens, change the 'Scheme' dropdown in the 'Choose where to copy rules FROM' section to the scheme where the rules created using the above instructions have already been created.

Change the 'Status' option on the 'Choose where to copy rules TO' section to 'User Saved' then click the 'Import Rules' button. Leave all other fields with their default options selected:

The rules created under scheme A under the 'More Info' status will now be copied to the 'User Saved' status of scheme B – a message will show at the top of the Import box to confirm if the import was successful:

Repeat this process to copy the rule from scheme A to all statuses on scheme B, then repeat for all remaining schemes. You may find it useful to use the sheet found on Appendix A to check off the update of each status within every scheme as you update them.

Jersey, Guernsey and Isle of Man risks

If you have any existing rules within a scheme that apply a rate of zero percent IPT to any risks with a postcode commencing with JE, GY or IM, these rules will need to be moved to the bottom of the list of rules once they have all been updated and copied to every status. If not, when running a quote, the new rule will override the application of zero percent on any rule that precedes them.

Here is an incorrect example:

Conditions	Actions	
IF Get Answer PostcodeLetters Equal To JE	THEN Set Rate IPT 0	✔ ☑ 📋 🗑
IF Get Answer PostcodeLetters Equal To GY	THEN Set Rate IPT 0	✔ ☑ 📋 🗑
IF Get Answer PostcodeLetters Equal To IM	THEN Set Rate IPT 0	✔ ☑ 📋 🗑
IF Formula [Policy.InceptionDate] >= #2017-06-01# Equal To true	THEN Set Rate IPT 12	✔ ☑ 📋 🗑

Here is a correct example:

Conditions	Actions	
IF Formula [Policy.InceptionDate] >= #2017-06-01# Equal To true	THEN Set Rate IPT 12	✔ ☑ 📋 🗑
IF Get Answer PostcodeLetters Equal To JE	THEN Set Rate IPT 0	✔ ☑ 📋 🗑
IF Get Answer PostcodeLetters Equal To GY	THEN Set Rate IPT 0	✔ ☑ 📋 🗑
IF Get Answer PostcodeLetters Equal To IM	THEN Set Rate IPT 0	✔ ☑ 📋 🗑

A rule can be dragged and dropped into the correct position by using the left click on your mouse to select it, then dragging it up to the correct position and releasing the left click.

Housekeeping on the master scheme record

Any rules set up and enabled will always run when the status of a risk is changed but, sometimes, a user may select the 'Update rates' option within a record without making a change to the status to see what effect there is on a premium when manually amending a rate or fee.

When this happens, the record will simply look at the IPT rate set within the overall scheme record – so whenever an IPT rate is increased, the rate set within the scheme record should always be updated as well as the rules:

To do this, go to the settings page of every scheme to update the IPT rate on the localisation tab:

Admin ➢ Schemes ➢ *Select the scheme name* ➢ Localisation

Source material

https://www.gov.uk/government/publications/insurance-premium-tax-increase-of-standard-rate/insurance-premium-tax-increase-of-standard-rate

APPENDIX A

SCHEME NAME	User Saved	Quotation	Pending / Invited	More Info	On Cover	Cancelled	Declined	Lapsed	NTU