

Compensation

Chapter 5

Protected claims

5.7 Protected non-investment insurance distribution

- 5.7.1** **R** *Protected non-investment insurance distribution is an insurance distribution activity where the investment concerned is a relevant general insurance contract or a pure protection contract but which is not a long-term care insurance contract or a reinsurance contract, provided that the conditions in ■ COMP 5.7.2 R are satisfied.*
- 5.7.2** **R** ■ COMP 5.7.1 R only applies if the conditions in (1) and (2) are satisfied:
- (1) the *protected non-investment insurance distribution* was carried on from an establishment of the *relevant person* in the *United Kingdom*; and
 - (2) the claimant making the *claim* (or where ■ COMP 3.2.4 R applies, the *customer* on behalf of whom a *firm* makes a *claim*) dealt initially, with a view to entering into a *relevant general insurance contract* or a *pure protection contract* but not a *long-term care insurance contract* or a *reinsurance contract*, with an intermediary that was established in the *United Kingdom*.
- 5.7.3** **G** The *FSCS* will not cover a *claim* against an intermediary or a *successor* of an intermediary that meets the criteria of ■ COMP 5.7.2R(2) where the claimant was introduced to that intermediary by an intermediary that does not meet the criteria of ■ COMP 5.7.2R(2).
- 5.7.4** **G** The *FSCS* will not cover a *claim* in respect of an intermediary that is not a *relevant person*, for example a retailer selling extended warranties that are *connected contracts*. However, ■ COMP 5.7.2 R has the effect that a *claim* in respect of a *relevant person* further up the chain carrying on *protected non-investment insurance distribution* in accordance with ■ COMP 5.7.2R(1) may be covered by the *FSCS* if the claimant dealt initially with a *UK* intermediary that is not a *relevant person*.
- 5.7.5** **R** **Advising without a personal recommendation**
The *FSCS* must treat a *claim* relating to advice on a *relevant general insurance contract* or a *pure protection contract* (which is not a *long-term insurance contract* or a *reinsurance contract*) that falls outside article 53(1) of the *Regulated Activities Order* by virtue of article 53(1A) of that Order as being 'in connection with *protected non-investment insurance business*' for

the purposes of ■ COMP 5.2.1R(5) where the *relevant person* giving the advice, at the time the act or omission giving rise to the *claim* took place:

- (1) had, or required, *permission* to carry on; or
- (2) (in the case of an *appointed representative*) was exempt from the *general prohibition* in respect of,

an activity that was *non-investment insurance business*.