Chapter 4

Information about the firm, its services and remuneration

4

4.4 Commission disclosure for commercial customers

Commission disclosure rule

4.4.1 R

(1) An *insurance intermediary* must, on a *commercial customer*'s request, promptly disclose the *commission* that it and any *associate* receives in connection with a *policy*.

(2) Disclosure must be in cash terms (estimated, if necessary) and in writing or another *durable medium*. To the extent this is not possible, the *firm* must give the basis for calculation.

4.4.2 G

An *insurance intermediary* should include all forms of remuneration from any arrangements it may have. This includes arrangements for sharing profits, for payments relating to the volume of sales, and for payments from premium finance companies in connection with arranging finance.

4.4.3 G

(1) The commission disclosure *rule* is additional to the general law on the fiduciary obligations of an agent in that it applies whether or not the *insurance intermediary* is an agent of the *commercial customer*.

(2) In relation to *contracts of insurance*, the essence of these fiduciary obligations is generally a duty to account to the agent's principal. But where a *customer* employs an *insurance intermediary* by way of business and does not remunerate him, and where it is usual for the *firm* to be remunerated by way of *commission* paid by the *insurer* out of premium payable by the *customer*, then there is no duty to account but if the *customer* asks what the *firm*'s remuneration is, it must tell him.