

Chapter 4

Information about the firm, its
services and remuneration

4.6 Commission disclosure for pure protection contracts sold with retail investment products

- 4.6.1** **G** The *rules* in this section:
- (1) address the risk that a *consumer* believes that a *firm's* remuneration for its *pure protection service* is included in its *adviser charge*, where this is not the case; and
 - (2) enable the *consumer* to evaluate a *firm's adviser charge* in the light of any additional remuneration received by the *firm* for the *pure protection service* it provides.
- 4.6.2** **R** A *firm* which agrees an *adviser charge* with a *consumer* and provides an associated *pure protection service* to that *consumer* must:
- (1) in good time before the provision of its services, take reasonable steps to ensure that the *consumer* understands:
 - (a) how the *firm* is remunerated for its *pure protection service*; and
 - (b) if applicable, that the *firm* will receive *commission* in relation to its *pure protection service* in addition to the *firm's adviser charge*;
 - (2) as close as practicable to the time that it makes the *personal recommendation* or *arranges* the sale of the *pure protection contract*, comply with the following disclosure requirements, substituting *pure protection contract* for references to *packaged product*:
 - (a) ■ COBS 6.4.3 R, or ■ COBS 6.4.4A R and ■ COBS 6.4.4B R; and
 - (b) ■ COBS 6.4.5 R.
- 4.6.3** **G** A *pure protection service* is unlikely to be associated with an *adviser charge* for the purposes of ■ ICOBS 4.6.2 R if the *firm* agreed the *adviser charge* with the *consumer* 12 months or more before the provision of the *pure protection service*.
- 4.6.4** **G** A *pure protection service* is not associated with an *adviser charge* for the purposes of ■ ICOBS 4.6.2 R if the *adviser charge* is agreed with the *consumer* by a *firm* or an *appointed representative* and the *pure protection service* is provided to that *consumer* by another *firm* or *appointed representative*. However, if a *firm* or an *appointed representative* refers a *consumer* with whom it is agreeing an *adviser charge* to another *firm* or *appointed*

representative for the provision of a *pure protection service*, it should consider its obligation to communicate with the *consumer* in a way that is clear, fair and not misleading in the context of the guidance in

■ ICOBS 4.6.1 G.

4.6.5

R

If a *firm* expects to provide, or provides, information about its *adviser charge* orally, it must also provide the information required by ■ ICOBS 4.6.2R (1)(a) and ■ ICOBS 4.6.2R (1)(b) orally.