

Chapter 5

Insurance distributors and home finance providers using insurance distribution or home finance mediation services

5.1 Application and purpose

Application

5.1.1 **R** This chapter applies to a *firm* with a *Part 4A permission* to carry on:

- (1) *insurance business*; or
- (1A) *insurance distribution activity*; or
- (2) *home financing*;
- (3) [deleted]

5.1.1A **R** (1) This chapter also applies to a *firm* which is a *P2P platform operator* facilitating a *regulated mortgage contract*, *home purchase plan*, *home reversion plan* or *regulated sale and rent back agreement* where the lender or provider under that contract does not fall within the definition of a *mortgage lender*, *home purchase provider*, *reversion provider* or *regulated sale and rent back firm*.

(2) Where (1) applies, references to a *firm* using the services of another *person* consisting of *insurance distribution*, *insurance distribution activity* or *home finance mediation activity* are to be read as references to the *P2P platform operator* using those services.

Purpose

5.1.2 **G** The purpose of this chapter is to implement article 16 of the *IDD* in relation to *insurance undertakings* and *insurance intermediaries*. The provisions of this chapter have been extended to *home finance providers* in relation to *insurance distribution activity*, and to *insurance undertakings* and *home finance providers* in relation to *home finance mediation activity*, to ensure that *firms* using these services are treated in the same way and to ensure that *clients* have the same protection. To avoid the loss of protection where an intermediary itself uses the services of an *unauthorised person*, this chapter also ensures that each *person* in the chain of those providing services is authorised.

5.1.3 **G** This chapter supports the more general duties in *Principles 2* and *3*, and the relevant *rule* in the Senior Management Arrangements, Systems and Controls sourcebook (see **SYSC 3.1.1 R** and **SYSC 4.1.1 R**).

5.2 Use of intermediaries

- 5.2.1 **R** A *firm* must not use, or propose to use, the services of another *person* consisting of:
- (1) *insurance distribution*; or
 - (1A) *reinsurance distribution*; or
 - (2) *insurance distribution activity*; or
 - (3) *home finance mediation activity*;
- unless ■ MIPRU 5.2.2 R is satisfied.
[Note: Article 16 of the *IDD*]
- 5.2.1-A **R** ■ MIPRU 5.2.1R does not apply to a *firm* carrying on an *insurance distribution activity* if it uses or proposes to use the services of a *person* consisting of *home finance mediation activity*. In that case, ■ MIPRU 5.2.2R does not need to be satisfied.
- 5.2.1A **G** The *appropriate regulator* regards a *firm* as 'using' the services of, in particular, its immediate counterparty (typically the intermediary that passed the business to the *firm*) and of all other *persons* who have been granted the right or authority directly by the *firm* to effect a *contract of insurance* or enter into a *home finance transaction*.
- 5.2.2 **R** For the purposes of ■ MIPRU 5.2.1 R, the *person*, in relation to the activity must:
- (1) have *permission*; or
 - (2) be an *exempt person*; or
 - (3) be an *exempt professional firm*; or
 - (4) [deleted]
 - (5) in relation to *insurance distribution activity*, not be carrying this activity on in the *UK*; or

(6) in relation to *home finance mediation activity*, not be carrying this activity on in the *United Kingdom*.

[Note: article 16 of the *IDD*]

5.2.3

E

(1) A *firm* should:

(a) before using the services of the intermediary, check:

(i) the *Financial Services Register*;

(ii) [deleted]

for the status of the *person*

; and

(b) use the services of that *person* only if the relevant register indicates that the *person* is registered for that purpose.

(2) (a) Checking the *Financial Services Register* before using the services of the intermediary and using the services of that *person* only if the *Financial Services Register* indicates that the *person* is registered for that purpose may be relied on as tending to establish that:

(i) the *person*, in relation to the activity, has *permission*; or

(ii) the *person*, in relation to *insurance distribution activity*, is an *exempt person* or an *authorised professional firm*.

(b) [deleted]

5.2.4

R

[deleted]

5.2.5

R

[deleted]

5.2.6

G

The *Financial Services Register* can be accessed through the *FCA* website under the link www.fsa.gov.uk/register/home.do