

Chapter 6

Insurance against financial difficulties

		<div>6.1</div> <div>Payment of financial penalties</div>
		<div>Application</div>
6.1.1	R	This chapter applies to every <i>firm</i> , but only with respect to business that can be regulated under section 137A (The FCA's general rules) of the <i>Act</i> .
6.1.2	G	For the purposes of ■ GEN 2.2.17 R (Activities covered by general rules), the chapter applies to <i>regulated</i> and <i>unregulated activities</i> carried on in the <i>United Kingdom</i> or overseas. In relation to <i>regulated claims management activities</i> and <i>ancillary activities</i> , this chapter applies with respect to activity carried on in <i>Great Britain</i> , even if the establishment from which it is carried on is not located in the <i>UK</i> (see ■ PERG 2.4A).
		<div>Purpose</div>
6.1.3	G	The purpose of this section is to ensure that financial penalties are paid by the <i>person</i> on whom they are imposed.
		<div>Interpretation</div>
6.1.4	R	In this chapter 'financial penalty' means a financial penalty that the <i>FCA</i> has imposed, or may impose, under the <i>Act</i> . It does not include a financial penalty imposed by any other body.
		<div>Payment of a penalty imposed on an employee</div>
6.1.4A	R	No <i>firm</i> , except a <i>sole trader</i> , may pay a financial penalty imposed by the <i>FCA</i> on a present or former <i>employee</i> , <i>director</i> or <i>partner</i> of the <i>firm</i> or of an <i>affiliated company</i> .
		<div>Insurance against financial penalties</div>
6.1.5	R	No <i>firm</i> may enter into, arrange, claim on or make a payment under a <i>contract of insurance</i> that is intended to have, or has or would have, the effect of indemnifying any <i>person</i> against all or part of a financial penalty
6.1.6	R	The <i>Society</i> , <i>managing agents</i> and <i>members' agents</i> must not cause or permit any <i>member</i> , in the conduct of his <i>insurance business</i> at Lloyd's, to enter into, arrange, claim on or make a payment under a <i>contract of insurance</i> that is intended to have, or has or would have, the effect of indemnifying any <i>person</i> against all or part of a financial penalty.

6.1.7

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■ GEN 6.1.4A R, ■ GEN 6.1.5 R and ■ GEN 6.1.6 R do not prevent a *firm* or *member* from entering into, arranging, claiming on or making any payment under a *contract of insurance* which indemnifies any *person* against all or part of the costs of defending *FCA* enforcement action or any costs they may be ordered to pay to the *FCA* .

