

## 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

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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]

Purpose

5.1.2

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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

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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 theIDD]
- 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) be registered in another EEA State for the purposes of theIDD; or
  - (5) in relation to insurance distribution activity, not be carrying this activity on in the EEA; 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

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- (1) A *firm* should:
- (a) before using the services of the intermediary, check:
    - (i) the *Financial Services Register*; or
    - (ii) in relation to *insurance distribution or reinsurance distribution* carried on by an *EEA firm*, the register of its *Home State regulator*;  
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) In relation to *insurance distribution or reinsurance distribution* carried on by an *EEA firm*, checking the register of the *firm's Home State regulator* and using the services of the *EEA firm* only if the register indicates that the *firm* is registered for that purpose may be relied on as tending to establish that the *firm* is registered for the purposes of the *IDD*.

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5.2.5

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5.2.6

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The *Financial Services Register* can be accessed through the *FCA* website under the link [www.fsa.gov.uk/register/home.do](http://www.fsa.gov.uk/register/home.do)