

Chapter 5

Guidance on insurance distribution activities



5.13 Appointed representatives

What is an appointed representative?

5.13.1 **G** Section 39 of the Act (Exemption of appointed representatives) exempts *appointed representatives* from the need to obtain *authorisation* (or, in relation to an *appointed representative* with a *limited permission*, provides that sections 20(1) and (1A) and 23(1A) of the Act do not apply in relation to the carrying on of the *regulated activity* which is comprised in the business for which his *principal* has accepted responsibility and for which he does not have *limited permission*). An *appointed representative* is a *person* who is party to a contract with an *authorised person* which permits or requires him to carry on certain *regulated activities* (see *Glossary* for full definition). ■ SUP 12 (Appointed representatives) contains *rules* and *guidance* relating to *appointed representatives*.

5.13.2 **G** Unless a *person* has only a *limited permission* for certain *credit-related regulated activities*, a *person* who is an *authorised person* cannot be an *appointed representative* (see section 39(1) of the Act (Exemption of appointed representatives)).

Business for which an appointed representative is exempt

5.13.3 **G** An *appointed representative* can carry on only those *regulated activities* which are specified in the *Appointed Representatives Regulations*. The *regulated activities* set out in the table in ■ PERG 5.13.4 G are included in those regulations. As set out in the table, the *insurance distribution activities* that can be carried on by an *appointed representative* differ depending on the type of *contracts of insurance* in relation to which the activities are carried on.

5.13.4 **G** Insurance insurance distribution activities activities able to be carried on by an appointed representative. This table belongs to ■ PERG 5.13.3 G.

Type of contract of insurance	Regulated activities an appointed representative can carry on
<i>General insurance contract</i>	<ul style="list-style-type: none"> • <i>dealing in investments as agent;</i> • <i>arranging;</i> • <i>assisting in the administration and performance of a contract of insurance;</i> • <i>advising on investments; and</i> • <i>agreeing to carry on these regulated activities.</i>

Type of contract of insurance	Regulated activities an appointed representative can carry on
<i>Pure protection contract</i>	<ul style="list-style-type: none"> • <i>dealing in investments as agent</i> (but only where the contract is not a <i>long-term care insurance contract</i>); • <i>arranging</i>; • <i>assisting in the administration and performance of a contract of insurance</i>; • <i>advising on investments</i>; and • agreeing to carry on these <i>regulated activities</i>.
<i>Life policy</i>	<ul style="list-style-type: none"> • <i>arranging</i>; • <i>assisting in the administration and performance of a contract of insurance</i>; • <i>advising on investments</i>; and • agreeing to carry on these <i>regulated activities</i>

Becoming an appointed representative

5.13.5 **G** A person may wish to become an *appointed representative* in relation to one or more of the *insurance distribution activities* specified in the *Appointed Representatives Regulations* (see table in ■ PERG 5.13.4 G). If so, the person must be appointed under a written contract by an *authorised person*, who has *permission* to carry on those *regulated activities* and who accepts responsibility for the *appointed representative's* actions when acting for them. ■ SUP 12.4 (What must a firm do when it appoints an appointed representative or an FCA registered tied agent?) and ■ SUP 12.5 (Contracts: required terms) set out the detailed requirements that must be met for an appointment to be made. In particular, an *appointed representative* will not be able to commence an *insurance distribution activity* until that *appointed representative* is included on the *Financial Services Register* for such activities.

Persons who are already appointed representatives

5.13.6 **G** Where a person (A), who is already an *appointed representative*, proposes to start to carry on any *insurance distribution activities*, A will need to consider the following matters.

- (1) A must become *authorised* if the *insurance distribution activities* that A proposes to carry on include activities that do not fall within the table in ■ PERG 5.13.4 G (for example, *dealing as agent* in *pure protection contracts*). The Act does not permit any person to be exempt for some activities and *authorised* for others (although a person with only a *limited permission* for certain *credit-related regulated activities* may also be an *appointed representative* for other *regulated activities* specified in the *Appointed Representatives Regulations* (see ■ SUP 12.2.3 G)). A will, therefore, need to apply for *permission* to cover all the *regulated activities* that A proposes to carry on.
- (2) If A proposes to carry on *regulated activities* that are specified in the *Appointed Representatives Regulations* in relation to *contracts of insurance* (see the table in ■ PERG 5.13.4 G), A may be able to do so as an *appointed representative* bearing in mind the following.
 - (a) A will need to be appointed by an *authorised person* prepared to accept responsibility for A's *insurance distribution activities* when

acting for the *authorised person*. The *authorised person* must have *permission* to carry on these *regulated activities*.

- (b) If these *insurance distribution activities* are to be carried on for the same *authorised person* who has already appointed A for other *regulated activities*, the contract between them will need to be amended to reflect the additional activities. Other amendments to the contract will be required (see ■ SUP 12.5.6A R).
- (c) A cannot commence an *insurance distribution activity* until A is included on the *Financial Services Register* as carrying on such activities.
- (d) An *appointed representative* would be entitled to have more than one *principal* subject to certain restrictions. In relation to *non-investment insurance contracts* (*general insurance contracts* and *pure protection contracts*), an *appointed representative* may have an unlimited number of *principals*. In relation to *regulated mortgage contracts* and *designated investment business*, an *appointed representative* is limited in the number of *principals* he may have. In any case where an *appointed representative* has multiple *principals*, those *principals* are required to enter into a multiple- *principal* agreement (see ■ SUP 12.4.5D G to ■ SUP 12.4.5G G (Appointment of an appointed representative (other than an introducer appointed representative))).
- (e) If A's activities are limited to introducing, A should consider the specific *Handbook* provisions relating to *introducer appointed representatives* (see ■ SUP 12 (What must a firm do when it appoints an appointed representative or an FCA registered tied agent?)).