

**COMPENSATION SOURCEBOOK (INSURANCE MEDIATION AND PROTECTED CONTRACTS OF INSURANCE) (SCOPE AMENDMENT NO 2) INSTRUMENT 2005**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
  - (2) section 156 (General supplementary powers);
  - (3) section 157(1) (Guidance);
  - (4) section 213 (The compensation scheme); and
  - (5) section 214 (General).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 18 November 2005.

**Amendments to the Compensation sourcebook**

- D. The Compensation sourcebook is amended in accordance with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Compensation Sourcebook (Insurance Mediation and Protected Contracts of Insurance) (Scope Amendment No 2) Instrument 2005.

By order of the Board  
17 November 2005

## Annex

### Amendments to the Compensation sourcebook

In this Annex, underlining indicates new text and striking through indicates deleted text.

- 5.7.1 R *Protected non-investment insurance mediation* is an *insurance mediation activity* where the *investment* concerned is a *relevant general insurance contract* or a *pure protection contract* but which is not a *long-term care insurance contract* or a *reinsurance contract*, provided that the conditions in COMP 5.7.2R ~~is~~ are satisfied.
- 5.7.2 R COMP 5.7.1R only applies if the conditions in (1) and (2) are satisfied:
- (1) the *protected non-investment insurance mediation* was carried on from:
    - (a) an establishment of the *relevant person* in the *United Kingdom*; or
    - (b) a *branch* of a ~~UK firm~~ UK firm established in another *EEA State* in the exercise of an *EEA right* derived from the *IMD*; and
  - (2) ~~the customer making the claim (or where COMP 3.2.4R applies, the customer on behalf of whom a firm makes a claim) was in contact with the claimant making the claim (or where COMP 3.2.4R applies, the customer on behalf of whom a firm makes a claim) dealt initially, with a view to entering into a relevant general insurance contract or a pure protection contract but not a long-term care insurance contract or a reinsurance contract, with an intermediary that was:~~
    - (a) ~~a firm carrying on an insurance mediation activity in the United Kingdom; or~~ established in the United Kingdom; or
    - (b) ~~a branch of a UK firm established in another EEA State which is carrying on an insurance mediation activity in the exercise of an EEA right derived from the IMD~~ a branch of a UK firm established in another EEA State in the exercise of an EEA right derived from the IMD.
- 5.7.3 G The FSCS will not cover a claim against an intermediary that meets the criteria of either COMP 5.7.2R(2)(a) or COMP 5.7.2R(2)(b) where the claimant was introduced to that intermediary by an intermediary that does not meet the criteria of either COMP 5.7.2R(2)(a) or COMP 5.7.2R(2)(b).
- 5.7.4 G The FSCS will not cover a claim in respect of an intermediary that is not a relevant person, for example a retailer selling extended warranties that are connected contracts. However, COMP 5.7.2R has the effect that a claim in respect of a relevant person further up the chain carrying on protected non-investment insurance mediation in accordance with COMP 5.7.2R(1)(a) may be covered by the FSCS if the claimant dealt initially with a UK intermediary that is not a relevant person.