

**SUPERVISION MANUAL (RETAIL MEDIATION ACTIVITIES RETURN)
INSTRUMENT 2006**

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); and
 - (3) section 157(1) (Guidance).
- 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 6 October 2006.

Amendments to the Handbook

- D. The Supervision manual (SUP) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Supervision Manual (Retail Mediation Activities Return) Instrument 2006.

By order of the Board
27 April 2006

Annex

Amendments to the Supervision manual

In this Annex, underlining indicates new text and striking through indicates deleted text; new entry fields on Forms are shown in shading.

SUP 16 Annex 18A Retail Mediation Activities Return (RMAR)

SECTION E: Professional Indemnity Insurance (PII) Self-Certification

Is the firm exempt from the PII requirements in respect of any regulated activities? (tick as appropriate)
 Does your firm hold a comparable guarantee or equivalent cover in lieu of PII or is it otherwise exempt from holding PII in respect of any regulated activities? (tick as appropriate)
 If the firm does not hold a comparable guarantee or equivalent cover and is not exempt if not exempt has the firm renewed its PII cover since the last reporting date? does the firm currently hold PII?
 Has the firm renewed its PII cover since the last reporting date?

Mortgage advising/arranging	Non-inv insurance advising/arranging/dealing/assisting	Retail investment advising/arranging

Please complete the following section as appropriate, in relation to each applicable PII policy:
 What activities are covered by the policy?

Mortgage advising/arranging	
Non-inv insurance advising/arranging/dealing/assisting	
Retail investment advising/arranging	

Is the cover compliant? If your policy excludes all business activities carried on prior to a particular date (i.e. a retroactive start date), then insert the date here, if not please insert 'n/a'

Annual premium

Those firms subject to the Insurance Mediation Directive (IMD) should state their limit in Euros, those that are not subject to the IMD should select Sterling.

- a) Limit of Indemnity - single claim Firms with unlimited indemnity should enter "unlimited" (lower case)
 - b) Limit of Indemnity - aggregate. Firms with unlimited indemnity should enter "unlimited" (lower case)
- Policy excess

Please select
 Euros (€)
 Sterling (£)

Amount of additional capital required for increased excess(es) (where applicable, total amount for all PII policies)

Personal investment firms only:
 Total amount of additional own funds required for policy exclusion(s)

Total of additional own funds required

Total of readily realisable own funds

Excess/deficit of readily realisable own funds

Increased excess(es) for specific business types (only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)

business type	amount	
		add row
		add row

Policy exclusion(s) for specific business types (only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)

Renewal date-Start Date
 End Date

Insurer name (please select from the drop down list)

(Drop down list)	(other)

Annual income as stated on the most recent proposal form

Does the firm have any other PII policies?

Drop down list

[Please Select]

1. Abacus Syndicate (Lloyds Syndicate)
2. Ace
3. ALEA London Ltd
4. American International Group
5. American Insurance Company
6. Amlin Insurance Services
7. Aon Professional Risks
8. Beazley (Lloyds Syndicate or Limited Company)
9. Brit (Lloyds Syndicate or Limited Company)
10. Canopus Managing Agents (previously Trenwick)
11. Catlin Insurance Company Ltd
12. CBC UK Ltd
13. Chaucer Syndicates Ltd (Lloyds Syndicate)
14. China
15. Chubb Insurance Company of Europe SA
16. CNA Insurance
17. Collegiate
18. D A Constable (Lloyds Syndicate)
19. Griffen
20. HCC (Lloyds syndicate)
21. Hiscox (Lloyds Syndicate or Limited Company)
22. Interpolis (SimplyBiz)
23. Magian Underwriting
24. Markel (Lloyds Syndicate)
25. Mitsui Sumitomo (Lloyds Syndicate)
26. Newline Underwriting (Lloyds Syndicate)
27. PI Direct
28. QBE International Insurance Limited
29. Royal & Sun Alliance
30. St Paul International Insurance Co Ltd
31. SVB (Lloyds Syndicate)
32. Towergate Lifestyle Underwriting
33. Trilley
34. W R Berkley
35. Other (please state)
36. Multiple (please state all the insurance undertakings)

SUP 16 Annex 18B Notes for completion of the Retail Mediation Activities Return (RMAR)

...

Section E: Professional Indemnity Insurance

Data is required in relation to all PII policies that a *firm* has in place, up to a limit of ten (~~the firm will be prompted~~ the system will prompt you to submit data ...

...to the full requirements of *PRU* 9.2.

Firms which are subject to the requirements in both *PRU* and *IPRU* must apply the PII rules outlined in *IPRU(INV)*13.1.4 (1), not *PRU* 9.2

Section E: guide for completion of individual fields

Part 1

<p><u>Is the firm exempt from the PII requirements in respect of any regulated activities? Does your firm hold a comparable guarantee or equivalent cover in lieu of PII, or is it otherwise exempt from holding PII in respect of any regulated activities (tick as appropriate)?</u></p>	<p><u>This question will establish whether a <i>firm</i> is exempt from the requirements and so is not required to hold PII.</u></p> <p>The conditions for <u>comparable guarantees and exemptions from the PII requirements ...</u></p> <p>... applies in respect of comparable guarantees)_</p> <p><u>If the <i>firm</i> is required to hold PII – i.e. is not exempt from holding PII – you should enter 'no' in the data field.</u></p> <p><u>A <i>firm</i> is NOT exempt from holding PII if:</u></p> <ul style="list-style-type: none"> • <u>the <i>firm</i> has a group policy with an insurer; or</u> • <u>the <i>firm</i> has permission for the regulated business that requires PII, but does not currently carry it out; or</u> • <u>it is a <i>personal investment firm</i> meeting the exemption requirements for <i>mortgage intermediaries</i> and <i>insurance intermediaries</i> in <i>PRU</i> 9.2.</u>
<p><u>If the firm does not hold a comparable guarantee or equivalent cover and is not exempt, has the firm renewed its PII cover since the last reporting date? does the firm currently hold PII?</u></p>	<p><u>The purpose of this question is to ensure that <i>firms</i> do not have to fill in the same information each time they report when the information only changes annually.</u></p> <p><u>If the <i>firm</i> is reporting for the first time, you should enter 'yes' here and complete the data fields below.</u></p>

	<p><u>Firms</u> are required to take out and maintain PII at all times.</p> <p>You should only enter 'n/a' if the <i>firm</i> is exempt from the PII requirements in respect of <u>for all of the regulated activities</u> forming part of the RMAR.</p>
<p><u>Has the firm renewed its PII cover since the last reporting date?</u></p>	<p><u>This question will ensure that a firm does not fill in Part 2 of the PII section of the RMAR each time it reports, if the information only changes annually.</u></p> <p><u>If the firm is reporting for the first time, you should enter 'yes' here and complete the data fields.</u></p> <p><u>You should only enter 'n/a' if the firm is exempt from the PII requirements for all the regulated activities forming part of the RMAR.</u></p>

Part 2

At this point, if the firm has PII policy details to report, it should do so by clicking on the 'add PII policy' button in the summary screen. This will then prompt you to name the sub-section, e.g. 'policy1'. You may also add further sub-sections if the firm has two or more policies (up to a maximum of ten).

<p>What activities are covered by the policy(ies)?</p>	<p>...</p>
<p>Is the cover compliant?</p> <p><u>If your policy excludes all business activities carried on prior to a particular date (i.e. a retroactive start date), then insert the date here, if not please insert 'n/a'</u></p>	<p>The required terms for PII cover are set out in the Prudential Sourcebooks as follow:</p> <p>Insurance intermediaries and mortgage intermediaries – PRU 9.2.</p> <p>Personal investment firms – IPRU(INV) 13.1</p> <p>Authorised professional firms that carry on retail investment activities should note that by ticking this box they are providing confirmation that they are in compliance with IPRU(INV) 2.3.2E, which requires them to have PII cover that is at least equivalent to the requirements of their designated professional body.</p> <p><u>Required terms of PII are set out for personal investment firms in IPRU(INV) 13.1.4 and for mortgage intermediaries and general insurance intermediaries in PRU 9.2.10.</u></p> <p><u>Examples of a retroactive start date:</u></p>

	<p><u>(1) A firm has a retroactive start date of 01/01/2005 on its policy if:</u></p> <ul style="list-style-type: none"> • <u>A client is advised by the firm to purchase an XYZ policy on 01/03/2004 (i.e. before the retroactive date).</u> • <u>The client makes a formal complaint about the sale of the XYZ policy to the firm on 01/04/2006 (i.e. while this PII cover is still in place).</u> • <u>The complaint is upheld, but the firm's current PII Insurer will not pay out any redress for this claim as the transaction took place before 01/01/2005, the retroactive date in the policy.</u> <p><u>Insert '01/01/05' for this question on the RMAR.</u></p> <p><u>(2) A firm does not have a retroactive start date if:</u></p> <ul style="list-style-type: none"> • <u>A client is advised by the firm to purchase an XYZ policy on 01/03/2006.</u> • <u>The client makes a formal complaint about the sale of the XYZ policy to the firm on 01/04/2006 (i.e. while this PII cover is still in place).</u> • <u>The complaint is upheld, and the firm's current PII Insurer will pay out any redress owed by the firm to the client over any prescribed excess, and to the limit of indemnity provided for. There is no date in the policy before which any business transacted may not give rise to a valid claim.</u> <p><u>Insert 'n/a' for this question on the RMAR.</u></p>
Annual premium	This should be the annual premium that is paid by the firm, net of tax and any other add-ons.
Limit of indemnity	<p>You should record ... in aggregate.</p> <p><u>Those firms subject to Insurance Mediation Directive (IMD) requirements should state their limit in Euros; those that are not subject to the IMD should select 'Sterling' from the drop-down list.</u></p> <p><u>For Insurance insurance intermediaries, see PRU 9.2.13R and select either 'Euros' or 'Sterling' as applicable.</u></p>

	<p>For Mortgage <u>mortgage-intermediaries</u>, should state their limits in Sterling (see PRU 9.2.15R).</p> <p>For <i>personal investment firms</i>, see IPRU(INV) 13.1.4(2)R and 13.1.4(5)E and select either 'Euros' or 'Sterling' as applicable.</p> <p>... the policy documentation. <u>If there is more than one limit, only the highest needs to be recorded in this field.</u></p> <p><u>If the firm's PII policy has an unlimited limit of indemnity for either single claims or in the aggregate, then they should enter 'unlimited' (lower case) in the relevant data field.</u></p>
...	...
Increased excess(es) for specific business types <u>(only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)</u>	<p>If the prescribed excess limit is exceeded in respect of <u>for a type ...</u></p> <p>...</p>
Policy exclusion(s) for specific business types <u>(only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)</u>	<p>If there are any exclusions in the <i>firm's</i> PII policy, the business type(s) to which they relate should be entered here <u>which relate to any types of businesses or activities that the firm has carried out either in the past or during the lifetime of the policy, enter the business type(s) to which the exclusions relate should be entered here.</u></p> <p>...</p>
Renewal date <u>Start Date</u>	The next date by which the current cover needs to be renewed. <u>The date the current cover began.</u>
<u>End Date</u>	<u>The date the current cover expires.</u>
Insurer name <u>(please select from the drop down list)</u>	<p>The name of the insurance undertaking providing cover. If cover is provided by a Lloyd's syndicate, the name of the syndicate should be stated.</p> <p><u>The firm should select the name of the insurance undertaking or Lloyd's syndicate providing cover. If the PII provider is not listed you should select 'other' and enter the name of the insurance undertaking or Lloyd's syndicate providing cover in the free-text box.</u></p> <p>If a policy is underwritten by more than one <i>insurance undertaking or Lloyd's syndicate</i>, you should state <u>select 'multiple' along and state with the number names of all the insurance undertakings or Lloyd's syndicates</u></p>

	<u>in the free-text box.</u>
<u>Annual income as stated on the most recent proposal form</u>	<u>This should be the income as stated on the <i>firm's</i> most recent PII proposal form. For a <i>personal investment firm</i>, this is relevant income arising from all of the <i>firm's</i> activities for the last accounting year before the policy began or was renewed (IPRU(INV) 13.1.3(3)R). For <i>insurance intermediaries</i> and <i>mortgage intermediaries</i> this is the annual income given in the <i>firm's</i> most recent annual financial statement from the relevant <i>regulated activity</i> or activities (PRU 9.3.42R to 44R).</u>
...	...
Amount of additional own funds required for policy exclusion(s)	<i>Personal investment firms</i> only - this should be calculated in accordance <u>line</u> with ...
Total of additional own funds required	<i>Personal investment firms</i> only - this is the same figure as in section D1, representing the total of additional own funds that are required under IPRU(INV) 13.1.4(8)R to 13.1.4(13)G for all of-the <i>firm's</i> PII policies.
...	
Excess/deficit...	...readily realisable own funds'.