

How do Financial Conduct Authority regulations affect YOUR business?

A quick reminder on how the Financial Conduct Authority (FCA) regulations affect the way you act on behalf of your clients in property insurance matters.

There are a few options available to Property Managing Agents. Which alternative you choose will depend on your intended business relationship with your client.

1) Incidental Introducer (Passive Introductions)

As an Incidental Introducer you may introduce prospective clients to Residentsline, however you cannot be remunerated, and you may take no further part in arranging or otherwise administering the insurance contracts.

2) Introducer Appointed Representative

As an Introducer Appointed Representative, you can introduce prospective Clients to Residentsline and also receive commission. However, you cannot advise on, arrange, or administer general insurance contracts. You cannot arrange cover, assist in completion of proposal forms, or assist with claim preparation or claim form completion. Consequently, Introducer Appointed Representatives are subject to a lower amount of regulatory control and monitoring, which will suit a Property Managing Agent who has only a small amount of insurance related business.

3) Introducer Appointed Representative who is also Company Secretary

Often a Partner, Director or the Property Managing Agent itself is also Company Secretary or Director of the Residents' Management Company, Residents' Association or Right to Manage Company. In these circumstances this individual may, in addition to the activities shown in 2 above:-

- Request quotations
- Complete or assist in completing proposal forms
- Arrange cover
- Administer mid-term adjustments.
- Assist with claim preparation and claim form completion

But only whilst acting in the capacity of Company Secretary or Director of the Residents Management Company.

Our understanding is that, to fall outside the FCA regulation, there must be:-

- **A truly separate bank account in the sole name of the RMC**
- **Deletion of any reference to arranging of insurance in engagement letters, contracts or websites**
- **Use of Residents' Management Companies letterheaded paper for all written correspondence.**

Note:- The above is drawn from publicly available material and may be subject to change.

4) FCA Authorised Firms

If you handle a reasonable volume of Insurance business then this is probably the best option for you.

If you become fully authorised in your own right you may seek to undertake any of the regulated activities, which would include advising on and administering insurance.

5) Designated Professional Body

Members of a Designated Professional Bodies may carry out a limited range of regulated activities, without having to obtain direct authorisation from the Financial Conduct Authority, provided those activities are incidental to the core business activities of the firm.

Such bodies include the Law Society of England and Wales, the Law Society of Scotland, the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants, the Institute of Actuaries, The Council for Licensed Conveyancer and the Royal Institution of Chartered Surveyors.

For any further information, please call your team at Residentsline on 0800 281235.