



Glossary

Manufacturer: The term Manufacturer refers to a firm substantially involved in creating, developing, designing and/or underwriting a contract of insurance. As such, managing agents/insurance companies will always be product manufacturers. They may be co-manufacturers with a Distributor when the Distributor also meets the definition.

Distributor: Generally, a Distributor will be some form of intermediary, either authorised or exempt by the FCA. A Distributor would also include introducers.

Commission: Commission paid for the product. Do not include any commission whereby the carrier is already in possession of the data including, but not limited to, additional commission such as work transfer or any other commissions.

Fees: Whereby an additional fee is paid above the policy level commission by a client such as an administration fee. A finite figure should be provided e.g. £15 administration fee or administration fee ranging from £10-15. Do not include fees that are paid in lieu of commission and agreed with customers. Fees whereby a carrier provides a net quote should not be included.

Reasonable steps: The definition of reasonable steps depends on a distributor's risk appetite but should be sufficient for the distributor to discharge their regulatory obligations.

Ancillary product: An ancillary product is a product that is not sold in isolation, is offered by the same carrier and where the cost is included as part of the core premium. Where an ancillary product is sold alongside a core product but has a separate premium this should not be included. Premium finance will either be dealt with under the Distributor section or Carrier section depending on which party is responsible for the arrangements.

Required information: The required information is the information needed for the manufacturer to complete a fair value assessment and is limited to the information outlined in the checklist.

Guidance

To add value for the Carrier, data reported should not be that which the Carrier already holds, e.g. total commission.

Where there is distribution via more than one legal entity in the same group, the commissions and services should be split according to legal entity.

Information on remuneration should relate to those charged in connection with the specific product(s).

It is recognised that there may be limitations on the data that distributors can provide, particularly where there are non-UK distributors in the chain due to local legal restrictions, type of distribution chain, etc. Therefore, it is accepted that Distributor 1 will provide the data after taking reasonable steps to obtain full information. Where not all information is available, Distributor 1 should assist the Carrier by providing an explanation as to the limitations on the information available.

Where a Distributor distributes the same product from the same Carrier to multiple Distributors, it may be prudent to ask for a confirmation from the multiple distributors that their fees are not more than a certain amount, rather than requesting numerical data.