## Mid-Term Adjustments – Commercial Customers.

If there have been any changes to the firm’s TOBA (Status Disclosure: General) the firm must advise the customer of the same in a durable medium prior to conclusion of the Mid-Term adjustment.

If the Mid-Term Adjustment results in a different scope of service being offered to the customer [e.g. the customer’s premises become unoccupied and for this type of risk the firm only uses a single insurer] the customer must be advised of the revised scope of service being offered by the firm. This information must be provided to the customer in a durable medium prior to conclusion of the Mid Term Adjustment.

If the Mid Term adjustment results in the policy being remarketed / replaced the firm’s Commercial New Business Procedures should be followed to ensure the customer is provided with all the required ICOBS Disclosure Information.

The customer must be reminded of their duty to make a Fair Presentation of the risk to be insured and to provide information in a clear and accessible format. Every material circumstance known to the insured about the mid-term adjustment should be disclosed. The insured should be reminded that reasonable enquiries need to be made and it is their duty to proactively gather information where practical.

Where the customer is not able to make a fair presentation of the risk to be insured it is the duty of [Broker’s Name Inserted here] to make the insurer aware that further enquiries are needed to accurately underwrite the mid-term adjustment.

At all times the firm must act in accordance with the Customer’s Best Interests rule and treat them fairly.

[Broker’s Name Inserted here] must take reasonable steps to ensure that the customer is given appropriate information about the mid-term adjustment in a comprehensible format so that the customer can make an informed purchasing decision. The level of information required will vary dependent on:-

* The knowledge, experience and ability of a typical customer for the policy
* The policy terms including main benefits, exclusions, limitations, conditions and its duration
* Overall complexity of the policy
* Whether the policy is bought in connection with other goods or services
* Distance communication requirements
* Whether the same information has been provided to customers previously and if so when.

To ensure the customer is provided with appropriate information [Broker’s Name Inserted here] should advise the customer of:

1. Changes to the premium, unless the change conforms to a previously disclosed formula;
2. Details of the amount of any fees. Where an actual fee cannot be given [Broker’s Name Inserted here] must give the basis for calculating any fees, enabling the customer to verify them. This information must be given to the customer before the customer incurs liability to pay the fee or before conclusion of the amendment, whichever is earlier.
3. Changes to any term or condition of the Policy, together with an explanation of the implications (including any changes to the benefits and/or significant and unusual exclusions) of the change where necessary; and
4. Any changes in the way the Insurer operates or any changes in the manner that the Insurer handles the insurance which may affect the customer.
5. If the change is at the request of a customer, and it is impracticable to write to the customer before the change takes effect, then [Broker’s Name Inserted here] must:

* Explain the implications of the change to the customer before the change takes effect; and
* Write to the Customer with full details promptly after the change takes effect.

It must be remembered that if the commercial customer requests confirmation of commission disclosure the figure should take into account all income earned during the policy period including mid-term adjustments. Please refer to the Commission Disclosure Procedures in this manual.