### [Name of Firm]’s Remuneration Policy

[Name of firm]’s core objective is to deliver good outcomes for policyholders or prospective policyholders and this stretches across how we are remunerated.

Remuneration includes commission, fees, overriders and payment that is not guaranteed or which is contingent on meeting certain targets.

Where we have a material influence over the final price and / or costs payable by customers, we employ appropriate procedures and controls to evidence that we are meeting the regulatory requirements associated with price setting, fair value and delivering good outcomes.

Considerations:

In accordance with FCA rules [Name of firm] is not remunerated, neither do we remunerate or assess the performance of employees, in a way that conflicts with our duty to always act in our customers’ best interests.

As distributors, we ensure that our remuneration does not negatively impact on the fair value of a product, service or packaged product. To ensure we are meeting this requirement, in-house fair value assessments are carried out at regular intervals and, we respond to Insurers downstream value assessments as requested.

Price Components

The key component of the price a customer pays is the ‘risk price’ covering the anticipated cost of claims and administering the policy. The risk price is set by the Insurer.

As a distributor, the insurer pays us a commission to distribute the policy to their target market. The insurer sets the level of commission taking into account the value we add as a firm to the distribution process.

We are also able to set certain elements of the final price the customer pays. This can be in the form of administration fees; the cost of premium finance where we can apply an override commission; net rated policies where we are able to set the remuneration level.

Where we are able to set an element of the price paid by the customer, this is not be determined on a case by case basis but set in line with the charges applied to the customers in the same distribution channel and / or target market and agreed by the appropriate Director or Certified Employee.

* Remuneration for net rated policies including optional additional products must be approved by the MD (or equivalent).
* The interest rate applied to premium financing must be approved by the head of finance (or equivalent) and reviewed at regular intervals.
* Fees must be charged in accordance with our fee structure which is reviewed regularly at board level (or equivalent).

To meet the price setting requirements in respect of household and motor insurance, where we do have a price setting role, we ensure that the renewal price is not greater than the Equivalent New Business Price (ENBP). We have a separate price setting policy in place to ensure understanding of this requirement.

Remuneration Disclosure:

In good time before conclusion of a contract of insurance and if necessary on its amendment or renewal [Name of firm] must provide our customer with information on the type and source of the remuneration received in relation to the contract of insurance. We may include this information in our TOBA. This includes whether:

1. We work on a fee that is paid directly by the customer or
2. We work for commission of any kind that is included in the premium and paid by the insurer or
3. We work for commission received as part of the interest payment from the premium finance provided when we introduce those wishing to pay by instalments to those who provide credit.
4. We work for any other type of remuneration, including an economic benefit of any kind offered or given in connection with the contract or
5. We work on the basis of a combination of any of the above.

### Fee Disclosure

[Name of firm] must provide a customer with details of the amount of any fees being charged before the customer incurs liability to pay the fee or before conclusion of the contract of insurance whichever is earlier.

The fee disclosure requirement extends to all such fees that may be charged during the life of the policy, including those charged by MGAs or Wholesale Brokers or in respect of mid-term adjustments or cancellations.

We charge fees to cover the services we provide to our client which include but are not limited to [amend as appropriate]:-

* *Assisting in the presentation of the risk to the insurer.*
* *Checking the policy wording meets the demands and needs of the client as we understand them.*
* *Presenting information in a clear fair and not misleading manner.*
* *Highlighting terms and conditions that are important.*
* *Re-broking the risk*
* *Assisting with claims*
* *Providing advice in accordance with the type of sale.*

Where an actual fee cannot be given, [Name of firm] provides the customer with the basis for calculating any fees, enabling the customer to verify them.

The firm’s fee structure should be inserted here

|  |  |
| --- | --- |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

### Commission Disclosure (Commercial Customers)

When asked by a commercial customer, [Name of firm] must promptly disclose the commission that it and any associate receives in connection with a policy.

The disclosure must be in cash terms (estimated if necessary) and in writing or other durable medium. If this is not possible we must give the basis for the calculation.

The disclosure must include all forms of remuneration from any arrangement we may have including but not restricted to:-

* Profit Shares including any bonus received
* Payments relating to the volume of sales
* Payments from premium finance companies in connection with arranging finance.

In respect of profit shares, it is noted that, the FCA deem it acceptable to confirm the average annual earnings based on the figures for the preceding three years.

All requests for commission disclosure should be passed to Director’s Name and the following template must be used:

### Commission Disclosure Template

Our Earnings

As your chosen insurance intermediary, we earn income in two separate ways.

1. We can earn by charging you a fee for our service. Whenever we charge a fee, that amount will be agreed with you in advance and will be disclosed to you separately to the insurance premium. If we have charged you a fee, this information will have been provided to you already alongside details of the premium.
2. We can earn by receiving a commission payment from the insurance company with which the insurance is placed. This amount will usually be calculated as a percentage of the insurance premium and the percentage will have been contractually agreed with the insurance company. We earn different percentages for different classes of business and from different insurance companies.

The table below sets out details of the commission and any other income we might earn in respect of handling your insurance.

|  |  |
| --- | --- |
| Direct earnings | £ |
| **Commission** – we earn the following: |  |
| **Premium finance** – for arranging the funding of your insurance premium, we will earn: |  |
|  |  |
| Possible additional earnings |  |
| **Profit share agreement** - we have an agreement with [insurer name] that if our account with them meets certain pre-agreed volume and profit targets during this year, we will receive an additional payment from them. The value of the arrangement to us cannot be accurately be calculated today. However, should our account achieve the income and profit targets set by the insurer, the maximum extra commission we could earn is x%. This could mean us earning up to a maximum extra commission in respect of your policy of £x. **If you would like further details on the precise method of calculation of this agreement, please contact [insert name].** |  |
| **Volume commission override** - we have an agreement with [insurer name] that if our account with them meets certain pre-agreed volume targets during this year, we will receive an additional payment from them. The value of the arrangement to us cannot be accurately calculated today. However, should our account achieve the income targets set by the insurer, the maximum extra commission we could earn is x%. This could mean us earning up to a maximum extra commission in respect of your policy of £x.**If you would like further details on the precise method of calculation of this agreement, please contact [insert name].** |  |