



# IFA Professional Indemnity Insurance

Proposal Form 2012

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**SECTION A: FIRM AND STAFF**

**1. Name of Firm** - (include FORMER FIRMS and any APPOINTED REPRESENTATIVES (ARs) for whose activities you are responsible and for whom cover is required:

<b>Name of Firm</b>	<b>Date Established</b>	<b>Date Authorised</b>
<b>Address</b>	<b>Email</b>	<b>Telephone No.</b>
		<b>Fax No.</b>
<b>Name of Former Firm or AR</b>	<b>Date established</b>	<b>Date Ceased if applicable</b>

**2. Directors/ Partners/ Principals**

<b>Names of Directors/ Partners/ Principals</b>	<b>Qualifications</b>	<b>Date Qualified</b>	<b>Number of years as Principal of Firm</b>

**3.** Is cover is required for any Principal for PAST LIABILITY prior to joining the above Firm(s)? If so please advise:

**4.** Number of Permanent Staff **other than** Directors/ Partners/ Principals:

- a) Employed Persons giving advice
- b) All other employed persons
- c) Self employed persons


**5. Compliance**

a) Who is your Compliance Officer and what is his/her relevant experience?

b) Is compliance managed solely in-house?

**YES NO**



If 'No', please outline below the identity of your specialist compliance firm and when they were appointed, the extent that you rely on their services, how often they visit your offices, the proportion of files checked and whether they deal with complaints.

What were your compliance arrangements prior to the appointment of the specialist firm?

**c) Have you fully considered whether or not your current systems fully comply with the FSA's Treating Customers Fairly initiative? YES NO**

If Yes, what amendments (if any) have you needed to make to your current practices to meet these requirements and how has this been communicated to staff?

**d) What Client Management System do you use, if any?**

**e) What Research Software do you use if any?**

**f) Do you provide reviews to all active clients at least annually? YES NO**  
If No, please supply details of your client review system:

**g) Do you ensure that every proposal is signed and confirmed by the client? YES NO**

**h) How long do you keep client records for?**

**i) Have all electronic submissions of the Retail Mediation Activities Return (RMAR) been completed on time? If not, why?**

**j) What is the approximate number of active clients per adviser?**

**k) Do you specialise in any particular type(s) of client? If so what type? YES NO**

**6 a) Is the Firm authorised to receive/hold/control client monies? YES NO**

If Yes, do you keep "clients' monies" and "clients' funds" in properly designated clients' accounts completely separate from the Firm's own monies? YES NO

**b) Is the Firm aware of any dishonesty or fraud at any time of any present or former Partner, Director, Proprietor, employee or representative and has this caused any loss? YES NO**

If Yes, please supply details and detail the precautions taken to prevent a recurrence.

**c) Does the Firm always require satisfactory written references (and credit/criminal record checks of adviser(s)) when engaging new personnel? YES NO**

**d) Is any Partner/Director/Employee allowed to sign cheques on their sole signature? YES NO**  
If Yes, please advise name and limit below.

**e) Please confirm that the Annual Accounts have been prepared and/or certified by an Independent Accountant or Auditor: YES NO**

**f) How often are the entries in the Cash Books checked with the vouchers and reconciled with the bank statement by a Principal or other senior employee independently of those responsible for the Cash Book entries?**

## 7. Fee Income

Please provide gross income figures (including all new business and renewal commission, brokerage and fees, for all proposing entities including any ARs) over the following annual accounting periods. If you are a new firm please advise your projected first year's income and provide in addition a full business plan including cash flow forecasts.

Financial Year End Date	Last	Current	Next
	( / /20__ )	( / /20__ )	( / /20__ )
United Kingdom	£	£	£
USA and Canada	£	£	£
Rest of World	£	£	£
<b>TOTAL</b>	£	£	£
Proportion as renewal/trail income	%	%	%
Proportion transacted as fees	%	%	%
Proportion execution-only work	%	%	%

8. Please provide a breakdown of your gross income (including renewals and/ or trail commission) in the last completed financial year by activity as below. Please also confirm whether you have undertaken any of these activities in the last 10 years. If you are a new firm please provide estimated figures for your first full year.

Type of Work	Activity conducted in last 10 years?	Income Breakdown (last financial year) %
a. Investment Advice and Administration (if so please complete Section B)	YES NO	
b. Pensions Advice and Administration (if so please complete Section C)	YES NO	
c. Mortgage Broking and Advice (if so please complete Section D)	YES NO	
d. Endowments	YES NO	
e. Life Products	YES NO	
f. Private Health and Medical Insurance	YES NO	
g. Critical Illness and ASU Insurance	YES NO	
h. Insurance Broking (if so please complete Section E)	YES NO	
i. Other (please provide details)	YES NO	
<b>TOTAL</b>		<b>100%</b>

### 9. Business Activities

a. Please advise the approximate percentage of your income that relates to Holistic Financial Planning/Wealth Management/Asset Management: \_\_\_\_\_%

b. Approximately what proportion of business is sold on an execution-only basis? \_\_\_\_\_%  
 Is such business fully documented as being execution-only (including the receipt of a signed agreement from the client)?  
**YES NO**

c. Please indicate the approximate lapse ratio (NTUs/NPWs) of FS business written in the past 3 years:

e. Is it now/has it always been the practice of the Firm to bring to the attention of clients and to explain the consequences of MVA's on with-profits products and to record such advice?

### SECTION B: INVESTMENT BUSINESS (Please complete if directed to by SECTION1, QUESTION 8(a))

1

Category	Any Advice/ Sales within the last 10 years? (y/n?)	Percentage %
a. Insurance / Investment Bonds		
i. UK (ex C.I. & I.O.M)	YES NO	
ii. Offshore	YES NO	
b. Unit Trusts / ISAs		
i. UK (ex C.I. & I.O.M)	YES NO	
ii. Offshore	YES NO	
c. Mortgage Linked Endowments	YES NO	
d. Regular Savings Products (including endowments not linked to mortgages)	YES NO	
Structured Products (including Precipice Bonds /SCARPs) If any, please complete the attached Structured Products spreadsheet	YES NO	
f. Private Client Portfolio Management (please state whether discretionary or not and provide a copy of the contract)	YES NO	
g. Unregulated Collective Investment Schemes (UCIS)	YES NO	
h. Investment vehicles designed/used specifically for tax mitigation reasons, e.g. (and not restricted to) Film Partnerships, EZT's, VCT's Property Funds, Carbon Trading Partnerships, EIS', Unregulated / Alternative Asset Classes, etc.	YES NO	
i. Other investment vehicles including (and not restricted to) TEPs, viaticals/traded life policies, securities dealing, commodities dealing, investment in tangibles, property funds, hedge funds, esoteric investments etc	YES NO	
<b>TOTAL</b>		<b>100%</b>



**SECTION C: PENSIONS WORK (Please complete if directed to by Section 1, Question 8(b))**

Type of Work	Activity conducted in the last 10 years	Date Activity Ceased	Income Breakdown (last financial year) %
Personal Pensions	YES NO		
Pension Transfers and Switches <i>From money purchase schemes</i> <i>From defined benefit schemes</i>	YES NO YES NO		
SIPP Administration	YES NO		
SIPP advice	YES NO		
Pension fund withdrawals, income drawdowns and phased retirement	YES NO		
Annuities	YES NO		
Pension fund administration	YES NO		
Pension fund trusteeship	YES NO		
Pension fund management	YES NO		
QROPS	YES NO		
Other (please provide details)	YES NO		
<b>TOTAL PENSION WORK</b>			<b>100%</b>

2. Proportion invested after using asset allocation tools into a platform or via a third party manager? \_\_\_\_\_%

3. What proportion of SIPPs invest in/hold unapproved assets? \_\_\_\_\_%

**4. Income Drawdown / Unsecured Pensions (Complete this table only if any business ever transacted)**

Year	Total Number of Drawdown cases transacted	Number of cases where original fund value was below £100,000	Current fund value of largest case in year	Number of Annuity cases transacted
2002				
2003				
2004				
2005				
2006				
2007				
2008				
2009				
2010				
2011				



- ii. Number of cases taking maximum drawdown
- iii. Number of cases where full commission taken with no fee offset
- iv. How often are reviews conducted?
- v. How many of the above cases represent the client's sole retirement funds?
- vi. How many cases have been transacted purely to release tax free cash, with no income being taken?
- vii. Of those in vi) above, has all other ways of raising cash been investigated and are the reasons for discounting these fully documented on file? **YES NO**
- viii. Do all advisers involved in this area undertake annual competence training? **YES NO**
- ix. Please provide a brief analysis of the Firm's strategy for the sale of income drawdown/phased retirement products in terms of fund values (e.g. why might you recommend drawdown on a fund value below £100,000), drawdown amount taken and commissions taken:

**5. Pension Transfers / Pension Switching**

Please provide the following information if any cases ever transacted:

- i. Please provide the number of Pension Transfers from Defined Benefit Pension Schemes arranged in the past 10 years, providing the average and largest transfer value:

Number of Transfers	Average Transfer	Largest Transfer	Value

- ii. Please provide the names and details of the experience of the individuals authorised to provide Pension Transfer advice:

Name	Qualifications	Experience

- iii. Please provide the number of Pension Switches to a Personal Pension Plan or Self-Invested Personal Pension (SIPP) from any defined contribution pension arranged since A-day (6 April 2006). In addition please provide the average and largest transfer value

Number of Switches	Average Fund Value	Largest Fund Value

- iv. What percentage of switches have been made to schemes that are more expensive than the ceding scheme or a stakeholder pension? Please provide full details of why they were moved

Percentage	Reason for moving

v. Please provide details of the top 3 product providers of the receiving schemes:

Provider	Percentage

vi. What, if any, pension profiling or comparison tool do you use to determine whether there are any benefits of switching?

vii. Have you reviewed a sample of your Pension Switching files against the four areas of suitability identified by the FSA?  
**YES NO**

If 'Yes', please complete the following table:

Number of Files Reviewed:		
Suitability Category	Pass %	Fail %
Extra Product Costs Incurred		
Benefits lost from ceding pension (including, but not limited to, Guaranteed Annuity Rates)		
New pension does not meet attitude to risk		
Need for on-going advice not explained, offered or provided		

**SECTION D: MORTGAGE BUSINESS (Please complete if directed to by Section 1, Question 8(c))**

1

Mortgage Type	Advice Provided within the last 10 years?	Percentage
a. Residential excluding Equity Release/ home reversion i. Repayment ii. Interest-only	Yes No Yes No	
b. Equity Release, Home Reversion etc	Yes No	
c. Sale and Leaseback Mortgages	Yes No	
d. Sub-Prime Mortgages	Yes No	
e. Self-certification Mortgages	Yes No	
f. Secured Loans	Yes No	
g. Buy-To-Let Mortgages	Yes No	
h. Commercial Mortgages (other than in g above)	Yes No	
<b>Total</b>		<b>100%</b>

2. Is all advice/sales detailed in 1h) above conducted in accordance with NACFB regulations? **YES NO**



3. In respect of Interest-Only mortgages, do you always ensure that the client is aware of the need for a re-payment vehicle and that this is always recorded in writing? **YES NO**

4. If the Firm arranges, or has in the past arranged, self-certification mortgages do you provide confirmation to the lender that an applicant's stated income is correct or that the loan is affordable? **YES NO**

If 'Yes', is that always fully researched (if not, please provide full details)? **YES NO**

**SECTION E: INSURANCE BROKING (Please complete if directed to by Section 1, Question 8(d))**

Insurance Type	Any Advice / Sales within the last 10 years	Percentage of income
a. Commercial non-marine	Yes No	
b. General/Personal Lines Insurances (excl Motor, non-marine & PPI)	Yes No	
c. PPI (Regular Premium)	Yes No	
d. PPI (Single Premium)	Yes No	
e. Motor	Yes No	
f. Marine (please detail if other than private pleasure craft)	Yes No	
g. Aviation (please detail)	Yes No	
h. Reinsurance (please detail)	Yes No	
<b>Total</b>		<b>100%</b>

2. Does the Firm operate an efficient renewal diary/monitor? **YES NO**

3. Do you hold any authority (other than for private motor, household and other similar cover-noted or "coupon" type business), which has been granted by any Insurance Company, Lloyds Underwriter or other Insurer or Reinsurer, where under such authority you have the power to bind the insurer without prior reference as to terms and/or cover? **YES NO**

4a Please give details of the two largest material damage or (in relation to business premises) the material damage and business interruption combined exposure Sums Insured that the Firm places for Commercial Customers:

Client	Risk	Sum Insured

4b. Please give details of the two highest PL/Products or PI limits of indemnity that the Firm places for Commercial Customers:

Client	Risk	Limit of Indemnity



**SECTION F: PROFESSIONAL INDEMNITY COVER**

**1) Claims**

Has any proposing entity (including predecessors in business and any former principals, directors, employees or Appointed Representatives) in the past six years made any claim, or notified any circumstance which may give rise to a claim, potential claim or loss, which has or could have impacted on your PI insurance?

**YES NO**

After full enquiry of all the principals, directors, employees or Appointed Representatives, are you aware of any claims or circumstances which may give rise to a claim, potential claim or loss to any proposing entity (including any predecessors in business and any former principals, directors, employees or Appointed Representatives) which have not been notified to previous or current insurers?

**YES NO**

**If the answer to any of the above is yes please provide full details of all claims and circumstances which may give rise to a claim or loss including the nature of the complaint and the date of discovery, any correspondence and complaints logs as well as any details of any payments by insurers or otherwise.**

Please provide details of your current professional indemnity insurance policy?

Insurer	Limit of Indemnity	Excess	Premium (exc IPT)
	£	£	£

Has any insurer ever refused to offer your firm or any predecessor in business renewal terms for professional indemnity insurance, or cancelled a policy already in force?

**YES NO**

*If so, please provide full details*

**Required Coverage**

Renewal Date	Limit of Indemnity	Excess

I/we accept that completion of this proposal form does not bind the Proposer or the insurer to effect a contract of insurance.

I/we agree that, if an insurance policy or policies are issued, this proposal and any other information supplied prior to inception of the insurance policy shall form the basis of any contract of insurance effective hereon and shall be incorporated therein.

I/we hereby declare that I am authorised to complete this proposal on behalf of the Proposer and that the above statements and particulars are true and that full enquiry has been made to ensure their accuracy. I have not omitted, suppressed or misstated any material facts which may be relevant to underwriters' consideration of this proposal.

I/we undertake to inform the insurer of any material change to any fact contained herein that occurs prior to inception of the contract of insurance.

Signature	Print Name	Date