

# CMS/CANOPIUS PROPOSAL FORM 2005

**1. Proposing Entities**

a) Please state below the name of your **main practice** together with the identity of its Regulator.  
Please also enter below the full names of **any other entities currently trading** referring again to their Regulator.  
If applicable, please also list any other trading styles.

|       | Date commenced trading | Regulator |
|-------|------------------------|-----------|
| _____ | _____                  | _____     |
| _____ | _____                  | _____     |

Main Office Address:

\_\_\_\_\_

\_\_\_\_\_

Please provide on a separate sheet any other addresses from which the above entities practise.

E-mail: \_\_\_\_\_ Web Address: \_\_\_\_\_

Tel No: \_\_\_\_\_ Fax No: \_\_\_\_\_

b) Past Business Entities including predecessors in business for which Run-Off cover is required:

\_\_\_\_\_ Period of trading \_\_\_\_\_ to \_\_\_\_\_

\_\_\_\_\_ Period of trading \_\_\_\_\_ to \_\_\_\_\_

c) Please tick the box to confirm that none of the above entities is a Limited Company that has been wound up and/or has no assets.

2. Please confirm the date of your last financial year-end prior to the inception date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

3. Please advise or estimate for the financial year-end identified in Question 2 above and the previous 4 financial years (where applicable), the total gross brokerage/commission/fee income of all Proposing Entities, generated by all principals/employees/self-employed persons.

|                            | Total gross brokerage/commission/fee income, including trail commission |
|----------------------------|---|
| <u>Last complete year:</u> |   |
| <u>Previous year:</u>      |   |
| <u>Previous year:</u>      |   |
| <u>Previous year:</u>      |   |
| <u>Previous year:</u>      |   |

4. Please indicate the total gross brokerage/commission/fee income the entities in Question 1a currently trading expect to achieve in the current financial year:

\_\_\_\_\_

5. a) Please indicate the Regulatory status of each Proposing Entity disclosed in Question 1 above:

i) Direct by FSA                      Name of Proposing Entity: \_\_\_\_\_  
 \_\_\_\_\_

ii) As an Appointed Representative through the authorisation of another directly Regulated Firm or Network

Name of Proposing Entity: \_\_\_\_\_  
 \_\_\_\_\_

5. b) Please indicate whether any Proposing Entity operates a 'multi tie' arrangement pursuant to the depolarisation rules.                      YES     NO

If YES, please provide details including providers and products involved.

\_\_\_\_\_  
 \_\_\_\_\_

6.

| Names of Directors/Partners/Principals | Age | Qualifications | Experience (if under five years' practical insurance experience) |
|--|-----|----------------|--|
|  |     |                |  |
|  |     |                |  |
|  |     |                |  |
|  |     |                |  |

7. Number of permanent staff **other than** Directors/Partners/Principals:

a) Employed persons giving advice

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

b) All other employed persons

c) Self employed persons

8. Please provide the following details in respect of your current Appointed Representatives:

a) Trading names                      \_\_\_\_\_

b) Dates of Appointment                      \_\_\_\_\_

c) Commission/fee income in last complete financial year                      \_\_\_\_\_

d) Geographical location                      \_\_\_\_\_  
 (please indicate if in the same office as the Principal)

e) Please confirm that the method of control over their activities complies with your Regulator's guidance. If NO, please provide details.                      YES     NO

\_\_\_\_\_

9. Has any Proposing Entity used the services of Introducers in respect of Life & Pensions and/or General business?

YES     NO

If YES, do the Proposing Entities always ensure that a qualified member of staff provides the advice?

YES     NO

10. a) Please indicate the % of gross brokerage/commission/fees for the **Last complete year** as disclosed in Question 3 derived from the following categories.

Please ensure that the Total boxes for Categories A to E below add up to 100%.

A) **Pension Sales & Advice**  
 (Note: GPP commissions/fees constitute 'Private')

|         |          |         |   |
|---------|----------|---------|---|
| Private | Business | Total   |   |
| [ ] %   | + [ ] %  | = [ ] % | A |

B) **Investment Sales & Advice**

|         |          |         |   |
|---------|----------|---------|---|
| Private | Business | Total   |   |
| [ ] %   | + [ ] %  | = [ ] % | B |

Of the total for B above, please indicate % earned from the following categories:

- |      |   |       |
|------|---|-------|
| i)   | Equity based investments<br>(including endowments, High Income Bonds) | [ ] % |
| ii)  | Government/corporate bonds  | [ ] % |
| iii) | Building society/bank saving accounts                                 | [ ] % |
| iv)  | Real property based investments                                       | [ ] % |
| v)   | Other (please specify) _____  | [ ] % |

C) **Life Cover & Protection Product Sales & Advice**  
 (including whole of life, ASU, PHI etc.)

|         |          |         |   |
|---------|----------|---------|---|
| Private | Business | Total   |   |
| [ ] %   | + [ ] %  | = [ ] % | C |

D) **Mortgages Sales & Advice**  
 (any borrowing secured on real property including Equity Release and Home Income Plans)

|         |          |         |   |
|---------|----------|---------|---|
| Private | Business | Total   |   |
| [ ] %   | + [ ] %  | = [ ] % | D |

E) **General Insurance Sales & Advice**

|         |          |         |   |
|---------|----------|---------|---|
| Private | Business | Total   |   |
| [ ] %   | + [ ] %  | = [ ] % | E |

Of the total for E above, please indicate % earned from the following categories:

- |      |                              |       |
|------|------------------------------|-------|
| i)   | Motor                        | [ ] % |
| ii)  | Personal Lines               | [ ] % |
| iii) | Commercial Lines             | [ ] % |
| iv)  | Professional Indemnity       | [ ] % |
| v)   | Marine/Aviation/Reinsurance  | [ ] % |
| vi)  | Other (please specify) _____ | [ ] % |

|                  |                   |                  |  |
|------------------|-------------------|------------------|--|
| Total<br>Private | Total<br>Business | Overall<br>Total |  |
| [ ] %            | + [ ] %           | = 100%           |  |

10. b) Please indicate the % of gross brokerage/commission/fees for the 2 financial years preceding the year in 10 a above (starting with the most recent) as disclosed in Question 3, derived from the following categories.

|  | Private | Business | Total |        |
|--|---------|----------|-------|--------|
| A) Pension Sales & Advice  | %       | +        | %     | = % A  |
| B) Investment Sales & Advice   | %       | +        | %     | = % B  |
| C) Life Cover & Protection Product Sales & Advice<br>(including whole of life, ASU, PHI etc.)                          | %       | +        | %     | = % C  |
| D) Mortgages Sales & Advice<br>(any borrowing secured on real property including Equity Release and Home Income Plans) | %       | +        | %     | = % D  |
| E) General Insurance Sales & Advice  | %       | +        | %     | = % E  |
| F) Total   | %       | +        | %     | = 100% |

|  | Private | Business | Total |        |
|--|---------|----------|-------|--------|
| A) Pension Sales & Advice  | %       | +        | %     | = % A  |
| B) Investment Sales & Advice   | %       | +        | %     | = % B  |
| C) Life Cover & Protection Product Sales & Advice<br>(including whole of life, ASU, PHI etc.)                          | %       | +        | %     | = % C  |
| D) Mortgages Sales & Advice<br>(any borrowing secured on real property including Equity Release and Home Income Plans) | %       | +        | %     | = % D  |
| E) General Insurance Sales & Advice  | %       | +        | %     | = % E  |
| F) Total   | %       | +        | %     | = 100% |

11. In respect of investments covered by 10a)B) on the previous page, please indicate the number of single premium or annual investments made in the last financial year where the sum invested was:  
(Please do not include monthly investments.)

- a) less than £10,000
- b) equal to or more than £10,000 but less than £25,000
- c) equal to or more than £25,000 but less than £100,000
- d) equal to or more than £100,000

Number of investments

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

12. Please indicate whether any Proposing Entity has received, or is on notice of, a visit from the Regulator.

YES  NO

If YES, please confirm date(s) of visit(s) and enclose a copy of the report(s). Date(s) \_\_\_\_\_

13. Please advise whether in respect of any Proposing Entity, any advice or other insured activity has been undertaken outside the UK. (Please note that cover for such work is not available unless specifically agreed)

YES  NO

14. Please indicate whether any Proposing Entity has received any commission/fees in any of the last 10 years in respect of any of the following products or services (if YES, please provide details separately).

- a) Investments in Hedge Funds or other collective investment schemes investing in Hedge Funds YES  NO
- b) Private Client Portfolio Management services where you have discretion in respect of investment and realisation of funds YES  NO
- c) Broker bonds YES  NO
- d) Pension Fund Trustee services YES  NO
- e) Investment in any Traded Life Policy or Viatical Settlements or any collective investment with funds invested in either product YES  NO
- f) Investments in any offshore based product YES  NO

15. Because of the role of Financial Advisers, fraud by your employees or agents is a significant risk to your business. Please outline briefly, on a separate sheet of paper if necessary, the steps that you take to minimise this risk.

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**16. Performance Indicators**

Please provide the requested details of the following Key Performance Indicators:

- a) Number of policies made Paid Up or lapsed in the last 12 months
- b) Number of policies cancelled within "cooling off" period in the last 12 months
- c) Number of recommendations "Not Taken Up" in the last 12 months
- d) Number of "policy replacement" recommendations made in the last 12 months to discontinue premiums or surrender existing contracts and replace with similar contracts

| Number |
|--------|
|        |
|        |
|        |
|        |

17. a) Please provide details of the top 3 product providers in terms of commission income in the last 12 months.

| Provider | % of total commission income |
|----------|------------------------------|
|          |                              |
|          |                              |
|          |                              |

b) Please provide details of the top 3 product providers in terms of number of new policies in the last 12 months.

| Provider | Total number of new policies |
|----------|------------------------------|
|          |                              |
|          |                              |
|          |                              |

**Compliance Function**

18. Please advise how the Compliance Function is managed:

We employ \_\_\_\_\_ (number) full time compliance staff. (Please provide CV of Compliance Officer.)

We use the following specialist provider: \_\_\_\_\_

Other, namely: \_\_\_\_\_

19. Please provide the location of any individuals providing advice that are not based at the **Main Office Address**:

\_\_\_\_\_  
 \_\_\_\_\_

20. Was each individual referred to above the subject of a field compliance audit on their premises in the last 12 months? YES  NO

21. Please indicate % of new business files reviewed by the Compliance Function in the last 12 months. \_\_\_\_\_ %

22. What is the active client/adviser ratio of your firm? \_\_\_\_\_

**23. Financial Promotions**

During the last 5 years has any Proposing Entity issued any direct offer financial promotions to clients promoting a particular product or products? If YES, please complete the table below.

| Product Provider and Product Promoted | Date | Number of clients mailed | Number of applications received |
|---------------------------------------|------|--------------------------|---------------------------------|
|                                       |      |                          |                                 |
|                                       |      |                          |                                 |
|                                       |      |                          |                                 |
|                                       |      |                          |                                 |

## 24. Pension Review

- 1) Does any Proposing Entity require cover in respect of cases that fell within the ambit of the Pension Review (Phases I & II)? YES  NO

If YES, please answer questions 24. 2 to 24.7 below and complete the table on the next page.

- 2) Please confirm that the Pension Review (Phase I and II) has been formally completed and the Regulator notified. YES  NO

- 3) Please give the date of your final Pension Review mailing \_\_\_/\_\_\_/\_\_\_

- 4) Please confirm that the Proposing Entities correctly identified and mailed all cases that fell within the ambit of the Pension Review. YES  NO

- 5) Please confirm that all cases mailed under the terms of the Pension Review which requested a Review or complained have been notified on previous Professional Indemnity Insurance policy(s) as a claim or circumstance. YES  NO

- 6) Please confirm that none of the Proposing Entities' non responding Pension Transfers were from the Miners' Pension Scheme. YES  NO

If NO, please provide details on a separate sheet.

- 7) Please confirm that none of the Proposing Entities' non responding Pension Transfers have a transfer value exceeding £20,000. YES  NO

If NO, please provide details on a separate sheet

Please complete the attached Summary Sheet – Phase I and II

### Pension Review Cover

If any Proposing Entity has requested cover and underwriters are prepared to grant it, details will be offered on the quotation sheet and will be restricted to cover for new complaints in respect of cases which were correctly mailed under the terms of the Pension Review but which have not requested a review or complained at the date of inception of the policy.

25. Pension Review -- continued

**Summary Sheet - Phase I and II**

| <u>Phase I and II</u>                      | TOTAL STARTING POPULATION (ALL PERSONAL PENSIONS SOLD IN REVIEW PERIOD) * | <u>Total Population mailed</u> ** | RESPONDERS       |                            |                                       | NON RESPONDERS |
|--|---|-----------------------------------|------------------|----------------------------|---------------------------------------|----------------|
|  |   |                                   | DECLINING REVIEW | EXCLUDED AS NOT REVIEWABLE | REQUIRING REVIEW (LOSS OR COMPLIANCE) |                |
| Opt outs/Non Joiners (including possibles) |   |                                   |                  |                            |                                       |                |
| Rebate Only Cases                          |   |                                   |                  |                            |                                       |                |
| Transfers                                  |   |                                   |                  |                            |                                       |                |
| <u>TOTAL</u>                               |   |                                   |                  |                            |                                       |                |

\* Including Section 32's and 226's.

\*\* The figures in this column should equal the figures of the 'Responders' columns and 'Non Responders' column combined. If this is not the case, please provide details on a separate sheet.

**26. Retirement Options**

Please complete this question if any Proposing Entity has transacted/given advice in respect of retirement income options. If not, please put 'not applicable'.

|   | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|------|------|------|------|------|------|------|------|------|------|
| <b>Number of Income Drawdown cases transacted where original fund value was less than £100,000</b>            |      |      |      |      |      |      |      |      |      |      |
| <b>Number of Income Drawdown cases transacted where original fund value was between £100,000 and £300,000</b> |      |      |      |      |      |      |      |      |      |      |
| <b>Number of Phased Retirement cases transacted</b>   |      |      |      |      |      |      |      |      |      |      |
| <b>Number of Annuity cases transacted (excluding Phased Retirement cases)</b>                                 |      |      |      |      |      |      |      |      |      |      |

- a) What % of Income Drawdown cases arranged are taking maximum income? \_\_\_\_\_ %
- b) What % of Income Drawdown cases have had the fund value enhanced by rebating commission? \_\_\_\_\_ %
- c) How frequently are Income Drawdown cases reviewed? \_\_\_\_\_
- d. i) How many of the above transactions were carried out purely to raise cash? \_\_\_\_\_
- ii) Has the Reason Why Letter always drawn to the client's attention the adverse effects such a withdrawal will have on future pension benefits and establish in each case why the client needed the cash and why other methods of raising finance were less suitable? YES  NO
- e) Has any business ever been transacted where the client has given up a GAR? YES  NO
- f) Please provide a brief description of the philosophy used in advising clients in relation to income in retirement.

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**27. Structured Capital at Risk Products (SCARPs)**

Has any Proposing Entity acted as an introducer, advised on or sold any SCARPs? YES  NO

If "YES", please complete the table below in respect of each case where the sum invested was greater than £7,000.

**NOTES:**

- Indicate with an 'E' any case transacted on an Execution Only Basis
- *The italicised figures below are an example only*
- Continue on extra sheet if necessary
- **Please provide the Key Features Document for each product included below.**

| <b>Name of Investor</b> | <b><u>PRODUCT</u></b>                                 | <b>Date of Investment</b> | <b>Maturity Date</b> | <b>Sum Invested</b> | <b>Relevant Tracking Index</b> | <b>Current/ Maturity Value (excluding accrued interest)</b> | <b>Guaranteed income/ growth amount</b> |
|-------------------------|---|---------------------------|----------------------|---------------------|--------------------------------|---|---|
| <i>Mr A.N. Example</i>  | <i>Eg. Investments Plc Income &amp; Growth Plan 4</i> | <i>31/03/2000</i>         | <i>15/06/2004</i>    | <i>£ 20,000</i>     | <i>Dow Jones Eurostoxx 50</i>  | <i>£4,379</i>   | <i>Income of 2.33% paid quarterly</i>   |

**28. Split Capital Investment Trusts**

- a) Has any Proposing Entity acted as an introducer, advised on or sold any shares in Split Capital Investment Trusts or investments in any collective investment which invests in the shares of Split Capital Investment Trusts in the last 6 years?

YES  NO

If YES, please complete the table below.

| Name of Investor | Date of Investment | Total value of client's investment portfolio | Original SCIT Investment Value | Product Provider | Current Value | Date of Valuation |
|------------------|--------------------|--|--------------------------------|------------------|---------------|-------------------|
|                  |                    |  |                                |                  |               |                   |

- b) Was it the Proposing Entities' practice to obtain sufficient information recorded in writing to show that the investment recommended was suitable for the client's needs (for instance, by preparing a "Client Financial Planning Analysis" or "Know your Client" questionnaire)?

YES  NO

- c) As to all transactions, has it been the Proposing Entities' practice to advise intending investors (and to document on file) that:

- i) the investment cannot be guaranteed to mature to the full expected value? YES  NO
- ii) the investment involves an investment risk? YES  NO
- iii) other forms of investment are available, which could meet with the client's needs? YES  NO

**29. Endowments**

Have you ever been involved in arranging **Mortgage** Endowments? YES  NO

If YES, please answer the following questions:

- a) What is the total number Mortgage Endowment policies sold by the Proposing Entities, excluding cases which have matured?
- b) What is the total number of complaints received by the Proposing Entities to date in respect of Mortgage Endowment sales?
- c) Approximately, what is the average target maturity value of all Mortgage Endowments sold by the Proposing Entities?
- d) What is the highest value Mortgage Endowment which remains in force, sold by any Proposing Entity?
- e) Have the Proposing Entities always advised investors that the Endowment is not guaranteed to achieve target maturity value? YES  NO
- f) Have the Proposing Entities always ensured Endowment policies mature before the client's retirement date? YES  NO

If NO, please state the approximate number of current policies which mature beyond the investor's retirement date.

**30. Tax Sheltering Advice**

Please indicate whether any Proposing Entity has received any commission/fees in respect of any of the following products or services.

If YES, please provide details separately.

- a) Film Finance Schemes YES  NO
- b) Venture Capital Trusts (VCT) YES  NO
- c) Enterprise Zone Investments YES  NO
- d) Enterprise Investment Schemes (EIS) YES  NO
- e) Deferral Relief Companies YES  NO
- f) Estate Planning YES  NO

Has the Inland Revenue indicated that they intend to challenge the tax status of any of the above products arranged on behalf of any client? YES  NO

If YES, please provide details.

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**31. State Earnings Related Pension Scheme (SERPS) / State Second Pension (S2P)**

a) Please complete this question if any Proposing Entity has transacted/given advice in respect of SERPS / S2P in the last 10 years. If not, please put 'not applicable'.

|   | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|------|------|------|------|------|------|------|------|------|------|
| <b>Total number of recommendations to contract out of SERPS / S2P</b> |      |      |      |      |      |      |      |      |      |      |

b) Was it the Proposing Entities' practice to record attitude to risk on file? YES  NO

c) Have all recommendations to contract out been reviewed each year? YES  NO

d) Please provide a brief description of the philosophy used when advising clients in relation to contracting out.

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**32. Home Income Plans**

a) Please indicate the number of Home Income Plans, Equity Release Schemes or Home Reversion Schemes arranged/advised upon by the Proposing Entities in the last 10 years.

| Year                     | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|--------------------------|------|------|------|------|------|------|------|------|------|------|
| <b>Number of Schemes</b> |      |      |      |      |      |      |      |      |      |      |

b) Are all providers of the schemes referred to in question 34 above members of SHIP (Safe Home Income Plans Ltd)? YES  NO

c) Were all other means of raising the capital/income required by the client investigated prior to making the recommendation to release capital from their property? YES  NO

d) Were the beneficiaries of the clients estate informed and is evidence of this recorded on file for each of the plans arranged? YES  NO

**33. FSAVC Review**

a) Please state the number of cases the Proposing Entities were required to mail.

b) Where cases were mailed, please confirm that the Review of FSAVC's has been completed. YES  NO

If NO, please provide details.

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34. Please confirm whether there have been any claims or circumstances made against the Proposing Entities in the past 10 years.

YES  NO

If YES, please provide details below.

| Date | Summary | Amount claimed | Reserve held | Amount paid | Date of the advice/sale leading to the claim |
|------|---------|----------------|--------------|-------------|--|
|      |         |                |              |             |  |

38. Is the firm(s) aware, after enquiry, of any circumstances (not stated above) which are likely to result in any claims being made against the firm(s), their predecessors in business or any of the present or past Directors/Partners/Principals?

YES  NO

If YES, please give FULL details.

39. Has the business sustained any loss during the past ten years as a result of the fraud or dishonesty of any Director/Partner/Principal/employee/self-employed person?

YES  NO

If YES, please give FULL details.

40. Has any application for insurance on behalf of the firm(s) or any of the present Directors/Partners/Principals or, to the knowledge of the firm(s), on behalf of their predecessors in business ever been declined or has any such insurance ever been cancelled or renewal refused?

YES  NO

If YES, please give FULL details on a separate sheet.

41. Have you notified to previous insurers all Pension Review Cases and FSAVCs where a client has requested a review or complained?

YES  NO  NONE

If NO, please list on a separate sheet those cases that have not been notified.

42. Please provide the following details of your expiring Professional Indemnity Insurance Policy

| Insurer | Limit | Excess | Premium | Expiry Date |
|---------|-------|--------|---------|-------------|
|         |       |        |         |             |

**DECLARATION**

I/We declare on behalf of the firm(s) that the above statements and details are true and that I/we have not misstated or suppressed any material facts. I/We agree that this Proposal, together with any other information supplied by me/us, shall form the basis of any Contract of Insurance effected thereon. I/We undertake to inform CMS of any material alteration to these facts occurring before completion of the Contract of Insurance. Signing this Proposal Form does not bind the firm(s) or CMS to complete this insurance.

Signature of:  
Director/Partner/Principal \_\_\_\_\_

Name \_\_\_\_\_ Date \_\_\_\_\_  
(in capitals)

**Please Note:** In the absence of any instructions to the contrary, Certificates will show only those firms named in Question 1a of this proposal form.

**Data Protection Act:**

Some of the information given in this form, will constitute personal data for the purposes of the Data Protection Act 1998. Such personal data will be used by Collegiate and interested underwriters solely for the following purposes:

1. evaluating the proposal with a view to providing the insurance proposed for;
2. validating any information which may have been previously supplied.;
3. general statistical purposes.

The information will be held for as long as necessary for the above purposes or as may be required by law or to comply with any contractual, or to meet with any relevant regulatory requirements.