

## CMS PROPOSAL FORM FOR FINANCIAL ADVISERS 2019

### Presentation and Background Information

The proposal form is usually the main point of contact between you – the insured - and us, - the Insurer. It is therefore important that the information contained in the form is expressed and presented to a high standard. Where there is insufficient space available, please use clearly marked appendices, indicating which questions they refer to.

### The Continuing Duty to Disclose

The duty to disclose material circumstances is not confined to completion of proposal forms at inception or renewal. If, during the period of insurance arranged there is any material alteration/change in the information disclosed in the proposal information, prompt disclosure to us is essential. This might include, but is not limited to:

- new partners, directors, corporate entities, partnerships or trading titles,
- any change in the areas of activity of the insured Firm(s),
- the possibility of a claim being made against the Firm(s),
- any change in the trading status of the Firm(s), or membership of professional bodies, or regulatory status.

### Claims and/or Claims Circumstances

The policy to be arranged provides cover on a “claims made” basis, which means that cover must be in force at the time you first become aware of a claim or circumstances which may lead to a claim. Notification must be given at that time. It is that policy which will respond to any subsequent claim - even if the claim develops years later and/or arises out of activities performed prior to its inception. **It is essential that full enquiry and discussion take place between all partners/directors and senior staff before any answers are given.** If you are in any doubt as to what may constitute a material circumstance, please disclose the information – too much information is preferable to too little, and the consequences thereof.

### Insurance Act 2015 – Duty of fair presentation

1. Before this insurance contract is entered into, the Insured must make a fair presentation of the risk to the Insurer, in accordance with Section 3 of the Insurance Act 2015. In summary, the Insured must:

a) Disclose to the Insurer every material circumstance which the Insured knows or ought to know. Failing that, the Insured must give the Insurer sufficient information to put a prudent insurer on notice that it needs to make further enquiries in order to reveal material circumstances. A matter is material if it would influence the judgement of a prudent insurer as to whether to accept the risk, or the terms of the insurance (including premium);

b) Make the disclosure in clause (1)(a) above in a reasonably clear and accessible way; and

c) Ensure that every material representation of fact is substantially correct, and that every material representation of expectation or belief is made in good faith.

2. For the purposes of clause (1)(a) above, the Insured is expected to know the following:

a) If the Insured is an individual, what is known to the individual and anybody who is responsible for arranging his or her insurance.

b) If the Insured is not an individual, what is known to anybody who is part of the Insured’s senior management; or anybody who is responsible for arranging the Insured’s insurance.

c) Whether the Insured is an individual or not, what should reasonably have been revealed by a reasonable search of information available to the Insured. The information may be held within the Insured's organisation, or by any third party (including but not limited to subsidiaries, affiliates, the broker, or any other person who will be covered under the insurance). If the Insured is insuring subsidiaries, affiliates or other parties, the Insurer expects that the Insured will have included them in its enquiries, and that the Insured will inform the Insurer if it has not done so. The reasonable search may be conducted by making enquiries or by any other means.

### **Remedies for a breach of the duty of fair presentation under the Insurance Act 2015**

In the event of a breach by the insured of the duty of fair presentation the insurer may apply the following remedies if the insurer shows that, but for the breach, the insurer:

- a) would not have entered into the contract of insurance at all; or
- b) would have done so only on different terms.

A breach for which the insurer has a remedy against the insured is referred to as a "qualifying breach" and can be either;

- a) deliberate and reckless; or
- b) neither deliberate and reckless

#### *Deliberate or reckless breaches*

If a qualifying breach was deliberate or reckless, the insurer;

- (a) may avoid the contract and refuse all claims, and
- (b) need not return any of the premiums paid.

#### *Other breaches*

If a qualifying breach was neither deliberate nor reckless.

a) If, in the absence of the qualifying breach, the insurer would not have entered into the contract on any terms, the insurer may avoid the contract and refuse all claims, but must in that event return the premiums paid.

b) If the insurer would have entered into the contract, but on different terms (other than terms relating to the premium), the contract is to be treated as if it had been entered into on those different terms if the insurer so requires.

c) In addition, if the insurer would have entered into the contract (whether the terms relating to matters other than the premium would have been the same or different), but would have charged a higher premium, the insurer may reduce proportionately the amount to be paid on a claim.

"reduce proportionately" means that the insurer need pay on the claim only X% of what it would otherwise have been under an obligation to pay under the terms of the contract (or, if applicable, under the different terms provided for by virtue of paragraph b), where;

$$X = \frac{\text{Premium actually charged}}{\text{Higher premium}} \times 100$$

**SECTION A - PROPOSING BUSINESS/COMPANY REQUIRING COVER**

- Starting with the **main practice** please enter below the full names of any company/business requiring cover that are **currently trading**. If applicable, please also list any other trading styles.

**Cover will only be considered for those entities disclosed in Section 1 of the Proposal Form**

Name	Establishment Date

**Please note that we will only consider cover for activities conducted after the establishment date of the entities disclosed on this proposal form. Where the proposal form contains a question that asks whether advice or services has ever been provided the information is required from this date onwards in respect of all entities requiring cover.**

- If the proposing company/business is acting as an Appointed Representative of a directly regulated firm or network please provide the name of the principal firm.

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- Main Office Address

Telephone Number	
Fax Number	
Website Address	
E-mail Address	

- Please state below the names of any past company/business including predecessors in business for which run-off cover is required

Name	Period of trading	
	From	To

5. Please tick the box to confirm that none of entities disclosed in section 1. are Limited companies that have been wound up or have no assets

6. Please provide the following details in respect of any current or past Appointed Representatives for which cover is required

Name	Location	Appointed	Terminated	Turnover

**Cover will only be provided for the activities of Appointed Representatives of the Insured if details are provided above and they are named on the policy schedule**

**SECTION B - PRINCIPALS, ADVISERS AND STAFF**

1. Please provide the following details of all directors/partners/principals

Name	Age	Qualifications	Experience

2. Please provide the number of staff, other than the directors/partners/principals named in Question 1, in the following categories

Employed Registered Individuals	
Self Employed Registered Individuals	
Unregistered Mortgage or Protection Advisers	
Paraplanners and other Technical Staff	
Administrative Staff	

3. Please provide the number of individuals that have joined or left the business/company during the last 12 months in the following categories

	Leavers	Joiners
Employed Registered Individuals		
Self Employed Registered Individuals		
Unregistered Mortgage or Protection Advisers		
Paraplanners and other Technical Staff		
Administrative Staff		

4. Please advise whether the proposer or any director/partner/principal, employee or any other individual for whom cover is required under this policy has any financial interest in any platform, wrap or product provider or whether any other potential conflicts of interest exist?

Yes	No

5. Please advise whether any director/partner/principal, employee or any other individual for whom cover is required under this policy has been a director/partner or principal of a company that has been wound up, ceased to trade, has no assets, or has been subject to regulatory enforcement action.

Yes	No

6. Please confirm that all retail investment advisers hold a Statement of Professional Standing (SPS)

Yes	No

**SECTION C - COMPLIANCE & REGULATION**

1. Please provide details of how the Compliance Function is managed. If outsourced to a specialist provider then please provide the name

2. What proportion of new business files are checked before the recommendations are presented %

3. What proportion of new business files are checked after any recommendations are presented %

4. Please provide the location(s) of any individual not based at the **Main Office Address**

5. Was each individual referred to above the subject of a Compliance Audit in the last 12 months
- | Yes | No |
|-----|----|
|     |    |

6. Please provide the principal firms FCA authorisation number

7. Please indicate whether any proposing company/business has received, or is on notice of, a visit from a Regulator.
- | Yes | No |
|-----|----|
|     |    |

**If yes** please provide the date of the visit and a copy of the report. / /

8. If any of the proposing entities operate on a Tied or Multi-Tied basis please provide the name of the product provider(s) in the box below

9. Do any of the proposing entities offer restricted advice
- | Yes | No |
|-----|----|
|     |    |

10. **If yes** please provide details below

11. Please provide details below of any complaints or claims **ever** made against any of the proposing entities listed in sections 1 and 2 of this proposal form, and any circumstances or other notifications **ever** made on **any** professional indemnity insurance policy

Date	Summary (including transaction amount and whether claim is open or closed)	Amount Paid

12. Are any of the proposing entities aware, after making appropriate enquires with all principals, employees, self-employed persons and appointed representatives, of any claims or circumstances which may give rise to claims which have not already been notified in writing to insurers? 

<b>Yes</b>	<b>No</b>

13. Has any proposing company/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? 

<b>Yes</b>	<b>No</b>

14. Has any application for insurance on behalf of any proposing company/business or any of the present directors/partners/principals or, to the knowledge of the proposing company/business, on behalf of their predecessors in business ever been declined or has any such insurance ever been cancelled or renewal refused? 

<b>Yes</b>	<b>No</b>

15. **CURRENT INSURANCE ARRANGEMENTS**

Insurer	Renewal Date (if applicable)	Premium	Excess	Limit of Indemnity
	_/_/___			

**SECTION D – INCOME**

1. Please confirm the date of your last financial year end prior to the policy inception date

____ / ____ / ____
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2. Please advise for the financial year-end identified in Question 1 above and the previous 4 financial years (where applicable), the total gross income of all proposing companies/business generated by all principals/employees/self-employed persons and appointed representatives

Last Complete Financial Year	£
Previous Financial Year	£
Previous Financial Year	£
Previous Financial Year	£
Previous Financial Year	£

3. Please advise/estimate for the current financial year the total gross brokerage/commission/fee income that all proposing companies/business currently trading expect to achieve

£
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4. Please indicate the percentage of gross income for the last complete financial year, as disclosed in Question 1 above, derived from the following categories

	Corporate	Private
Pensions	%	%
Investment	%	%
Non-investment Insurance		
Life & Protection	%	%
General Insurance	%	%
Mortgage	%	%
Other (please provide details below)	%	%
<b>Grand Total</b>		<b>100%</b>

**SECTION E – PENSIONS AND INVESTMENTS**

1. Please indicate the number of single premium or annual investments made in the last financial year where the sum invested was;

Less than £25,000	
Equal to or more than £25,000 but less than £100,000	
Equal to or more than £100,000	

Please include annual or new investments into pensions but not Pension Transfers, Pension Switches or investment fund switches

2. Please indicate the number of investments disclosed in Question 1 above that are categorised as **Replacement Business**. For the avoidance of doubt “replacement business” means the surrender or encashment (full or partial) of any existing investment of any description with the intention of re-investing the proceeds in any other investment.

Less than £25,000	
Equal to or more than £25,000 but less than £100,000	
Equal to or more than £100,000	

3. In respect of ongoing investment advice, please indicate the number of investment portfolios advised on in the following ranges

Less than £100,000	
Equal to or more than £100,000 but less than £250,000	
Equal to or more than £250,000 but less than £500,000	
More than £500,000	

4. In terms of total client funds currently under management, please provide the top 3 investment funds

Investment Fund	Total Client Funds Invested	Number of Investments

5. The regulator has previously identified a key failure in advice as over concentration of investment in a single product or product type or asset class resulting in increased risk due to the lack of diversification. Please provide specific details of what limits you impose on investment in your clients investment portfolio, in what circumstances you may consider exceeding them and any other steps taken in order to minimise risk by diversifying investment portfolio. Continue on an additional sheet if required.



6. Have you ever recommended that a client borrow in order to invest? 

Yes	No
7. If access to funds held within an investment bond is required do you ensure that a written chargeable event calculation is obtained from the product provider prior to any surrender, partial or full? 

Yes	No
8. When e-mail instructions are received to encash any investment, is the client contacted in order to ensure the email supplying the account details for the proceeds is genuine and not from a hacked email account? 

Yes	No
9. Has any advice or services been provided with regards to any investment that has had new investment and/or redemptions suspended, had the assets re-valued or is insolvent. 

Yes	No
10. Has any advice or services been provided with regards to any investment or deposits with or in securities issued by any Financial Institution that is insolvent or is unlikely to be able to meet its obligations. 

Yes	No
11. Has any Proposing Entity **ever** provided advice or services with regards to, or arranged investment in any of the following or collective investments that have funds invested in any of the following

Product/Service	Yes	No
Structured Products		
Hedge Funds		
Unregulated Collective Investments or any other Unregulated Product/Scheme		
Split Capital Investment Trusts		
Traded Life Policies/ Viatical Settlements/Senior Life Settlements		
Traded Endowment Plans		
Bridging Finance		
Peer to Peer Lending or Crowd Funding		
Social Impact Investments		
Exchange Traded Products (ETF, ETC, ETP etc)		
Any Geared or Leveraged Investment		
Land Banking		
Own branded Collective Investment Funds		
Residential Property excluding direct buy to let investments e.g. EPUTs		
EBT, FURBS or any similar product		
Pension Fund Trustee Services		
Pension Fund Management Services		
Tax planning /mitigation schemes such as EIS, VCT, BPR etc.		
Annuity Trading		

**If you have answered YES to questions 9, 10 or 11 above then please provide details in the supplementary questionnaire at the back of this form**

12. With regards to any tax planning /mitigation schemes arranged, can you confirm;
- i) that all investors were advised as to the high risk nature of the investment 

Yes	No
- ii) that all investors were warned as to the possibility of HMRC challenging the status of the scheme and the implications of the challenge being successful 

Yes	No
- iii) that HMRC **has not** indicated that they intend to challenge the tax benefits of any product arranged on behalf of any client 

Yes	No

13. Has any Proposing Entity **ever** provided advice or services with regards to discretionary fund/portfolio management? 

Yes	No

  
Does any proposing entity have a financial interest in any DFM whose services they have recommended to a client? **If Yes please provide details below.**

Yes	No

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14. Does the Proposing entity ensure that any investment or product recommended by a Discretionary Manager are suitable and in keeping with their the clients ATR 

Yes	No
15. Does any Proposing Entity have discretionary management permissions? **If yes please request and complete the CMS Portfolio Management Questionnaire.**

Yes	No

16. i) Has the proposer provided any advice and or services with regards to transfers or opt outs from any **Defined Benefit Occupational Pension Schemes**? 

Yes	No

  
ii) Does the proposer intend to provide advice and/or services with regards to opt outs or transfers from defined benefit occupational pension schemes in the next 12 months 

Yes	No

17. i) Please provide the number of transfers from any **Defined Benefit Occupational Pension Schemes** that the proposer has arranged **since June 1994** and provide the average and largest transfer value.

Number of transfers	Average Transfer Value	Largest Transfer Value

- ii) How many of the above transfers have been arranged since 6<sup>th</sup> April 2015 

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- iii) How many transfers have been arranged for clients under the age of 55? 

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- iv) How many transfers have been arranged for clients introduced by third parties? 

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- v) What is the maximum number of transfers that have been arranged from the same Employer scheme? 

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- vi) How many clients have been advised **against** transferring after initial contact but before providing full analysis, report and recommendation? 

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- vii) How many clients have been advised **against** transferring after receiving full analysis, report and recommendation? 

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- viii) How many transfers were arranged on an insistent client basis? 

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18. Please provide the names and details of the experience and qualifications of the individuals authorised by the proposer to provide Pension Transfer advice.

Names	Qualifications	Experience

19. Please provide the number of transfers to a **QROPS, QNUPS or any similar product** that any of the proposing entities has **ever** arranged and provide the average and largest transfer value

Number of transfers	Average Transfer Value	Largest Transfer Value

20. Have any QROPS, QNUPS or similar products been arranged for a client that has remained a UK resident after the transfer? 

Yes	No



21. Have any of the proposing entities ever provided any advice or services with regards to any pension busting, liberation or unlocking scheme or any other arrangement that seeks to circumvent HMRC rules? 

Yes	No
22. Have any of the proposing entities advised a client not to take a Guaranteed Annuity Rate (GAR). 

Yes	No
23. In all instances where a client has been advised to give up a GAR, please confirm that they have been provided with details of the income available under the GAR. 

Yes	No
24. Do any of the proposing entities provide advice/services with regards to Auto Enrolment? **If Yes, please provide details in the Additional Information section**

Yes	No
25. Please complete this question if any Proposing Entity has transacted/given advice in respect of **Unsecured Pensions** - please include Drawdown, Phased Retirement, 3<sup>rd</sup> Way products or Alternatively Secured Pensions, Flexi-Drawdown. If not, please put 'not applicable'.

	Number of cases transacted where original fund value was less than £100,000	Number of cases transacted where original fund value was between £100,000 and £300,000	Number of cases transacted where original fund value was over £300,000	Largest original fund value	Number of Annuity cases transacted (excluding Phased Retirement cases)
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017					
2018					
2019					

- i) How many of the above cases took greater than 25% of the fund as a lump sum? 

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- ii) Were any of these transactions arranged on an “insistent client” basis? 

YES	NO
- iii) If yes, was the guidance on the FCA factsheet No. 035 “Pension reforms and insistent clients” followed? 

Yes	No
- iv) Were the taxation implications of taking greater than 25% of the fund as a lump sum discussed with, and illustrated to, all clients ? 

YES	NO
- v) Were the ramifications of taking greater than 25% of the fund as a lump sum on income in retirement discussed with and clearly illustrated to all clients ? 

YES	NO

26. Please provide the number of Pension Switches made to Self Invested Personal Pensions (SIPP)

Year	Number of Switches	Average Fund Value	Largest Fund Value
2014			
2015			
2016			
2017			
2018			
2019			

i) What percentage of switches have been made to schemes that are more expensive than the ceding scheme or a stakeholder plan?

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ii) Please provide the name of the top 3 receiving schemes product provider

Provider	Percentage of Switches

27. Have any of the proposing entities arranged a Self Invested Personal Pension (SIPP) for a client without advising on the suitability of the investments to be held within the SIPP?

Yes	No

28. Have any of the proposing entities ever operated their own SIPP?

Yes	No

29. Have any of the proposing entities arranged a SIPP for the purpose of investing in residential or overseas property or any investment that invests in either?

Yes	No

**If answer is Yes to 27, 28 or 29 please provide details below**

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**SECTION F – MORTGAGES**

1. In respect of income from mortgage advice, please confirm the proportion of income derived from the following areas.

<b>Residential Mortgage</b>	%
<b>Sub-Prime Mortgages</b>	%
<b>Self Certification Mortgages</b>	%
<b>Buy to Let Mortgages</b>	%
<b>Commercial Mortgages (ex Buy to Let)</b>	%
<b>Secured Loans</b>	%
<b>Equity Release/Home Reversion/Lifetime Mortgages/Sale and Rent Back</b>	%
<b>Other</b>	%

2. Has any proposing entity provided advice/services with regards to Sale and Rent Back? 

Yes	No
3. Please indicate the number of Home Income Plans, Equity Release Schemes or Home Reversion Schemes arranged/advised upon by the Proposing Entities.
4. Do all products arranged comply with Safe Home Income Plans (SHIP) standards? 

Yes	No
5. 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
6. Were the beneficiaries of the clients estate informed and is evidence of this recorded on file for each of the plans arranged? 

Yes	No
7. Have any of the proposing entities ever arranged **payment protection insurance (PPI)**? If yes please provide a schedule of policies arranged. 

Yes	No

**DECLARATION**

I/we declare that I/we have made a fair presentation of the risk, by disclosing all material matters which I/we know or ought to know or, failing that, by giving the insurer sufficient information to put a prudent insurer on notice that it needs to make further enquiries in order to reveal material circumstances

Signature of Director/Partner/Principal

Name

Date

**ADDITIONAL INFORMATION**

A large empty rectangular box intended for providing additional information.

### Marketing

Collegiate would like the opportunity to send you relevant information which may be of interest to your business, including product and industry news. By ticking the boxes below, you are consenting to the use of your data for the purpose of marketing activities only. The data will be used only by Collegiate and will never be sold or passed onto third party companies for marketing purposes.

Please let us know if you would like us to contact you by any of the below means:

Yes, I would like to receive Marketing Communications by:

Post                       Email                       Phone                       SMS

Your consent and preference options can be updated or withdrawn anytime by clicking the unsubscribe link on our communications

### Data Protection

Collegiate Management Services Ltd (the Data Controller) are committed to protecting and respecting your privacy in accordance with the current Data Protection Legislation. Below is a summary of the main ways in which we process your personal data, for more information please visit our website at [www.collegiate.co.uk](http://www.collegiate.co.uk)

We may use the personal data we hold about you for the purposes of providing insurance, handling claims and any other related purposes, for offering renewal, research or statistical purposes and to provide you with information, products or services that you request from us or which we feel may interest you. We will also use your data to safeguard against fraud and money laundering and to meet our general legal or regulatory obligations.

We may disclose your personal data to third parties involved in providing products or services to us, or to service providers who perform services on our behalf. These include our group companies, affinity partners, brokers, agents, third party administrators, reinsurers, other insurance intermediaries, insurance reference bureaus, credit agencies, fraud detection agencies, loss adjusters, solicitors/barristers, accountants, regulatory authorities, and as may be required by law.

We may transfer your personal data to destinations outside the European Economic Area ("EEA"), and we will ensure that it is treated securely and in accordance with the Legislation.

You have the right to ask us not to process your data for marketing purposes, to see a copy of the personal information we hold about you, to have your data deleted (subject to certain exemptions), to have any inaccurate or misleading data corrected or deleted, to restrict processing, to ask us to provide a copy of your data to any controller and to lodge a complaint with the local data protection authority.

Your data will not be retained for longer than is necessary, and will be managed in accordance with our data retention policy. In most cases, the retention period will be for maximum period of 7 years following the expiry of our business relationship with you, unless we are required to retain the data for a longer period due to business, legal or regulatory requirements.

**If you have answered YES to questions 9, 10 or 11 in Section E above then please provide details in table below**

Name of Investor	Date of Investment	Value of client's investment portfolio	Product	Original Investment Value	Current Value	Date of Valuation