

Q & A INSURANCE COMMISSION & RELATED MATTERS

Introduction

We have prepared this guide to explain how we arrange property insurance on your behalf. If you need further information, please do not hesitate to contact insurance@speirsgumley.com.

Who is this guidance for?

This guidance is for homeowners who receive insurance services from us as their Managing Agent.

What types of insurance do you arrange?

Typically we arrange common buildings insurance, engineering (lift) insurance and public liability for managed properties.

Are you regulated by the FCA?

Yes, all Managing Agents who transact insurance business for their clients must be regulated by the FCA. We are required to submit 6 monthly declarations in relation to premiums transacted and commission received. Our FRN number is 302676.

Do you charge us an insurance fee?

No, we do not charge homeowners any fee for insurance services. We do however receive a commission from your Insurer for the services which we undertake on their behalf.

How much commission do you receive from the Insurer?

We have negotiated the following commission rates with the Insurer/Broker.

Buildings	24.50%
Engineering	20.00%
Liability	17.50%
Terrorism	3.00%

The Broker is paid a 5% commission by the Insurer.

Why do you receive a commission from the Insurer?

We undertake a considerable amount of administration on behalf of the Insurer, issuing the majority of your insurance related paperwork. All claims are managed by our fully

staffed 'in-house' insurance team and we do not outsource claims management to third parties. As the initial point of contact for claims, we need to obtain as much background information as quickly as possible in order to process a claim. During that process we liaise with the homeowner who made the call, we then make contact with all other affected homeowners and organise the appropriate contractor response. Often, the Property Inspector will visit the building to oversee the initial response accompanied, when appropriate, with a Claims Handler from our Insurance Team. In some cases we may be required to hand deliver notices to homeowners to make them aware of the claims loss and to explain our contingency arrangements.

Is insurance commission standard within the industry?

Yes, many Property Factors receive insurance related commission; however, unlike Speirs Gumley they often do not provide the hands on internal claims management service which is a feature of our management service.

Does this work not fall under your management fee?

No, our management fee for your property reflects the core management services that we provide, as defined in our Written Statement of Service. The management of insurance claims and other insurance related administration does not form part of this core service. In such circumstances our management fee would be increased to offset the shortfall in our income for the provision of our management service.

Can you arrange insurance for me on a "no commission" basis?

Commission received by us forms part of our remuneration for the services described. Placing policies on a no commission basis would result in us having to increase our fee to offset the shortfall in our income for the provision of our management service.

Do you have delegated authority to agree my claim on behalf of the Insurer?

No, we do not have delegated authority to agree claims and the ultimate decision to agree or pay a claim will rest with the Broker or the Insurer. However, we do manage the process and ensure that claims are progressed in your best interest.

How quickly are claims dealt with?

This varies depending upon the size and complexity of the claim. We report all claims losses to the Insurer on the same day. We have recently negotiated with our Insurance Broker that where a claim reinstatement cost is less than £1,000, our clients need only provide one quotation. We can obtain that quotation on your behalf from reputable tradesmen to minimise your inconvenience.