

Q & A INSURANCE COMMISSION & RELATED MATTERS

Introduction

We have prepared this guide to explain how we arrange property insurance on your behalf, as Factor. 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.

What types of insurance do we arrange?

We arrange common buildings insurance, engineering (lift) insurance and public liability for managed properties, as a requirement of Deed of Condition provisions, or as instructed by our clients.

Are we 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 we charge you 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 we receive from the Insurer?

We receive commission at the following rates from the Insurer.

For policies renewed via Deacon Insurance (to 31 October 2020)

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

Deacon is paid 5% commission by the Insurer

For policies renewed with Marsh Insurance (from 31 October 2020)

Buildings	22.75%
Engineering	20.00%
Liability	17.50%
Terrorism	3.00%

Marsh is paid a 4.4% commission by the Insurer on the 31 October 2020 renewal, and 5% for new or mid-term instructions.

Why do we 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. Claims are handled by our 'in-house' insurance team and as the initial point of contact we handle the first notification of loss, obtaining as much background information as quickly as possible in order to process your claim. During that process we liaise with you on the claims process, if necessary making contact with any other affected homeowners and organising appropriate contractor response. In more complex claims your Property Inspector may visit the building to assist, wherever possible and appropriate. The claims process will also be fully supported by professional 3rd party loss adjuster visit to affected property, where the loss is significant and the insurer deems this necessary.

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 insurance associated work not fall under our management fee?

No, our management fee for your property reflects the core management service 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 we arrange insurance for owners 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 we have delegated authority to agree claims 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 within acceptable timescales.

How quickly are claims dealt with?

This is dependent upon a number of variable factors, such as the size and complexity of the claim, the availability of contractors, access to property, and so on. We report all claims losses to the Insurer on the same day received and generally we will have a response within 3 days from the insurer or loss adjuster as to the next step. 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.