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## *Association of Mortgage Intermediaries' response to "Product value and coronavirus: draft guidance for insurance firms"*

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Association of Mortgage Intermediaries (AMI) is the trade association representing over 80% of UK mortgage intermediaries.

Intermediaries active in this market act on behalf of the consumer in selecting an appropriate lender and product to meet the individual consumer's mortgage requirements. AMI members also provide access to associated protection products.

Our members are authorised and regulated by the Financial Conduct Authority (FCA) to carry out mortgage, insurance mediation and consumer credit activities. Firms range from sole traders through to national firms and networks, with thousands of advisers.

### Our comments

AMI would like clarification on whether this guidance is limited to an insurer reviewing the content of their policies at product level (e.g. whether they can provide the contractual benefit, or the underlying event can no longer happen) and that there will not be the expectation on advisers to review policies against individual consumers. We interpret it that the onus is on the product manufacturers and providers only but would appreciate clarification on this point.

If advisers are expected to review areas such as: products offered, suitability of products and any add-ons, marketing of these products and provider panels then intermediary firms would need reasonable time to carry this out (i.e. they would also require a six month timeframe to decide on the resulting action).

It is important that, once insurers have decided on their actions for specific product lines, they communicate this promptly with not only the customer but also intermediary firms (if an intermediated transaction). This is so advisers can provide the correct advice to the customer.

Also, should an insurer make changes to a product that will impact the premium paid by the customer and subsequent broker commission, the intermediary should be notified as soon as reasonably possible of the commission clawback amount. This will assist an intermediary's cashflow management during the coronavirus crisis.

We note that in the finalised guidance for customers in financial difficulty due to coronavirus the FCA stated that all firms in the distribution chain should work together to ensure that the best outcomes are achieved and that the customer is being treated fairly. We encourage the FCA to also add this point within the finalised guidance on product value.