

# Commission Summary Document

*The Intermediary (Broker) acts between you, the consumer, and the product provider with whom they place business.*

## **The background**

Pursuant to provision 4.58A of the Central Bank of Ireland's September 2019 Addendum to the Consumer Protection Code, all intermediaries, must make available in their public offices, or on their website if they have one, a summary of the details of all arrangements for any fee, commission, other reward or remuneration provided to the intermediary which it has agreed with its product producers.

## **What is commission?**

For the purpose of this document, commission is the payment earned by the intermediary for work undertaken on behalf of both the provider and the consumer. The amount of commission is generally directly related to the premium or value of the products sold. There are different types of commission models:

**Single commission model:** where payment is made to the intermediary shortly after the sale is completed and is based on a percentage of the premium paid/amount invested/amount borrowed.

**Trail/Renewal commission model:** Further payments at intervals are paid throughout the life span of the product.

## **Indemnity commission**

Indemnity commission is the term used to describe a commission payment made before the commission is deemed to be 'earned'. Indemnity commission may be subject to a clawback (see below) if the consumer lapses or cancels the product before the commission is deemed to be earned. Other forms of indemnity commission are advances of commission for future sales granted to intermediaries in order to assist with set up costs or business development.

## **Life Assurance/Investments/Pension products**

For Life Assurance products commission is divided into initial commission and renewal commission (related to premium), fund based or trail relating to accumulated fund.

Trail commission, bullet commission, fund based or renewal commission are all terms used for ongoing payments. Where an investment fund is being built up through an insurance-based investment product or a pension product, the increments may be based on a percentage of the value of the fund or the annual premium. For a single premium/lump sum product, the increment is generally based on the value of the fund.

Examples of products include Life Protection, Regular Premium Life Assurance Investments, Single Premium (lump sum) Insurance-based Investments, and Single Premium Pensions.

## **Clawback**

Clawback is an obligation on the intermediary to repay unearned commission. Commission can be paid directly after a contract is concluded but is not deemed to be 'earned' until after a specified

period of time. If the consumer cancels or withdraws from the financial product within the specified time, the intermediary must return commission to the product producer.

**Fees**

The firm may also be remunerated by fee by the product producer such as policy fee, admin fee, or in the case of investment firms, advisory fees.

**Other Fees, Administrative Costs/ Non-Monetary Benefits**

A non-monetary benefit could include (but is not limited to):

- Attendance at product provider seminars
- Industry Educational Seminars
- Use of Product Providers resources
- Co-branded literature
- Product Provider hospitality
- Assistance with Advertising/Branding

## Standard Commission Terms

**Flexible Protection, Mortgage Protection Plan, Personal and Executive Pension Term Assurance**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7 +
22% - 150%	3% - 22%	3% - 22%	3% - 22%	3% - 22%	3% - 22%	3% - 22%

**Personal & Executive Income Protection & WageProtector**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7 +
30% - 200%	15% - 30%	15% - 30%	15% - 30%	3% - 30%	3% - 30%	3% - 30%

## Unit Linked Products

	Heritage Aviva Product				Heritage Friends Product		
	Initial	Trail	Bullet		Initial	Trail	Bullet
<b>Single Contribution Pension</b>							
Default	n/a	n/a	n/a		n/a	n/a	n/a
Max	5%	1%	n/a		5%	0.75%	n/a
<b>Single Contribution PRSA</b>							
Default	n/a	n/a	n/a		n/a	n/a	n/a
Max	4%	0.50%	n/a		7.50%	0.25%	n/a
<b>Approved (Minimum) Retirement Funds</b>							
Default	n/a	n/a	n/a		n/a	n/a	n/a
Max	5%	1%	n/a		5%	0.75%	n/a
<b>Annuities</b>							
Default	2%	n/a	n/a		2%	n/a	n/a
Max	3%	n/a	n/a		3%	n/a	n/a
<b>Investment Bonds</b>							
Default	n/a	n/a	n/a		n/a	n/a	n/a
Max	5%	1%	n/a		4%	0.75%	n/a
<b>Investment Only</b>							
Default	n/a	n/a	n/a		n/a	n/a	n/a
Max	1%	1%	n/a		5%	0.75%	n/a
<b>Regular Contribution Pension</b>							
Default	n/a	n/a	n/a		n/a	n/a	n/a
Max	15%	1%	40%		25%	0.75%	n/a
<b>Regular Contribution PRSA</b>							
Default	n/a	n/a	n/a		n/a	n/a	n/a
Max	22.50%	0.50%	n/a		17.50%	0.25%	n/a
<b>Savings Plan</b>							
Default	n/a	n/a	n/a		10%	n/a	n/a
Max	15%	1%	n/a		10%	0.75%	n/a

## Group Life

	Yr1	Yr2+
Default	Flat commission of either 0% or 6%	0% or 6% each year thereafter
Max	6%	6%

## Group Income protection

	Yr1	Yr2+
Default	Flat commission of either 0% or 12.5%	0 or 12.5% each year thereafter
Max	12.5%	12.5%

