



FINANCIAL REGULATOR *Rialtóir Airgeadais*

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Settlement Agreement between the Financial Regulator and McHugh O'Leary Insurance Brokers Ltd t/a McHugh O'Leary Insurances

The Financial Regulator has entered into a Settlement Agreement with effect from 18 December 2009 with McHugh O'Leary Insurance Brokers Ltd t/a McHugh O'Leary Insurances (the 'firm') of 15 Dublin Street, Carlow, Co. Carlow, a regulated financial service provider, in relation to breaches of regulatory requirements.

The Financial Regulator has reasonable cause to suspect that breaches of regulatory requirements occurred in relation to the failure of the firm to comply with certain provisions of the Consumer Protection Code (the Code) and the Handbook for Restricted Activity Investment Product Intermediaries (the Handbook). These related in particular to the sale of commercial lines insurance.

The Financial Regulator has reprimanded the firm and required it to pay a fine of €18,000.

These suspected breaches were discovered during the course of the Financial Regulator's Themed Inspections into 'Charges and Premium Rebates in the Insurance Intermediary Sector' and relate, inter alia, to a failure by the firm to act in the best interests of its customers during the period 1 August 2004 to 30 June 2007 by applying (a) broker fees and (b) administration charges in respect of rebates which were in excess of the maximum fees advised in the firm's terms of business document resulting in certain customers being overcharged.

These suspected breaches highlight a failure on the part of the firm to have adequate systems and controls in place to ensure compliance with the requirements of the Code and the Handbook.

The Financial Regulator does not believe the actions of the firm were deliberate.

The Financial Regulator confirms that the firm undertook immediate steps from the date of the Financial Regulator's inspection to rectify the issues that were identified on foot of the inspection and underwent a full review by an independent audit of all fees charged by the firm. The firm also engaged training and compliance consultants to assist in the implementation of new procedures and controls by the firm to prevent reoccurrence. The firm has confirmed that it has made full and prompt refunds with appropriate interest to all affected customers.

The Financial Regulator confirms that no customer has made a complaint directly to it in relation to the suspected breaches.

The Financial Regulator confirms that the firm co-operated fully with the examination and that the matter is now closed.

Industry should note that it is the view of the Financial Regulator that a regulated entity's Terms of Business is an important document in which a firm is required to set out the basis upon which it will conduct its business with consumers. It is therefore of the utmost importance that firms adhere to the terms of this document, particularly in respect of the fees and charges advised to consumers. Firms are advised to review their Terms of Business document on a regular basis to ensure that it accurately reflects the terms upon which services are provided to consumers at that time.