

From: Paul McGrady [REDACTED]
Sent: 28 April 2016 15:14
To: levyconsultation
Subject: New Levy Methodology for Retail Intermediaries

Dear sirs,

In relation to your consultation paper (CP 102) we would raise following issue which needs further clarification :-

Is the term 'Commission' defined as Gross Commission or Retained Commission ?

With regard to Wholesale brokers or Managing General Agencies (MGA's), there is usually a commission figure agreed between the Wholesaler/MGA and the Insurer. This would be the Gross Commission. This commission is partially retained by the Wholesaler/MGA and the remainder is ceded to the introducing broker. Therefore the Wholesaler/MGA would only retain a proportion of the Gross Commission. If the new methodology defines 'Commission' as the Gross commission then this commission would be disclosed by the Wholesaler/MGA and the ceded element would also be disclosed by the introducing broker and in effect would be double counted.

We believe that the best definition of 'Commission' would be the commission retained by the Wholesaler/MGA after ceding part of the gross commission to the originating broker.

Regards,

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