

LOCUM CHECKLIST

Information to capture for members seeking a locum adviser

How does a locum adviser fit in with your plans to continue to service your clients in the event that you are not available?

It could be a long holiday or an unexpected event that requires someone else to step in and look after your business when you cannot. Planning for this type of event is key to being able to continually meet your FAP licence conditions.

This checklist covers the information you need to capture, what to cover in your locum adviser agreement or contract, and who to notify.

Your Business Continuity Plan should refer to this plan with all the details required to activate this arrangement.

Remember to keep your clients front of mind throughout this process.

LOCUM ADVISER REQUIREMENTS AND INFORMATION

- Contact details
- FSPR details – correctly registered
- FAP or FA on another FAP
- Declaration – fit and proper (no conduct issues)
- Relevant competence knowledge and skill to service your clients
- Relevant product provider accreditations to service your clients
- Insurance advisers – are agency agreements in place?
- Mortgage advisers – same aggregator or Head group as you?
- Do they have the capacity to service your clients over a short/medium/longer term?
- CRM currently being used and other IT systems or tools

WHAT TO COVER IN YOUR WRITTEN AGREEMENT OR CONTRACT

- Under what circumstances is the agreement is activated?
- Under what circumstances does the agreement cease?
- How is the locum notified (via legal representative or other)?
- What is the delegated authority for the locum adviser?
- What FAP License is the advice given (Adviser or Locum's)?
- Contacting clients – how and when to do this (medium to longer term)?
- Remuneration or commissions paid for business written during locum period
- Accessing CRM and important systems (passwords and contacts)
- Other key partners to report in with (Head Group for mortgages)
- Ownership of clients (new clients and existing clients looked after)
- Place of work
- Professional Indemnity Cover
- Administration support - if applicable, would any of your staff support the locum?
- Standard documents and templates

ACTIVATION OF AGREEMENT - NOTIFY THE FOLLOWING:

- Locum adviser
- FMA (if longer than 3 months)
- Your Head Group (mortgage aggregation only)
- Product Providers
- PI insurer
- Disputes Scheme
- Your clients

NOTIFICATION TO YOUR KEY BUSINESS PARTNERS (ADDITIONAL NOTES)

PRODUCT PROVIDERS - MORTGAGES

- The aggregator you belong to would initiate the contact with the lenders to advise them who is looking after your clients and under what FAP the advice will be provided during the locums engagement period.
- Any clients mid-way through a loan application process would need to be contacted and a handover to the locum arranged to progress the application.
- Any changes in regards to commission payment would need to be addressed at this point.

PRODUCT PROVIDERS – INSURANCE AND INVESTMENTS

- The locum who has been formally appointed would contact the product providers to advise of the activation of the agreement and under what circumstances this covers.

Provide the agreement to verify:

- the level of delegated authority and decision making provisions per the provider and licensee relationship (e.g. commission arrangements)
- What information the provider can or cannot provide about the licensee's business to the locum
- The expiry date/time of the appointment (if known)
- Access to customer information systems if required.

PI SCHEME PROVIDER

- Notify your insurer of any business disruptions and details of the Locum adviser looking after your clients and the agreement details.

DISPUTES SCHEME

- DRS to be advised of the arrangement and locums details including the period the locum was acting for the FAP. Were they a member of the same scheme as the FAP?
- Once the locum arrangement ended, if there was a complaint about the locum, how would this be handled down the track by both the FAP and the locum (depending who's license the advice was provided under)?
- Good provisions for record keeping needs to be assured in this agreement up front along with how complaints were dealt with. Disclosure provided at the relevant times to the clients to be verified.

FMA

- **Standard condition 7 - Notification of material changes.** You must notify FMA in writing within 10 working days that you have implemented a material change to the nature, or manner in which you provide your financial advice service.
- If you are a **class 1 licence holder** and you engage a locum for a period of **3 continual months** or longer to provide regulated financial advice on your behalf you must notify FMA as above.