



Feedback on Consultation No.11 2023

Financial Services (Jersey) Law 1998:

General Insurance Mediation Business Fees

Money Service Business Fees

This reports on responses received by the Jersey Financial Services Commission (JFSC) on Consultation No. 11 2023 published in November 2023.

Issued: April 2024

Glossary of terms

Defined terms are indicated throughout this document as follows:

JFSC	Jersey Financial Services Commission
Commission Law	Financial Services Commission (Jersey) Law 1998, as amended
FSJL	Financial Services (Jersey) Law 1998, as amended
GIMB	General Insurance Mediation Business
MSB	Money Service Business

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1 Executive summary

1.1 Overview

- 1.1.1 We issued Consultation No. 11, 2023 in November 2023 proposing an increase of 10.1% in fee rates for general insurance mediation businesses and money service businesses.
- 1.1.2 We received one response to the consultation.
- 1.1.3 We are grateful to the respondent for taking the time to consider and comment on the proposals. We set out a summary of the response and our feedback in the next section.
- 1.1.4 Taking account of the feedback received, we will proceed with a fee increase of 6% rather than the initial 10.1% increase proposed.
- 1.1.5 Since the closure of the consultation, we have appointed KPMG to advise us on our funding model and structure (the **Fee Review**). The output of their work will feed into and help shape our future fee funding model.

1.2 Next steps

- 1.2.1 The revised fees are effective from 1 January 2024.
- 1.2.2 Relevant firms will receive notification via myJFSC that either an invoice is available or that they need to provide data for their fees to be calculated.
- 1.2.3 Where data needs to be provided to us, such data should be provided no later than 24 May 2024.
- 1.2.4 In accordance with the fee notices, the due date for payment of annual fees shall be four weeks from receipt of your invoice.
- 1.2.5 Late payment may incur fees as detailed in the fees notice.

2 Consultation Feedback

2.1 Overview

- 2.1.1 We received one response to the consultation from a General Insurance Mediation Business (GIMB).
- 2.1.2 Jersey Finance confirmed they had not received any industry comments to pass on to us in relation to this consultation.

2.2 Feedback received:

- 2.2.1 The respondents did not agree with the proposed fee increase of RPI (10.1%).
- 2.2.2 The respondent disagreed on the grounds “that it appears unjustified, provides poor customer outcomes and is contrary to evidence published elsewhere”.
- 2.2.3 The respondent also noted that all increases in cost would, ultimately, be passed to the consumer.
- 2.2.4 The respondent accepted that inflation has impacted all quarters of the economy. They challenged however that no evidence was offered on the impact of inflation on our supervision of GIMB and MSB specifically.

JFSC response:

2.2.5 We were seeking an overall increase in the level of fees linked to the September 2023 RPI. This was based on the market conditions at the time, our forecast requirements for 2024 and our financial position at the time.

2.2.6 In particular, our assessment took into account:

- 2.2.6.1 the need to retain and recruit skilled employees
- 2.2.6.2 the technology infrastructure necessary to ensure we can continue to meet our international regulatory obligations
- 2.2.6.3 the fact that our building is now not fit for purpose and incremental improvements are no longer a viable option. We therefore need to move to new office premises which are modest, appropriate and effective
- 2.2.6.4 the need to maintain our reserves

2.2.7 Our assessment of our financial needs for 2024 were based on the assumption that future costs and expense inflation would not vary significantly from the September RPI. The December 2023 RPI decreased significantly however to 7.5%. We have therefore reviewed our forecasting requirements again and will not be proceeding with a 10.1% increase in fees. We will instead be proceeding with a 6% increase in fees.

2.2.8 Throughout 2023, we delivered a range of improvements, including but not limited to:

- 2.2.8.1 introducing the ability for entities to administer their own users and roles online
- 2.2.8.2 a new portal user authentication was rolled out, reducing the number of times users need to authenticate
- 2.2.8.3 introducing the new 'Supervisory Bodies' and 'Material Change' online application forms
- 2.2.8.4 deploying new highly secure and more universally recognised electronic file sharing software to improve interaction with external agencies

2.2.9 However, we recognise there is still more to do, and we remain committed to continual improvement that will deliver efficiency for all stakeholders.

Appendix A – GIMB Fees Notice

Notice of Fees

Published in accordance with:	Article 15 of the Financial Services Commission (Jersey) Law 1998, as amended
Payable by or in relation to:	General Insurance Mediation Business Articles 8(3) and 9(6) of the Financial Services (Jersey) Law 1998, as amended; and
Pursuant to:	Article 15(6) of the Financial Services Commission (Jersey) Law 1998, as amended
Commencement date:	The fees set out in this notice and the attached schedule are effective for the period from 1 January – 31 December 2024

1 Interpretation

1.1 In this notice, unless the context otherwise requires –

Brokerage income	Means: (a) In relation to a registered person who carries on general insurance mediation business activities from within Jersey, the net retained brokerage or income arising within or outside of Jersey; and (b) In relation to a registered person who carries on general insurance mediation business activities in Jersey from outside Jersey, the net retained brokerage and other income arising from such activities in Jersey by the registered person
JFSC	Means the Jersey Financial Services Commission
Law	Means the Financial Services (Jersey) Law 1998, as amended

2 Application fee

2.1 For the purposes of Article 8(3)(c) of the Law (which Article allows fees that are to accompany applications for registration to be published), the fee specified in an entry in column 3 of Schedule 1 is prescribed in respect of applications for registration in relation to the class of general insurance mediation business specified in the entry opposite in column 2 of the Schedule.

3 Annual fee

3.1 For the purposes of Article 9(6) of the Law (which Article allows fees payable by registered persons to be published) a person:

- (a) within class S of Table 1, Schedule 3, shall pay for each year of registration (other than the year in which the person is first so registered) the annual fee set out opposite that class in column 4 of Table 1, Schedule 2
- (b) who is:
 - (i) within class P, Q or R of Table 1, Schedule 2 and

- (ii) whose brokerage income for the accounting year that ended in the year before the registration year for which the fee is payable is within a range specified opposite that class in column 2 of Table 1, Schedule 2

shall pay, for each year of registration, (other than the year in which the person is first so registered) the annual fee set out in column 4 of Table 1, Schedule 2.

(c) who is:

- (i) within class P, Q, R or S specified in Schedule 1, as determined in accordance with column 2 of that Schedule and
- (ii) within the description of general insurance mediation business in column 1 of Table 2, Schedule 2

shall pay for each year of registration (other than the year in which the person is first so registered) the annual fee set out in column 2 of Table 2, Schedule 2.

4 Late payment of fees and/or late submission of fees information

- 4.1 The due date for the JFSC to receive the annual fee is four weeks from receipt of your invoice.
- 4.2 If the annual fee is not received by the JFSC by the due date, an additional late payment fee of 5% of the unpaid principal amount will be applied on the day after the due date and on the 1st day of each calendar month after that.
- 4.3 If the firm does not supply the required information to calculate its annual fee by 24 May 2024, an administration fee of £200 will be charged the day after the due date and on the 1st day of each calendar month after that while the information is still outstanding. This is in addition to the late payment fee set out in paragraph 4.2 which will be calculated once the information has been submitted.

5 Late filing fees

- 5.1 If a registered person fails to file or deliver any document, including in respect of supervisory risk data, to the JFSC under the provisions of the Law or under any provisions of any Order issued in accordance with the Law on or before the date that the document becomes due, the registered person shall be liable to pay a fee of £100 for each complete month or part thereof that the document remains un-filed or undelivered unless the registered person has given the JFSC prior written notice of the reasons for the late filing or delivery of a document and the JFSC has agreed in writing that the filing may be late. Any such later agreed date shall become the due date for the purpose of the calculation and the payment of late filing fees.

Schedule 1: Prescribed classes and application fees

Class reference	Description of class of business	Application fee
P	Carrying on general insurance mediation business (other than incidental general insurance mediation business), not carrying on any other class of financial service business and not being a business that is within Class Q.	£8,798
Q	<p>Carrying on general insurance mediation business (including incidental general insurance mediation business):</p> <p>(a) in addition to carrying on:</p> <ul style="list-style-type: none"> (i) any class of financial service business other than general insurance mediation business; or (ii) any other business authorized under the Banking Business (Jersey) Law 1991, the Collective Investment Funds (Jersey) Law 1988 or the Insurance Business (Jersey) Law 1996; or <p>(b) as a company that is part of a group, where another part of the group carries on:</p> <ul style="list-style-type: none"> (i) any class of financial service business other than general insurance mediation business; or (ii) any other business authorized under the Banking Business (Jersey) Law 1991, the Collective Investment Funds (Jersey) Law 1988 or the Insurance Business (Jersey) Law 1996. 	£4,399
R	<p>Carrying on incidental general insurance mediation business, if:</p> <p>(a) the business includes the giving of advice on the terms, conditions or suitability of the policy being proposed; and</p> <p>(b) the business to which the general insurance mediation business is incidental:</p> <ul style="list-style-type: none"> (i) is not within a class of financial service business, and (ii) is not business authorized under the Banking Business (Jersey) Law 1991, the Collective Investment Funds (Jersey) Law 1988 or the Insurance Business (Jersey) Law 1996. 	£4,399
S	<p>Carrying on incidental general insurance mediation business, if:</p> <p>(a) the business does not include the giving of advice on the terms, conditions or suitability of the policy being proposed; and</p> <p>(b) the business to which the general insurance mediation business is incidental:</p> <ul style="list-style-type: none"> (i) is not within a class of financial service business, and (ii) is not business authorized under the Banking Business (Jersey) Law 1991, the Collective Investment Funds (Jersey) Law 1988 or the Insurance Business (Jersey) Law 1996. 	£148

Schedule 2: Annual Fees (Table 1)

Class	Description	Brokerage Income	Annual fee
P	A person who is within Class P as determined in accordance with Schedule 1 and who is not a person within Table 2.	(a) £0 to £49,999	£2,703
		(b) £50,000 to £99,999	£4,447
		(c) £100,000 to £499,999	£5,936
		(d) £500,000 to £999,999	£7,420
		(e) £1,000,000 to £2,499,999	£8,904
		(f) £2,500,000 to £4,999,999	£11,872
		(g) £5,000,000 or more	£14,840
Q	A person who is within Class Q as determined in accordance with Schedule 1 and who is not a person within Table 2.	(a) £0 to £49,999	£1,346
		(b) £50,000 to £99,999	£2,253
		(c) £100,000 to £499,999	£2,973
		(d) £500,000 to £999,999	£3,737
		(e) £1,000,000 to £2,499,999	£4,447
		(f) £2,500,000 to £4,999,999	£5,936
		(g) £5,000,000 or more	£7,420
R	A person who is within Class R as determined in accordance with Schedule 1 and who is not a person within Table 2.	(a) £0 to £49,999	£705
		(b) £50,000 to £99,999	£1,155
		(c) £100,000 to £499,999	£1,484
		(d) £500,000 to £999,999	£1,876
		(e) £1,000,000 to £2,499,999	£2,253
		(f) £2,500,000 to £4,999,999	£2,968
		(g) £5,000,000 or more	£3,737
S	A person who is within Class S as determined in accordance with Schedule 1 and who is not a person within Table 2.		£90

Schedule 2: Annual Fees (Table 2)

Description	Annual fee
<p>A person who:</p> <ul style="list-style-type: none"> (a) has a place of business in Jersey from which the person carries on general insurance mediation business in or from within Jersey; or (b) is a company incorporated in Jersey, <p>and who:</p> <ul style="list-style-type: none"> (c) is within Class P, Q, R or S as determined in accordance with Schedule 1, and (d) is exempted, under an Order made under Article 17 (see (i) below) or Article 20 (see (ii) below) of the Law in relation to general insurance mediation business, from the application of that Order (see (iii) below). 	£90

- (i) Where Article 17 of the Law relates to the Financial Services (General Insurance Mediation Business (Accounts, Audits, Reports and Solvency)) (Jersey) Order 2005.
- (ii) Where Article 20 of the Law relates to the Financial Services (General Insurance Mediation Business (Client Assets)) (Jersey) Order 2005.
- (iii) Where an exemption under one or other of the General Insurance Mediation Business Orders has been granted by the Commission on the basis that the registered person is an appropriately regulated person in respect of general insurance mediation business in accordance with the criteria set out under:
 1. Article 21(3) of the Financial Services (General Insurance Mediation Business (Accounts, Audits, Reports and Solvency)) (Jersey) Order 2005; and/or
 2. Article 20(3) of the Financial Services (General Insurance Mediation Business (Client Assets)) (Jersey) Order 2005.

Appendix B –MSB Fees Notice

Notice of Fees

Published in accordance with:	Article 15 of the Financial Services Commission (Jersey) Law 1998, as amended
Payable by or in relation to:	Money Service Business Articles 8(3) and 9(6) of the Financial Services (Jersey) Law 1998, as amended; and
Pursuant to:	 Article 15(6) of the Financial Services Commission (Jersey) Law 1998, as amended
Commencement date:	The fees set out in this notice and the attached schedule are effective for the period from 1 January – 31 December 2024

1 Interpretation

1.1 In this notice, unless the context otherwise requires –

JFSC	means the Jersey Financial Services Commission;
Law	means the Financial Services (Jersey) Law 1998, as amended;

2 Application fee

2.1 The fee to accompany an application for registration to carry on money service business shall be £3,805.

3 Annual fee

3.1 A person registered to carry on money service business at any point during the calendar year shall pay a fee of £3,805.

4 Late payment of fees

- 4.1 The due date for the JFSC to receive the annual fee is four weeks from receipt of the invoice if the firm is already registered on 1 January and otherwise on registration.
- 4.2 If the annual fee is not received by the JFSC by the due date, an additional late payment fee of 5% of the unpaid principal amount will be applied on the day after the due date, and on the 1st day of each calendar month after that.

5 Late filing fees

5.1 If a registered person fails to file or deliver any document, including in respect of supervisory risk data, to the JFSC under the provisions of the Law or under any provisions of any Order issued in accordance with the Law on or before the date that the document becomes due, the registered person shall be liable to pay a fee of £100 for each complete month or part thereof that the document remains un-filed or undelivered unless the registered person has given the JFSC prior written notice of the reasons for the late filing or delivery of a document and the JFSC has agreed in writing that the filing may be late. Any such later agreed date shall become the due date for the purposes of the calculation and the payment of late filing fees.