

PART A: POLICY

1 PURPOSE

This Policy sets out the firm's principles and rules governing the replacement of existing protection policies, ensuring all replacement activity is conducted in the client's best interests, in line with FCA Principles, Consumer Duty (PRIN 2A) and ICOBS.

2 POLICY STATEMENT

Impact Financial Services Ltd adopts a **non-automatic, client-first approach** to replacement. The firm will only recommend replacement where it can clearly evidence a material benefit to the client.

Replacement must never be driven by:

- a change of adviser,
- a change of firm or regulatory status,
- administrative convenience.

3 ACCESS FINANCIAL SERVICES POLICIES

Policies originally arranged via Access Financial Services are subject to **enhanced controls**.

Such policies must not be replaced solely due to:

- the adviser leaving Access,
- the firm becoming Directly Authorised,
- client preference to "move everything".

Replacement is only permitted where full suitability can be evidenced and **prior Management Team approval** has been granted.

✓ Example: Replacement Permitted

Client originally had Life Cover only through Access. Client now has a mortgage and family, requiring Critical Illness and Income Protection. Existing policy does not offer these benefits. Full fact-find completed, clear change of circumstances documented, Management approval obtained. **Replacement justified.**

✗ Example: Replacement NOT Permitted

Client has existing Life Cover arranged via Access. No change in circumstances. New policy would have a new 2-year suicide clause and exclusion period restarting. Client simply states "I want everything with my new adviser." **No valid reason for replacement – request must be declined.**

4 MANDATORY CLIENT SAFEGUARDS

In all replacement cases:

- the replacement constitutes a new advice event,
- the client must receive full disclosure of risks and disadvantages,
- a Replacement Declaration Form must be completed and signed by the client.

5 MANAGEMENT OVERSIGHT

Any replacement involving a policy arranged via Access Financial Services requires:

- prior written approval from the Management Team,
- documented rationale and audit trail.

Failure to obtain approval is a serious compliance breach.

6 GOVERNANCE AND REVIEW

This Policy:

- is approved by the Management Team,
- applies to all advisers and staff,
- is reviewed at least annually or following regulatory change.

Summary Policy Statement (Board-Level)

Replacement of protection policies will only be permitted where it is demonstrably in the client's best interests. Replacement will never be driven by adviser, firm, or regulatory changes. All replacements of policies originally arranged via Access Financial Services are subject to mandatory Management approval and signed client consent.

PART B: PROCEDURE

Operational Procedure – Adviser & Compliance Use

Step	Action	Key Requirements
1	Identify Replacement	Existing policy cancelled, rewritten or substituted. If unsure → treat as replacement.
2	Assess Client Need	Document clear change: circumstances, sum assured, missing benefits, affordability. Change of adviser is not valid.
3	Review Existing Policy	Provider, benefits, sums, premiums, exclusions, underwriting history. If info unavailable → do not proceed.
4	Compare and Justify	Complete Replacement Comparison Summary. Disclose and justify any loss of benefit.
5	Replacement Declaration	Complete form with client, explain risks, obtain signature. No signed form = no replacement.
6	Management Approval	For Access policies: submit Review, Comparison, Justification, Declaration. No approval = no application.

7 **Client Communication** Ensure client understands implications, given adequate time, not pressured. Never present as mandatory.

8 **Compliance Review** Enhanced file checks, compliance review where required, full audit trail retention.

Breach Handling

Failure to follow this Procedure may result in: case rejection, remedial action or retraining, disciplinary action.

Procedure Summary

Replacement is a high-risk activity and must always be client-led, fully documented, approved where required, and supported by signed client consent.