

BONUS INSURANCE SCHEMES

POLICY PAPER FOR CLUBS 2012/13 SEASON

1 Preamble

1.1 FA Rule E8 states that:

'.....a Participant shall not bet, either directly or indirectly, or instruct, permit, cause or enable any person to bet, on the result, progress or conduct of any football Match or Competition or any other matter concerning or related to football sanctioned by The Association....'

FA Rule E3(1) states that:

'A Participant shall at all times act in the best interests of the game and shall not act in any manner which is improper or brings the game into disrepute.....'

1.2 The FA has been made aware that clubs may wish to enter into arrangements to cover contractual liabilities that would become payable should a particular competitive outcome occur, for example promotion bonuses to players.

1.3 The FA is of the view that such arrangements have similar characteristics to a 'bet' and therefore may contravene Rule E8 in certain circumstances.

1.4 Following detailed consideration together with its stakeholders of the issues arising, and recognising the particular circumstances of clubs and their desire to mitigate their financial exposure, The FA has agreed that Clubs may be permitted to enter into certain prescribed arrangements as an exception to Rule E8.

1.5 In granting this exception, The FA seeks to remind Clubs of their responsibilities under FA Rule E8 as well as the general obligations of E3. A Club must fulfil each and all of the criteria set out below and is not permitted to enter into arrangements before receiving written consent so to do from The FA.

1.6 Any arrangement that is entered into by a Club which does not fulfil each and all of the criteria and which has not received prior written approval from The FA may be deemed to be a breach of Rule E8 and/or E3 and disciplinary action may be taken.

1.7 Should Clubs have any questions regarding what is or is not permitted, they should consult with the Financial Regulation department of The FA before entering into any arrangement.

1.8 In adopting this policy, The FA will keep it under review and reserves the right to rescind or vary it at any point in time. Should the policy be rescinded or varied, any pre-existing contracts will be permitted to run their course. However no new contracts will be considered under this existing policy.

1.9 In considering the application of this policy, The FA shall adopt such procedures and take such action for the determination of any matter, dispute or difference as it considers appropriate.

1.10 This policy comes into force on 1 August 2012.

2 Scope of Permitted Arrangements

2.1 Subject to the provisions of paragraph 4 below, Clubs are permitted to enter into Contracts of Insurance in respect of the following:

- positive competitive outcomes (i.e. promotion, qualification for European competitions);
- collective and individual bonuses (i.e. squad promotion and individual promotion bonuses).

2.2 Clubs must submit to The FA any proposed Contracts of Insurance no later than ten working days after the final day of the August transfer window.

3 Permitted Arrangements

3.1 For the purposes of this policy, Clubs are permitted to enter into Contracts of Insurance with a Provider.

3.2 A Provider is any person or entity which has been authorised by the Financial Services Authority ("FSA") to provide insurance services or which qualifies for "authorised" status under the Financial Services and Markets Act 2000 ("FSMA") by virtue of their EEA passport (or equivalent Treaty) rights.

3.3 Clubs seeking to enter into Contracts of Insurance may be permitted to do so subject to meeting **each and all** of the following criteria **and** receiving written consent in advance from The FA.

The Club must hold an insurable interest in the subject matter of the policy and the loss suffered must be insured under the Contract.

Event Insured

- (i) The competitive outcome being insured must be subject to an element of uncertainty, such as when, whether or how it will occur, and its occurrence must adversely affect the Club financially.
- (ii) Only a purely positive competitive outcome for the Club may be insured;
- (iii) The outcome insured must be that of a complete Competition; individual matches or series of matches may not be insured.

Contracting Parties

- (i) Only the Club and Provider may be parties to the Contract;
- (ii) Neither the Club nor any of its employees or officers may have an Interest (as defined in The FA's Competition Rules) in the Provider;
- (iii) The Provider must not have an Interest (as defined in The FA's Competition Rules) in the Club;
- (iv) The Club must ensure that there is no breach of the Dual Interest rules of either The FA or the relevant League as a result of entering into the Contract.

Nature of Contract

- (i) The Contract must specify:
 - a) the premium figure;
 - b) the precise competitive outcome that will trigger payment of the settlement; and
 - c) the settlement figure.
- (ii) The Contract must specify the nature and sum of any third party contractual liabilities that it would incur on the occurrence of the specified competitive outcome;
- (iii) A schedule of all third party contractual liabilities being insured must be attached to the Contract.

Payment of Premium/Settlement

- (i) The Club must pay a premium to the Provider to secure the contract;
- (ii) The premium must be paid directly from the Club's bank account to the Provider and be recorded in full in the accounting records of both parties;
- (iii) The contract must state that the settlement must be paid directly into the Club's bank account by the Provider;
- (iv) The contract must state that the settlement must not exceed the sum of all third party contractual liabilities described in the Schedule to the Contract;
- (v) The contract must state that each of the premium and settlement must be paid in one lump sum;
- (vi) The Contract must require payment of the settlement by the Provider to the Club within ten working days of the outcome insured.

Disclosure

- (i) The Club must lodge a copy of the proposed Contract together with all associated documentation with The FA no later than 10 working days after the final day of the August transfer window. The Club must also provide a signed certificate (in such form as shall be determined by The FA from time to time) confirming that the Contract meets each and all of the criteria set out above.
- (ii) The Club may not enter into a Contract until it has received written approval from The FA. The FA reserves the right to consider any matter it deems appropriate in determining whether to approve or reject a Contract.
- (iii) The Club must notify The FA of payment of the premium and settlement within 24 hours of either being made;
- (iv) The FA shall be entitled to request provision of any documentation in relation to the Contract that it considers appropriate. The Club shall ensure that all parties provide such documentation upon request.