



MGAA GUIDELINES FOR MEMBERS REGARDING TRANSFERS OF BUSINESS AND TEAMS OF EMPLOYEES

The MGAA is a non-profit making organisation representing UK managing general agents. One of our main focus areas is to promote better working relationships between our members together with strong ethical conduct at all times.

We have put together these guidelines because we are concerned that some members will try to “win big” at any cost from other members either through recruiting an employee or poaching a client. It is not the MGAA’s responsibility to judge the legalities of any members’ behaviour. The MGAA will always stand behind the Courts and the Regulators in this regard. However, the MGAA works to encourage highest standards of behaviour when such circumstances occur for the following reasons:

1. This behaviour is likely to cause friction between our members.
2. It is likely to cause “pain” and uncertainty to clients whose interests should come first at all times.
3. It is not in the spirit of what the MGAA stands for.
4. We would encourage any MGAA members to say nothing to anyone that could be said to disparage the reputations of any other party to the transfer, or the relevant employee(s).

The MGAA will not get involved in any disputes between members, but we thought it helpful to take this opportunity to remind members of the importance of the MGAA’s code of conduct and the following key points in relation to recruitment and employee exits.

Interviewing prospective employees

- An MGAA member interviewer should ask the prospective employee about their restrictive covenants i.e. what do they prevent the employee from doing and how long do they last for?
- MGAA members should not in any way (whether legal or not) encourage prospective employees to breach their restrictive covenants or their duties of confidentiality to their existing employer. Indeed, we consider they should positively encourage them to honour their covenants, and they should not invite employees to “go around” such covenants.

- The interviewer should ensure that the prospective employee is aware that he/she cannot transfer confidential information to his/her new MGAA employer.

Exit interviews with departing employees

- If not already aware, the MGAA member must try to understand the reasons behind an employee's departure. The interviewer should ask the departing employee this question, especially if it is relating to clients, conduct of business, regulatory matters etc.
- The interviewer should ask the departing employee if he/she has any comments that they would like to make about the organisation.
- The interviewer should check that that the departing employee has completed any handover work, and that all clients and introducing brokers have been properly and correctly told and relevant obligations performed.
- Departing employees should be reminded of their duties in respect of confidentiality and any restrictive covenants in their contracts of employment.

If you have any questions about these guidelines, please contact Peter Staddon (peter.staddon@mgaa.co.uk).