

TERMS OF BUSINESS AGREEMENT



UIB GROUP

This Document sets out the terms on which United Insurance Brokers Ltd (UIB) undertakes to act for its clients. It also identifies your own responsibilities both to us and to insurers and it sets out our regulatory and statutory obligations. These are our standard terms and can only be varied with written consent. As an independent intermediary we act as agent of our client and are subject to the law of agency which imposes various duties on us as well as statutory regulation under the UK Financial Services and Markets Act 2000 (FSMA). In this Terms of Business Agreement reference to “insurance/insurers” shall be construed as including reference to “reinsurance, reinsurers”.

UIB and our Services to our Clients

1. UIB is registered in England and Wales, Company Registration Number 203 4497 and its head office is 69 Mansell Street, London E1 8AN. UIB is an independent Lloyd’s broker and a wholly owned subsidiary of UIB Holdings (UK) Ltd. For further details on us please visit our website www.uibgroup.com. We are authorised and regulated by the UK Financial Services Authority (FSA). Our permitted business is arranging general insurance contracts and our FSA Register number is 307812. These details can be verified on the FSA Register on the FSA website www.fsa.gov.uk/register.

2. This document contains details of our undertakings to you about our conduct including limitations on our liability. We specifically draw your attention to the following sections:

- Conflicts of Interest
- Duty of Disclosure
- Remuneration
- Non-statutory Trust Bank Accounts

3. In compliance with the FSA regulatory rules and guidance we shall:

- Conduct our business with integrity and pay due regard to your interests and treat them fairly.
- Conduct our business with due care, skill and diligence.
- Pay due regard to your information needs and communicate information to you in a way that is clear, fair and not misleading.
- We must meet specified conditions when we hold client money.
- Take reasonable care to establish and maintain such systems and controls as are appropriate to our business.

4. Please contact us immediately if there is anything in this document which you do not understand or with which you disagree. If you

continue to do business with us and we do not hear from you, this will serve as your consent to working with us on the terms set out in this agreement.

Broker Clients

5. You will be a ‘commercial customer’ of our company and as such are our client to which we owe a duty of care. Jointly we owe certain duties to insurers. In your capacity as our client though you in turn will owe duties of care either to the ultimate policyholder or to another intermediary. In all cases you must ensure that you have full authority to instruct us. It is your obligation to ensure that your client is aware of all the terms of any insurance policy obtained by us on your instructions. It is also your obligation to ensure that you hold and comply with all necessary licences, statutory law and regulatory rules that apply to you in your local domicile.

6. You shall notifying us immediately if there is any change in your circumstances or regulatory status, or that of another intermediary, or if any legal and/or disciplinary action has been taken.

Confidentiality

7. Information provided by you will not be used or disclosed other than in the course of carrying out your instructions as your insurance broker unless you have consented otherwise .

We may disclose the fact that you are our client and the nature of the insurance, but no other details. Disclosure may also be made to our regulator, and to our agents or other service providers, or where we are legally obliged to disclose the information, or where the information is already in the public domain.

Conflicts of Interest

8. We have procedures, systems and controls in place to deal with possible conflicts of interest that may arise when dealing with you. We will

advise you immediately when and if they occur. These may include:

- Where we may act for and owe duties of care to other parties.
- Where we act as an intermediary in relation to a binding authority held by you as a Cover holder
- Where in addition to our agency duties to you, we may have additional obligations to insurers.
- Where we are the brokers for more than one party in a claim.

9. Acceptance of gifts, entertainment or trips from insurers that could create the appearance of a conflict of interest with you are prohibited.

Instructions and Quotations

10. We will keep you fully informed of progress of our negotiations providing you with full information of risks quoted before they are contractually bound.

11. Whenever practical we ask that all instructions are confirmed in writing. We will assume that whoever gives such instructions has the authority to do so. It is vital that you provide us with all relevant information and that you keep us informed of changes in material circumstances to enable us to properly represent your interests. Please see sections regarding "The Duty of Disclosure and the Duty of Utmost Good Faith to Insurers" commencing at paragraph 21.

12. When we give you a cost for placing an insurance for you, it is to be taken as an indication of the premium required by insurers to complete your order and not as a guaranteed premium, unless otherwise agreed.

Market Security

13. As an insurance intermediary, we check the financial strength ratings of the insurers with whom we place your business using the financial strength ratings provided by specialist independent rating agencies such as Standard & Poor's and A.M.Best. Occasionally, it may be necessary to seek from you specific written approval for use of a proposed insurer.

14. We do not guarantee the solvency of any insurers with whom we place your business. In the event of any insurer's insolvency you may still have a liability to pay premium. You will also additionally

have the responsibility for payment of premiums if you require replacement security.

15. If an insurer who has granted risk transfer to UIB becomes insolvent, any related premium, and likewise claims funds, we hold for that insurer are deemed to have been paid to them and will not be returnable to you.

Evidence of Cover and Policy Documentation

16. We will confirm cover to you in a timely manner. It will be in the form of a UIB produced *Evidence of Cover* document, an insurance policy, a certificate of insurance or a copy of the placing slip. It will confirm the basis of the cover, setting out the terms of the insurance and the names of the insurers with whom it has been placed and their respective signed lines.

17. The evidence of cover is the formal evidence of the contract and sets out the basic terms between you and your insurers. It should be checked to ensure that it is in accordance with your instructions. Should this not be the case, or if you require any clarification of the content, or if you are dissatisfied with the insurance security, you should contact us immediately. Otherwise, we shall assume that the documentation is in order.

18. For some types of insurance cover, it is possible that a claim may be made under a policy long after its expiry date. It is therefore important you keep such documents safely.

We retain documents for business effected on your behalf in electronic and / or paper format in line with market practice and /or regulatory requirements.

19. **If applicable** a statement of demands and needs will be attached to the contract documentation. You should read this carefully. It will confirm whether the policy has been personally recommended and if so, the reasons for making that recommendation.

20. Before expiry of the policy (for UK Retail clients this will be within no less than 21 days) you will be provided with renewal terms in paper format or electronically, for reference purposes, or notified that renewal is not being invited.

Renewal terms will state any changes to the policy or required information, the cost and information concerning cancellation.

Duty of Disclosure/ Duty of Utmost Good Faith to Insurers

21. In order for us to arrange insurances on your behalf, you and any agent acting on your behalf, must at all times act with utmost good faith towards us and the insurers.

Furthermore, you must disclose to insurers, through us, before the contract is concluded, every material circumstance that is known to you and that you are deemed to know in the ordinary course of business and which is material to the risk. Information is material if it would influence the judgement of a prudent insurer in fixing the premium or determining whether to underwrite the risk and at what terms and conditions.

A circumstance may be held to be material on the grounds that even though a prudent insurer had been aware of it they would not have declined the risk, amended the conditions or charged a higher premium, but it was something that they would have reasonably wished to know and take into account when assessing the risk.

22. Your obligation to act with utmost good faith and to make a full disclosure of all material circumstances continues throughout the period of the contract. These specifically arise:

- when the contract is amended, extended and at renewal;
- during the notification negotiation and collection of claims;
- when the insured is required under any circumstances to provide information to insurers.

23. Where you are required by insurers to complete a proposal or claim form or other document you are reminded that the responsibility for the accuracy of all the details given is yours and yours alone.

24. Should there be a failure to act with utmost good faith or to disclose any material circumstance to insurers, insurers may void the contract. This means they would act as if the contract had never come into existence. They may thus seek the recovery of any paid claims but they would then return any premium received.

Premium, Premium Payment Warranties and Credit Notes

25. A Debit Note (invoice) will be sent which, in addition to any taxes or charges, will set out the premium amount and the dates that the premium is due, clearly stating any premium payment terms.

26. Where insurers have specified a premium payment warranty, they must receive the premium due by that date.

27. It is crucial to note that failure to comply with the 'premium payment warranty' may mean that the insurers' obligations under the contract of insurance will be automatically terminated from inception.

28. Therefore it is important that you ensure that we receive the premium due in cleared funds in sufficient time to enable us to honour the payment terms to the insurers on your behalf (at least 15 days prior to the date due to insurers). If you do not think that you will be able to comply with the premium warranty, please contact us immediately.

29. We will send you a Credit Note for all returns of premium and payment of claims. You should not set invoices and credit notes against each other until they appear on your statement of accounts and we can agree such offsets with you.

Payment Arrangements

30. Our preferred method of account settlement is by direct transfer to our bank account. We will advise you our banking details and you are not to accept any changes to these details unless we notify them to you in writing in the form of a letter.

31. Unless we agree otherwise premiums should be paid in the currency in which they have been charged.

32. Other than deduction of any agreed commission/discount, if applicable, no deductions (such as claims monies or returned premiums) are to be made from the premium due to insurers when making payment to us.

Remuneration

33. Our normal means of remuneration is from brokerage or commission which is determined by insurers with whom we place your business or by a fee negotiated and agreed with you.

As this remuneration is earned on placement, we will be entitled to retain it (or to receive it where unpaid) even if a policy is cancelled mid-term or another insurance intermediary is appointed.

34. In addition to client fees and/or brokerage payments we earn interest on the monies passing through our bank accounts, in common with other insurance brokers. We may also receive remuneration:

- by way of administrative fees or commissions for services provided to insurers.
- acting as reinsurance brokers to insurers with whom we have placed insurance or reinsurance.
- from premium finance and credit agencies.

35. You are entitled, at any time, to request information regarding any brokerage or commission which we may have received as a result of placing your business.

Client Money

36. Client money is money of any currency that we receive and hold in the course of carrying on insurance mediation on behalf of our clients (including you) or which we treat as client money in accordance with the FSA's client money rules. A copy of these rules is available on request.

37. We will hold client money in one of the following ways:

- as your agent in a non-statutory trust in accordance with the FSA Client Asset sourcebook (CASS) which in the unlikely event of our company failure, is available to clients ahead of insurers and other creditors, or
- as agent of your insurer(s) under agreements which allow for risk transfer, or
- as agents of your insurer(s) where there is no risk transfer but where they have agreed for their funds to be commingled with clients monies in the non-statutory trust bank account and for the rights of those funds to be subordinated to those of our clients.

38. We are permitted, in the course of business, to use client money held on behalf of one client or insurer to pay another client's premium before the premium is received from that other client, and to

pay claims and premium refunds to another client before we receive payment from the insurer. However we may not use client money to pay ourselves commissions before we receive the premium from the client.

39. Any interest earned on client money held by us and any investment returns will be retained by us for our own use.

Payment to Third Parties

40. In the normal course of our business as insurance brokers we may ask others such as lawyers, surveyors, and/or insurance intermediaries to assist us to carry out your instructions. We may therefore be required to transfer client monies for the purpose of effecting a transaction on your behalf.

Bank Accounts

41. Client money will be deposited with one or more approved banks and a list of these can be provided on request.

Claims

42. You must notify us immediately of any incidents or circumstance that may give rise to a claim, providing us with all material information in order for us to assist you to comply with the terms of the insurance contract. Failure to do so may enable insurers to deny claims. If you have any doubt whether a matter or circumstance constitutes a notifiable claim you should contact us immediately.

43. When you advise us of a claim we will provide you with a claims handling service as long as you remain a client of UIB, and we will assist you in the submission of your claim to the insurer. However if you cease to be our client but request us to handle a claim on your behalf we reserve the right to charge for our services.

44. In the event that you submit a claim or are due a return premium on a policy where one or more of the subscribing insurers has become insolvent or is delaying its settlements, we cannot and do not accept liability for the uncollected amounts. We will settle to you the amounts collected from the responding insurers and advise you of those insurers who have not paid and the amounts unpaid by them.

45. Claims payments will be made in favour of you or to a claim payee if stated under the original policy. If the claim is payable to you, but you require the payment to be made to a third party then you must confirm this in writing, which should include bank details of the payee.

Warranties and Subjectivities

46. You should read and understand all terms of your insurance contract, in particular you must strictly comply with any warranties. Failure to do so will entitle the insurer to terminate your insurance contract.

47. A subjectivity in your insurance contract may lead to the contract being invalidated or coverage prejudiced if the subjectivity remains outstanding.

Insured Values

48. In the event that you insure your property for less than its current replacement value, underwriters may apply average. For example if your insured values are 80% of replacement value you may only be paid 80% of your loss.

Complaints

49. We will comply with all relevant regulatory and statutory rules and requirements when transacting insurance business on your behalf. However, should you have any problem with the services that we are providing, or have provided, that you are unable to resolve with the individual handling the work, we have put in place a formal Complaints Procedure.

50. All complaints should be addressed to the Chief Executive Officer or the Chief Operating Officer or the Compliance Director by telephone at 020 7488 0551 or in writing to United Insurance Brokers Ltd, 69 Mansell Street, London E1 8AN.

51. If we are unable to settle your complaint, you may be entitled to refer it to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR, or at www.financial-ombudsman.org.uk.

Compensation

52. We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the FSCS if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Full details and further information on the scheme are available from the FSCS at 7th Floor, Lloyd's Chambers, 1 Portsoken Street, London E1 8BN or at www.fscs.org.uk.

Money Laundering / Proceeds of Crime Act

53. As UK money-laundering regulations require us to obtain evidence of the identity of clients for whom we act we will request the necessary information from you and seek further information if you request payment to be made to a third party.

54. We are obliged to report, to the UK Serious Organised Crime Agency ("SOCA"), any evidence or suspicion of money laundering at the first opportunity and we are prohibited from disclosing any such report.

Data Protection

55. We are registered under the UK Data Protection Act 1998 and we undertake to comply with the Act in all our dealings with your personal data. Your personal information will be kept secure.

Third Party Rights

56. These terms of business are not intended to nor do they confer a benefit or remedy to any third party, whether by virtue of the Contract (Rights of Third Parties) Act 1999 or otherwise. Further we may rescind or vary these terms of business as they apply to you, whether in the whole or in part without the consent of the third party.

Law and Jurisdiction

57. These terms of business and our business relationship with you is governed by and construed solely in accordance with English law and subject to the exclusive jurisdiction of the High Court in London.



UIB

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UIB is an accredited Lloyd's insurance broker and is authorised and regulated by the Financial Services Authority.
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