



# **Terms of Business For an Independent Intermediary**

***MUST BE COMPLETED AND RETURNED***



Words and expressions shall have the following meanings:-

**Applicant** – An individual firm or Company who is in the process of applying to an insurer to become a policy holder.

**Customer** – Is a policyholder or prospective policyholder, or duly authorised persons acting as policyholder representative.

**FSA** – Financial Services Authority

**FSMA** – Financial Services and Markets Act 2000

**ICOB** – Refers to the Insurance Conduct of Business Rules sourcebook of the FSA Rules, as amended.

**Insurance Policy** – Those insurance products as may be notified to the Broker/Independent Financial Adviser by Insurety Plc from time to time upon fourteen (14) days written notice from Insurety Plc to the Broker/Independent Financial Adviser.

**Insurer** – Any nominated or notified insurer by Insurety Plc to the Broker/Independent Financial Adviser as amended from time to time upon fourteen (14) days written notice from Insurety Plc to the Broker/Independent Financial Adviser.

**Insurety Plc** – Insurety Plc and each of or any (as the context shall require a subsidiary of Insurety Plc) and for the purposes of this Agreement "subsidiary" shall be construed in accordance with Section 736 of the Companies Act 1985 (as amended).

**Premium** – The gross premium payable under the insurance policy inclusive of insurance premium tax and where payable monthly the said gross monthly premium inclusive of insurance premium tax.

## **1. SCOPE**

1.1 The Agreement is to apply for the introduction of clients of the Broker/Independent Financial Adviser to Insurety Plc for the purpose of Insurety Plc inviting an insurer to insure underwrite or renew an insurance policy.

## **2. APPOINTMENT**

2.1 Insurety appoints the Broker/Independent Financial Adviser on a non-exclusive basis to market and introduce the policies only.

2.2 Unless stated otherwise in this Agreement the Broker/Independent Financial Adviser will act as the agent of the Customer.

- 2.3 Insurety acknowledge that the Broker/Independent Financial Adviser introduces insurance policies underwritten by other insurance companies and nothing in this Agreement will be construed as restricting the Broker/Independent Financial Adviser from continuing to do so.
- 2.4 The Broker/Independent Financial Adviser acknowledges that Insurety appoints other intermediaries to introduce its insurance policies as well as introducing such policies directly and nothing in this Agreement will be construed as restricting Insurety from continuing to do so.
- 2.5 In performing its obligations under this Agreement the Broker/Independent Financial Adviser will:
- (a) Act in good faith and with the due skill, care and diligence expected of a professional Insurance Broker/Independent Financial Adviser; and
  - (b) Comply at all times with the FSA rules and guidance.
- 2.6 The Broker/Independent Financial Adviser is not permitted to use Insurety's name, logo or trademarks in any advertising or literature without the their prior written consent.

### **3 ADVERTISING/DOCUMENTATION**

- 3.1 The Broker/Independent Financial Adviser undertakes that he will not issue publish or sponsor any advertisement advertising matter circular letter or other literature relating to Insurety Plc or its business other than that supplied by Insurety Plc or approved in writing by Insurety Plc in advance.
- 3.2 Insurety will provide the Broker/Independent Financial Adviser with marketing materials and such documents and disclosures as required by ICOB for the introduction of policies.
- 3.3 The Broker/Independent Financial Adviser has no authority to issue any cover notes, policy documents, renewal notices or any other documents.

### **4. BANK ACCOUNTS**

- 4.1 Where premiums are due from policyholders are passed through or held by the Broker/Independent Financial Adviser such monies must be paid into held and withdrawn from the Client Account in accordance with the FSA client money rules.

### **5. RESPONSIBILITY FOR SUBSCRIPTIONS**

- 5.1 In no circumstances will payment by the policyholder to the Broker/Independent Financial Adviser constitute payment to Insurety Plc unless and until payment is received by Insurety Plc and/or the insurer.

- 5.2 The Broker/Independent Financial Adviser shall notify Insurety Plc in writing immediately if he fails to obtain the premiums from the policyholder.
- 5.3 In no circumstances will payment by the policyholder to the Broker/Independent Financial Adviser constitute payment to Insurety Plc unless and until payment is received by Insurety Plc or settled on account.
- 5.4 The Broker/Independent Financial Adviser shall ensure the policyholder is aware that as Broker/Independent Financial Adviser for the policyholder he will not receive subscriptions as agent for Insurety Plc.

## **6. COMMISSION AND AUTHORITY**

- 6.1 Insurety Plc agrees to pay the Broker/Independent Financial Adviser commission on business placed with an insurer and on renewals thereof in accordance with the commission rules and rates as advised to the Broker/Independent Financial Adviser by Insurety Plc. These rates may be replaced from time to time to effect changes in commission rates on both existing and new policies. Insurety will notify you in writing of any changes.
- 6.2 The Broker/Independent Financial Adviser undertakes that he will pay gross to Insurety Plc appropriate premiums.
- 6.3 The Broker/Independent Financial Adviser undertakes to pass to Insurety Plc promptly any material information notified to him by the policyholder in accordance with the terms of the insurance contract. The Broker/Independent Financial Adviser remains for all purposes the agent of the policyholder and that Insurety Plc are the appointed company agent of the insurer in respect of the insurance policy.
- 6.4 Personal Initial & Renewal Commission
- (a) All commission will be paid on the assumption that it will become fully earned.
- (b) Initial and Renewal Commission will only become fully earned if the policy cover to which that commission relates remains in effect in accordance with the table or notes below following inception or remains in effect in accordance with the table or notes below following last renewal and in either case all relevant premiums have been paid. Commission will be partly earned in accordance with the table or notes below in respect of any lesser period for which such policy cover remains in place following inception or last renewal respectively provided all relevant premiums have been paid.
- (C) In all other cases commission will be unearned. If the relevant policy cover ceases for any reason whatsoever the adviser must forthwith refund any unearned commission to Insurety Plc. For the avoidance of doubt this obligation to refund unearned commission shall survive any termination of this Agreement.

- (d) Insurety Plc may set off against any commission payable to the adviser any unearned commission to be refunded to Insurety Plc by the Adviser.
- (e) Where notice of termination is given by either party for any reason whatsoever commission shall cease to be paid in accordance with the rules aforesaid. Such commission as shall be payable to the Adviser shall be paid in equal instalments over the period of fourteen months payable on the usual payment dates.

## **7. CANCELLATIONS**

- 7.1 Cancellations or lapses of a policy within the first 12 months of inception will result in a clawback of commission. Cancellations within the first 3 months will result in 100% of commission being repayable. Clawback is pro rata over the remaining months.

## **8. CLAIMS HANDLING**

- 8.1 All benefit payments will be settled direct with the policyholder according to the rules and benefits schedules applicable at the time of the claim.
- 8.2 Nothing in this Agreement shall act to prevent Insurety Plc or the insurer from communicating directly with any policyholder or applicant in circumstances where the subject matter is reasonably to be regarded as confidential to that person.
- 8.3 Where the Broker/Independent Financial Adviser receives notification of a claim from a customer it will promptly notify Insurety. The Broker/Independent Financial Adviser will make and maintain full and accurate records of all claims that are notified to it.
- 8.4 The Broker/Independent Financial Adviser has no authority to accept, settle, negotiate or handle claims on behalf of Insurety and further cannot alter any receipt or document or to commit Insurety in anyway.

## **9. RECORDS & INFORMATION**

- 9.1 The Broker/Independent Financial Adviser will make and maintain full and accurate records and accounts in respect of the introductions made under this agreement.
- 9.2 The Broker/Independent Financial Adviser will notify Insurety of all material information which a Customer notifies to the Broker/Independent Financial Adviser pursuant to a policy.
- 9.3 All books and documents and computer software and hardware belonging to Insurety Plc and in the possession of the Broker/Independent Financial Adviser shall at all reasonable times be available to Insurety Plc for inspection.

## **10 TERMINATION**

10.1 This Agreement may be terminated:-

- (a) By either party at any time by mutual agreement or;
- (b) By either party on the expiry of 60 days written notice delivered by Registered or Recorded Delivery Post in the case of Insurety Plc to its registered office and in the case of the Broker/Independent Financial Adviser to the address in this Agreement or to the last address of which Insurety Plc has knowledge or;
- (c) By either party forthwith if it has reason to suspect fraud or the administration of the account is such as to prejudice the interests of policyholders or;
- (d) By either party going into Receivership or Liquidation.

10.2 In the event of the death of the Broker/Independent Financial Adviser if he be a sole trader this Agreement shall remain in force between Insurety Plc and such persons as are allowed by the FSA to carry on the Broker/Independent Financial Adviser's business provided that all other terms of this Agreement are adhered to and provided that such persons agree in writing to be bound thereby. Unless otherwise agreed the Agreement will be terminated at the end of the period for which these persons are permitted by the FSA to carry on the Broker/Independent Financial Adviser's business.

10.3 Upon termination of this Agreement Sub-Section 10 above Insurety Plc will prepare a statement of account as between Insurety Plc and the Broker/Independent Financial Adviser. Subject to the provisions of Section 5.1 settlement of such account shall be by way of immediate payment by either party of the net balance due to the other party as shown on the statement of account. Payment shall also be made to Insurety Plc of all known premiums not included in the statement of account.

## **11 CONSEQUENCES OF TERMINATION**

11.1 Upon termination of this agreement:

- (a) The Broker/Independent Financial Adviser will immediately cease to introduce any Customers to Insurety and will cease to represent to any person that is permitted to Introduce to Insurety.
- (b) The Broker/Independent Financial Adviser will, within 10 business days of termination, deliver to Insurety or destroy any documentation or materials provided by Insurety.
- (c) If this Agreement is terminated or notice of termination is given such books and documents and computer software and hardware must be delivered to Insurety Plc by the Broker/Independent Financial Adviser forthwith.
- (d) The Broker/Independent Financial Adviser will not directly or not directly take any action that is calculated to cause or contribute to the termination or cancellation of any Policy except where such action is necessary to enable the Broker/Independent

Financial Adviser to meet any regulatory or other duty to a Customer.

- (e) Termination will be without prejudice to the accrued rights of either party arising out of this Agreement as at the date of termination.

## **12 UNDERTAKINGS**

12.1 The Broker/Independent Financial Adviser undertakes, represents and warrants that:

- (a) It will comply with the FSA Rules including all requirements relating to the authorisation and supervision in respect of its insurance activities.
- (b) It has the capacity, power and authority to enter into, exercise its rights and perform and comply with its obligations under this Agreement
- (c) It has all the necessary authorisations, licences and permissions to perform and comply with its obligations contemplated by this Agreement
- (d) Any agent or delegate whom the Broker/Independent Financial Adviser uses to provide the services contemplated by this Agreement has all necessary authorisations, licences or permissions to perform activities on behalf of the Broker/Independent Financial Adviser
- (e) That it is fully responsible for all its introducing activities and will ensure that all its employees involved in that activity are correctly trained and aware of the FSA rules.

And the Broker/Independent Financial Adviser will notify Insurety immediately any undertaking, representation or warranty in clause 12.1 ceases to be correct.

12.2 The Broker/Independent Financial Adviser undertakes to notify Insurety in writing immediately in the following circumstances:-

- (a) If it ceases to be directly authorised by the FSA
- (b) If the FSA initiates disciplinary or investigative action in relation to the Broker/Independent Financial Adviser or any of its employees
- (c) If there is any change in the Approved Persons of the Broker/Independent Financial Adviser

12.3 Insurety undertakes, represents and warrants that:

- (a) It has the capacity, power and authority to enter into, exercise its rights and perform and comply with its obligations under this Agreement
- (b) It has all the necessary authorisations, licences and permissions to perform and comply with its obligations contemplated by this Agreement

### **13. CONFIDENTIALITY**

- 13.1 Neither party shall during or after the term of this Agreement divulge or allow to be divulged to a third party any confidential information relating to the business of the other party or the policyholder except for items which shall have come in to the public domain other than by default or any other party.

### **14 NEW BUSINESS**

- 14.1 The Broker/Independent Financial Adviser will present information and proposals relating to any insurance cover requested in the form specified by Insurety Plc using only Insurety Plc literature relating to the relevant insurance cover or in such other manner as may be agreed between Insurety Plc and Broker/Independent Financial Adviser and will ensure that the attention of policyholders is drawn to the condition that eligibility for benefit under any Insurety Plc scheme shall only begin in accordance with the insurance policy terms.
- 14.2 The Broker/Independent Financial Adviser will ensure that the policyholder is at all times aware of the nature, scope and extent of the insurance policy provided by Insurety Plc and the obligations and rights of the policyholder in respect of insurances. For the avoidance of doubt these will include:-
- (a) The extent of cover provided by the insurance policy;
  - (b) The policyholder's obligation to disclose all circumstances material to the risk that is being insured and the consequences of failure to disclose any facts to the insurer;
  - (c) The policyholder's responsibility to ensure that any answers or co statements made in the completion of any proposal form claim form or other material documents are true accurate and complete to the best of his knowledge and belief;
  - (d) The right of the insurer to withhold payment of claims if subscriptions are not paid;
  - (e) The need to ensure that the policyholder is aware of the rules relating to his insurances and the need to notify claims promptly and to disclose material facts in relation to claims;
  - (f) Policyholders being advised in clear terms that until payment of premiums in accordance with the insurance policy terms they shall not be on risk.
- 14.3 Any further information required by Insurety Plc or the insurer in order to confirm the acceptability of the risk will be promptly sought by the Broker/Independent Financial Adviser. All terms and conditions applying to the insurance the details of the items covered the gross premium payable (distinguishing therefrom any other charge being made) will be notified to the policyholder by the Broker/Independent Financial Adviser promptly and accurately.

Insurety Plc will use its reasonable endeavours to provide the insurer with all information it receives from the Broker/Independent Financial Adviser to enable the insurer to accept the

policyholder.

## **15. RENEWALS**

- 15.1 The Broker/Independent Financial Adviser will pass promptly to the policyholder Insurety Plc's renewal documentation relating to the contract of insurance and will advise him of any change in the terms and conditions applying to the insurance and to the items covered. Insurety Plc will endeavour to issue renewal documentation not later than 21 days prior to the renewal date.
- 15.2 The Broker/Independent Financial Adviser is obliged to remind the policyholder of forthcoming renewals and their duties of disclosure on the renewals.

## **16 CREDIT AND PAYMENT**

- 16.1 The Broker/Independent Financial Adviser will on behalf of the policyholder within seven days from receipt account to Insurety Plc for monies due in accordance with the terms of this Agreement.
- 16.2 Insurety Plc reserves the right to issue renewal invitations direct to policyholders whose insurances are arranged by the Broker/Independent Financial Adviser with Insurety Plc and not to pay commission in respect of premiums thereon in the following circumstances:-
- (a) Apparent evidence of fraudulent conduct by the Broker/Independent Financial Adviser;
  - (b) Civil/criminal charges material to the operation of the business under the terms of its Agreement;
  - (c) If there is reason to believe that the Broker/Independent Financial Adviser is not meeting or is financially unable to meet FSA Regulatory accountancy requirements;
  - (d) If the administration of the account is such as to prejudice the interests of policyholders or Insurety Plc
  - (e) If the Broker/Independent Financial Adviser fails without cause to remedy unsatisfactory behaviour of which he has been advised by Insurety Plc;
  - (f) Upon termination of this Agreement howsoever caused.

Where possible notice will be given to the Broker/Independent Financial Adviser by Insurety Plc of the proposed action and the reason for it.

## **17 SETTLEMENTS**

- 17.1 Insurety Plc shall be responsible for preparation of a statement of account which may be contained in writing, disk, tape, direct on-line communication to computer terminal or

any other method of communication and unless otherwise agreed this statement shall be the basis of accounting transactions between Insurety Plc and the Broker/Independent Financial Adviser.

- 17.2 Settlements shall be made by the 28th day of the due month and reconciled to Insurety Plc's last statement of account for the period in question. For the avoidance of doubt it is hereby acknowledged that the obligations of the Broker/Independent Financial Adviser hereunder are unaffected by:-
- (a) Any arrangement whereby the Broker/Independent Financial Adviser has allowed credit to the policyholder;
  - (b) Any delay in crediting to Insurety Plc monies received or due from the policyholder because of delays within the Broker/Independent Financial Adviser's accounting system;
  - (c) The inability of the Broker/Independent Financial Adviser to obtain monies from the policyholder save as provided in 5.1 hereof.

## **18 INFORMATION**

- 18.1 The Broker/Independent Financial Adviser shall immediately notify Insurety Plc of all material changes in the Directors, Partners or control of the Broker/Independent Financial Adviser including all changes in the name or trading name of the Broker/Independent Financial Adviser and in particular where a shareholder of 15% or more is involved.

## **19 CONFLICT**

- 19.1 In the event of there being a conflict between the provisions of this Agreement and the relevant Code of Conduct then the provisions of the Agreement shall prevail.

## **20 INDEMNITY**

- 20.1 The Broker/Independent Financial Adviser shall indemnify and hold Insurety Plc harmless against any claims made or proceedings brought against Insurety Plc or any loss suffered by Insurety Plc arising from the Broker/Independent Financial Adviser acting or purporting to act or holding itself out as being entitled to act on behalf of Insurety Plc or otherwise as having the capacity to bind Insurety Plc or the insurer in any manner whatsoever.

## **21 PROFESSIONAL INDEMNITY INSURANCE**

- 21.1 The Broker/Independent Financial Adviser shall maintain professional indemnity insurance on such terms and conditions and for such amounts as reasonably required by Insurety Plc, the rules or code of conduct from time to time of the FSA and any other professional or industry body that is approved and notified to the Broker/Independent

Financial Adviser.

## **22 JURISDICTION**

- 22.1 This Agreement shall be governed by and construed in accordance with English Laws.
- 22.2 Any dispute or difference or question directly or indirectly arising between the parties relating to or connected with this Agreement or any business introduced to Insurety Plc under this agreement or otherwise in relation to such matters shall be referred to an arbitrator agreed between Insurety Plc and the Broker/Independent Financial Adviser. If they fail to agree as to the appointment of an arbitrator within one month after either of them has requested arbitration such arbitrator as shall be appointed by the insurer.
- 22.3 The arbitrator shall determine any reference in accordance with current industry practice in relation to the provision of general insurance business and in making his award shall decide who shall bear the costs of the arbitration.
- 22.4 The arbitration shall take place in Bristol at a mutually agreed venue and be subject to the Arbitration Act 1996 or as amended from time to time.

## **23 VARIATION**

- 23.1 Any variation to the terms of this Agreement must be contained in writing and signed by the parties hereto.

**SIGNED BY**

**FOR AND ON BEHALF OF INSURETY Plc**

**SIGNED BY**

**FOR AND ON BEHALF OF THE BROKER/INTERMEDIARY**