

Terms of Trade Agreement: Intermediary & Appointed Representative

1 Preamble

- 1.1 This Agreement regulates the terms of business between County Insurance Services and you, the intermediary whether a sole trader, partnership or corporate body.
- 1.2 This agreement constitutes the entire agreement between the parties and supersedes all previous agreements, communications and representations in respect of it.
- 1.3 This agreement shall apply only to you. You are not authorised to assign any rights you feel these terms may infer.
- 1.4 You must not enter into agency or sub-agency arrangements on our behalf.
- 1.5 Nothing in this agreement shall require us to accept any proposal for insurance or renewal of any existing policy or maintain cover in respect of any existing policy.

2 Scope

- 2.1 The terms of this agreement shall apply to the conduct of any insurance business transacted between us.
- 2.2 You undertake to pass to us promptly any material information notified to you by the policyholder in accordance with the terms of the insurance contract. You remain, for this purpose, the agent of the policyholder and notification to you will not be deemed notification to us.

3 Compliance

- 3.1 County Insurance Services is regulated by the Financial Services Authority (FSA). (Membership number 144673). It is a condition of trade that you also maintain FSA authorisation. You must inform us immediately if you cease to be authorised by the FSA to transact any type of General Insurance business.
- 3.2 You should have in force at all times professional indemnity insurance at a level no lower than that required by the FSA. You must inform us immediately if such cover is cancelled, voided, not renewed or otherwise becomes insufficient
- 3.3 You should advise us immediately of any compliance issues arising from your membership of the FSA, particularly those identified during the course of an FSA audit.
- 3.4 In the event that you infringe the FSA rules, we reserve the right to treat any such infringement as a material breach of this agreement which may result in termination of the agreement in accordance with Sub-Clause 17.1(c)
- 3.5 You must not undertake any insurance mediation or insurance mediation activity directly or indirectly as a consequence of the activities of any agent, introducer or other person who is not authorized under all applicable regulations and is not exempt from the need to be authorized under the regulations for those purposes. By exercising the authority granted to it by us under this

agreement, you are deemed on each occasion to confirm compliance with this clause in relation to such activity.

4 Commission & policy fees

- 4.1 Commission payable will be shown on your statement. We reserve the right to modify commission rates at any time.
- 4.2 You should notify policyholders at the outset of any charges you make which are in addition to the premium payable. These include charges for additional benefits and services. The costs for such services must never be included as part of our premium without prior written agreement. They must at all times be shown separately from the gross premium we charge.

5 Introducing and processing business

- 5.1 Information and all terms & conditions applying to our policies should be supplied at the point of sale in the form of a document containing the key features or prior to the agreement of the sale if deemed a 'Distance Contract' under the Direct Marketing Directive (DMD). If, instead of providing such information at the outset, you allow a cooling-off period of fourteen days of which the policyholder takes advantage. A full refund will be due unless a claim is notified or circumstances which could give rise to a claim, in which case no refund will be due and the full premium payable even if the policy is paid by instalments.
- 5.2 You will, where applicable, be responsible for providing the policyholder with a 'Statement of Demands and Needs' in accordance with the FSA's Insurance Conduct of Business Rules.
- 5.3 You will present information and proposals relating to any insurance cover requested in the form specified by us or in such other manner as may be agreed in writing between us. Any further information required by us in order to confirm the acceptability of the risk will be promptly sought and supplied by you.
- 5.4 You will use your best endeavours to ensure that all relevant details of the insurance are notified to us, within two days of the date of commencement of the insurance cover.
- 5.5 Each proposal will be underwritten on individual merit and we reserve the right to increase premiums, modify terms or to decline any proposal. You may be notified periodically of procedural changes and you should act on the most recent advice given on any particular issue.
- 5.6 We will endeavour to issue renewal invitations not later than twenty-eight days prior to renewal date direct to the policyholder. If the policy is paid by direct debit, it will automatically renew unless the payment instruction is cancelled.
- 5.7 Where we do not intend to renew, or wish to impose more onerous terms than previously, we will endeavour to notify you no later than twenty-eight days prior to the renewal date including, where appropriate, the revised terms.
- 5.8 You must pass promptly to the policyholder, in accordance with the applicable legislation, all documents which the client is entitled to obtain under the terms of the legislation in relation to general insurance written by us.

6 Claims Handling

6.1 We will endeavour to meet all regulatory and legal requirements regarding the speed with which claims are handled. All claim notifications or circumstances which could give rise to a claim should be made by telephone immediately. All repairs and replacements must be approved by us in writing prior to arrangements being put in place.

7 Data protection

7.1 Any party to this agreement will warrant that they will each duly observe all requirements of the Data Protection Act 1998 (the Act). Which protects fundamental rights and freedoms of natural persons, in particular their right to privacy with respect of the processing of personal data. The Act works in two ways, giving individuals certain rights whilst requiring those who record and use any personal information to be open about that use and to follow sound and proper practices.

7.2 All personal data recorded regarding policyholders and third parties must be acquired via normal and therefore acceptable business routes in order that the data subject has consent to the processing. When renewing business personal data must be checked to ensure that all information is still appropriately recorded.

7.3 When discussing or revealing details a verification process is required to ensure that the person making the request is in fact the policyholder or an authorised third party.

7.4 A policyholder or third party has the right to access information held by us about themselves and where appropriate to have it corrected or deleted. Where the data is processed automatically, and is likely to form the sole basis for any significant decision, the policyholder or third party will also be entitled to know the logic involved in the decision making.

7.5 We may pass information about the policyholder contained in the policy and supporting documentation within the firm or to other insurers with which we insure the policy or who are dealing with a claim made under the policy. The information may be used to keep the policyholder informed about products and services that may be of interest to them.

7.6 By accepting this agreement, you hereby confirm that you are registered as a Data Controller, have advised us of your registration number and that you have written procedures available for your staff and our representatives to inspect upon request.

7.7 Any party shall hold and process data after having taken the appropriate technical and organisational measures to guard against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to, the personal data. Having regard to the state of technological development and the cost of implementing any measures, the measures must ensure a level of security appropriate to the harm that might result from unauthorised or unlawful processing or accidental loss, destruction or damage and the nature of the personal data to be protected.

8 Complaints/ lawsuits

8.1 Our aim is to prevent problems from developing into formal complaints. We require you to help in this process and will give whatever assistance we can. In accordance with FSA regulations, you must have a proper procedure in place for the prompt handling of complaints and you should be aware of our complaints procedure which is detailed in the policy. You should notify us via our Managing Partner of any unresolved complaint or any actual or potential lawsuit relating to the policy. We reserve the right to recover the costs incurred in handling and resolving a complaint resulting in any action (or inaction) on your part. Complaints made by policyholders may, after initially being dealt with by us, be referred on to the Financial Ombudsman Service (FOS)

8.2 County Insurance Services does not accept responsibility for any legal action, disciplinary proceedings or complaints arising from misconduct by the intermediary.

9 Credit and payment

9.1 You are responsible for the payment of premiums on all new policies, amendments and renewals. We confirm that providing money is held in an approved client bank account and reconciled in accordance with FSA rules CASS 5 on accounts for clients money, we will cascade Risk Transfer to approved sub agents. We confirm that co-mingling is acceptable providing it is kept in accordance with CASS 5

9.2 Your obligations shall be unaffected by;

- (a) any arrangement whereby you allow credit to the policyholder, or
- (b) any delay in crediting us with monies received or due from the policyholder because of delays within your accounting system, or
- (c) your inability to obtain monies from the policyholder.

9.3 Payment for all outstanding money must be received by us within 30 days of the commencement of the risk. Repeated failure to settle accounts by the due date will be considered to be a material breach of this agreement which may result in termination in accordance with Sub-Clause 17.1(c).

9.4 Failure to adhere to the terms of payment, and any such additional separate binding authority/ business agreement will lead to interest and compensation charges in line with the Late Payment of Commercial Debts (Interest) Act 1998. This will also lead to cancellation of your agency.

9.5 All premiums which remain outstanding will be referred to Daniels Silverman Ltd and will be subject to a surcharge of 15% plus VAT to cover the collection costs incurred. The surcharge together with all other charges and legal fees incurred will be your responsibility and will be legally enforceable.

10 Responsibility for premiums

10.1 In all circumstances in which you have issued cover on our behalf to a policyholder, you will be responsible to us for the required premium.

10.2 Where the premium due has not been paid to us but we agree to make payment of a claim under the policy concerned, you will be responsible for immediate payment of the next premium due.

10.3 If you fail to cancel the policy correctly and we are subsequently required to reinstate cover and/or settle a claim under that policy you will be responsible for the full premium due.

11 Financial Requirements

11.1 You must comply with the FSA capital and solvency requirements at all times. You must notify us immediately if you fall below those requirements or become aware of any other matter material to your solvency.

11.2 You must supply us with a copy of your FSA Retail Mediation Activities Return (RMAR) upon request.

11.3 Our authorised representatives shall have the right, upon reasonable notice, to inspect and review your financial accounts which relate to our agreement. We shall have the right to make copies or extracts of any such records. Our right to inspect or review shall continue notwithstanding termination of this agreement.

12 Access and ownership of records

12.1 Our authorised representatives shall have the right, upon reasonable notice, to inspect and audit without restriction or limitation all of your records relating to insurance placed with us. We shall have the right to make copies or extracts of any such records. Our right to inspect or audit shall continue notwithstanding termination of this agreement.

13 Money laundering

13.1 The provisions of the Criminal Justice Act 1993, Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003 implemented the Money Laundering Directive (defined as Council directive 91/308/EEC of 10th June 1991 on the prevention of the use of the financial system for the purpose of money laundering as amended by Directive 2001/97/EC of the European Parliament and the Council of 4th December 2001) and apply to proceeds of all crime (not just drug and terrorist related activities). The regulations place responsibility for maintaining procedures to avoid and detect money laundering on almost all firms in the financial industry.

13.2 By accepting this agreement, you hereby confirm that you will either:

- (a) have an appointed Money Laundering Reporting Officer and that you have written responsibilities under the Money Laundering Directive and the Proceeds of Crime act 2002 and that these have been made available to your staff and are available to our representatives to inspect, upon request, or
- (b) you abide by the principles laid down in the code of the Money Laundering Directive and comply with the Proceeds of Crime Act 2002, and have

- (i) money laundering procedures in place, and

- (ii) periodically review your procedures and retain documentary evidence.

14 Agency Vetting

14.1 County Insurance Services will make a search of your company with a credit reference agency. The credit reference agency will keep a record of that search and may share that information with other businesses.

14.2 County Insurance Services may also make enquiries about your principal directors with a credit reference agency. The credit reference agency will keep a record of that search and may share that information with other businesses.

14.3 County Insurance Services will monitor and record information relating to your trade credit performance and such records relating to your firm and its directors will be made available to, and may be shared with, other organisations, insurers and trade associations to assess applications for credit for the recovery of debts, for the purpose of sub-agency management, fraud prevention and the tracing of debtors.

15 Variation

15.1 Any variation to the terms of this agreement must be confirmed in writing by us. Notification will be in the form of an addendum that should be retained with this agreement.

15.2 You should notify us immediately in writing if;

- (a) the business name or trading title changes,
- (b) the business address or registered office address changes,
- (c) the ownership, partners, directors or senior management changes, the intermediary becomes bankrupt, insolvent, goes into liquidation, enters into an arrangement with any creditors, has a receiver appointed or ceases to carry on its business.

16 General conditions

16.1 Any party to this agreement is to act in good faith and to ensure the service to the other and to the policyholder, observes high standards of skill, care, diligence, integrity and confidentiality.

17 Termination

17.1 This agreement may be terminated by any party to this agreement;

- (a) at any time by mutual agreement, or
- (b) on the expiry of thirty days notice, or
- (c) forthwith if it has reason to suspect fraud, or the administration of the account is such as to prejudice the interests of policyholders, or either party commits a material breach of the agreement, or
- (d) if any party to this agreement should cease to be authorised by the FSA.

17.2 In the event of your death (if a sole trader), this agreement will remain in force with such persons as may be agreed (and allowed by the FSA) to carry on your business. Unless otherwise agreed, the agreement will be terminated.

17.3 Upon termination of this agreement under clause 18.1:

- (a) All subsequent outstanding monies due must be paid as rendered and remitted to us.
- (b) Selling any product of County Insurance Services should be discontinued with immediate effect.

17.4 We are not obliged to give reasons for any termination.

18 Jurisdiction

18.1 This agreement will be construed according to English Law and any disputes arising under it will be determined exclusively in the English Courts or by such means of arbitration or form of mediation agreed between the parties.

19 Subordination

We confirm that money held in our broker account is subordinate to any claim or claims made by clients (as defined for the purposes of client money rules of the FSA) to money held in the same account.

20 Acceptance of agreement

By instructing us, you agree to be bound by our terms of business.

Issue dated: 6 June 2011.