

## TERMS OF BUSINESS AGREEMENT

This agreement is entered into between the following parties:

City Underwriting Services Limited whose address is Unit 26, Ormeau Business Park, 8 Cromac Ave, Belfast BT7 2JA. Company Registration Number. NI 1065267 ( hereinafter referred to as the 'Company')

And

The Intermediary specified on the title page of this Agreement( hereinafter referred to as the  
the  
'Intermediary')

Collectively hereinafter referred to as the 'Parties'

### 1. Interpretation and Definitions

1.1 Within this Agreement, unless otherwise stated, the following words or expressions, shown throughout in italics, shall have the meanings set against them respectively:

**'Agreement'** refers to this Terms of Business Agreement, hereunder signed and agreed by both Parties.

**'Client'** means a customer introduced by you whose proposal has been accepted by Us on behalf of an Insurer and is protected under a contract of insurance.

**'Commission'** means the Commission to which You are entitled under this Agreement.

**'FSA'** means the Financial Services Authority in the United Kingdom.

**'Premium'** means the amount payable by the Policyholder to the Company in consideration for the cover afforded by the policy and shall include any additional, return or adjustment amounts.

**'Gross Premium'** means the premium including any Commission, excluding IPT.

**'Insurer'** means the Insurance Company of Lloyd's Underwriter with whom the Company has placed the Insurance.

**' Insurance Business'** means any insurance falling within the definition of " Contract of Insurance"

In article 3(1) of the Fin

ancial Services and Markets Act 2000(Regulated Activities) Order 2001 or as amended together with insurances concluded under any contracts for insurance arranged by the Company where the Intermediary is the placing broker.

**'IPT'** means Insurance Premium Tax or any equivalent tax or levy in relation to general insurance, at the appropriate rate.

'Net Premium' means Gross Premium after deduction of Commission.

'Rules' means the FSA Handbook and any rules, guidance or regulations issued by the FSA and all other rules to which either You or We are subject in undertaking general insurance business.

'Unauthorised Person' means a person who is not authorised by the FSA.

We' or 'Us' or 'Our' means City Underwriting Services Limited

You' or 'Your' means XXXXXXXXXXXXXXXXXXXXXXXX.

Together 'We' and 'You' are referred to as 'Both'.

'Our, 'Us' and 'Your' have corresponding meanings as the context requires.

## **1.2 In this Agreement:**

The masculine gender shall include the feminine and words importing the singular form shall include the plural and vice versa

The headings are used for convenience only and do not affect its interpretation

1.3 Nothing in this Agreement shall create a partnership or joint venture between Both.

1.4 No waiver by Us of any breach by You of any terms of this Agreement shall be construed as a waiver of any subsequent breach.

## **2. Scope**

2.1 This Agreement specifies the terms under which We will place the Client's business on Your behalf with Insurers for whom We are authorised to bind business.

2.2 This Agreement is exclusive to Both and shall not be assignable by either, unless formally agreed to in writing by Both.

2.3 This Agreement supersedes all previous Agreements between Both.

## **3. Client Ownership**

3.1 All Clients introduced by You remain Yours and not Ours for the duration of this Agreement.

3.2 We shall not contact Clients directly for any purpose without Your prior permission, except as provided for elsewhere in this Agreement.

## **4. Service and Delivery Requirements**

- 4.1 You have no authority to settle, negotiate or compromise claims, alter any receipt, document or policy or commit Us in any way. Any exceptions must be authorised in advance by Us in writing.
- 4.2 You are not to make any alterations or amendments to any forms supplied by Us or use any advertising promotional or other selling materials in relation to the insurance transactions covered by this Agreement, except those supplied by or approved in writing by Us.
- 4.3 You shall pass to Us promptly any material information in Your possession. In the event of You being aware of any non-disclosure of material information by a Client or prospective Client, You shall either inform Us or decline to act on behalf of that Client or prospective Client in undertaking any general insurance business with Us. You remain for these purposes the Client's agent and notification by the Client to You shall not constitute notification to Us.
- 4.4 You shall present information and proposals relating to any general insurance cover requested in the form which We specify from time to time or as otherwise in writing agreed by Us.
- 4.5 You shall retain all documentary and electronic records relating to insurance transactions covered by this Agreement for the duration of cover and for a minimum of five years thereafter.
- 4.6 Whenever any insurance is bound under this Agreement, We undertake to ensure that the appropriate policy wording is promptly delivered to You or the Client as instructed.
- 4.7 Client requirements: As agent of the Client, it is Your responsibility, not Ours, to ascertain and satisfy the Client's insurance requirements.
- 4.8 Renewals: You shall pass promptly to the Client all of Our renewal documentation relating to the Client's policy, notifying them of any change in the applicable terms and conditions and items covered. We shall issue renewal documentation to You, prior to renewal date, to enable You to comply with the Rules. Where We are unable to advise renewal terms in good time, We will advise You of reasons for this together with any possibility of more onerous terms needing to be applied.
- 4.9 Cancellations: You shall notify Us immediately of any Client's request to exercise a cancellation right under the Rules.
- 4.10 Claims: If the Client, who has arranged insurance through Us following an introduction from You, subsequently contacts You on matters relating to a claim or potential claim, You shall not make any comments, offer any advice or give an opinion that may prejudice the Insurers' interest or Our

interests in any way in the handling of the claim. You shall relay all relevant information to Us immediately it comes into Your possession.

4.11 You may only act on Our behalf within the territorial limits of the Northern Ireland Any exceptions must be authorised in advance by Us in writing.

4.12 You are not permitted to place business with Us which is introduced to You by another agent or broker.

## 5. Payments and Collection

5.1 We are authorised to invoice, collect and receive premiums and to pay return premiums and other sums due as agents of the Insurer. This authority extends to include You in respect of placements We make on Your behalf with Kiln Group Syndicate 510 at Lloyd's

5.2 Except as provided for in Clause 5.1 You will hold premiums and pay return premiums as agents of the Client.

5.3 All premiums must be held in a Statutory or Non-Statutory Trust Account in accordance with the Rules. Premiums held as agent of the Insurer may be co-mingled with other Insurer/Client monies for as long as the Rules permit. Furthermore the Insurers' interests in these monies are subordinated to those of Clients where co-mingling occurs.

5.4 We will cut off our transactions on 25<sup>th</sup> of each month. We will submit an updated statement of account to You before the end of each calendar month. The account will be itemised and show the commencement date of the insurance cover or renewal date of the policy or the date of a mid-term amendment to the policy cover. **You will pay all net premiums in respect of all transactions processed up to and including the 25<sup>th</sup> of the previous month.** Payment may be required in respect of certain business outside these terms of credit; this must be settled on an invoice basis when advised in writing by Us in advance of the commencement date or renewal date or the date of any mid-term amendment.

5.5 You can pay the net premiums set out in the statement by the following methods:

a) Electronic Funds Transfer including BACS or b) By Cheque

5.6 In the event of Your failure to settle any item or invoice within the terms of 5.4 above, and We do not agree that the item or invoice is in dispute, We reserve the right to refuse cover or to terminate cover.

We shall have no responsibility for any loss which You or the Client may suffer as a result of such refusal or termination. You will be required to pay the premium for the period of cover up to the date cover is terminated within 7 days of presentation of Our invoice.

5.7 Your obligations to pay Net Premiums to Us by the due date shall not be affected by any credit agreement You have made with the Client or delays with Your accounting systems.

5.8 If there are any items on the statement that are in dispute, You must contact Us prior to the premium becoming overdue in order that the account can be paid in full. Failure to do so may lead to the cover being terminated.

5.9 We have in place procedures and controls which are designed to forestall and prevent Money Laundering. If We suspect that a supplier, customer, Client or employee is committing a Money Laundering offence as defined by the Proceeds of Crime Act 2002 We will, in accordance with Our legal responsibilities, disclose the suspicion to the National Criminal Intelligence Service.

## **6. Remuneration**

6.1 We will allow You Commission on at a rate agreed by both of Us on a product line basis or when appropriate, on a case by case basis which will be shown on the quotation document. We reserve the right to amend the rate provided notice is given verbally at the time of the quotation or renewal and in writing subsequently.

6.2 If, after We have arranged insurance cover for a Client, they subsequently cancel the policy or reduce cover or reduce the premium in any other way, You will be liable to reimburse Us for the unearned proportion of the Commission We have paid You within 30 days unless Both parties agree to offset the amount against future Commission payments.

6.3 Commission is not due or payable on the handling charge in respect of any instalment payments or on any element of IPT or on any fees payable in addition to the insurance premium.

## **7. Fees and Charges**

7.1 Any policy fee, service charge or any other fee or charge whatsoever made by You or Us must be shown separately on documentation issued to the Client and not concealed in any way. Any such fees may only be applied when not in breach of the Rules.

7.2 We may charge You a fee in respect of policies cancelled through failure to settle the policy premium on the due date (after due notice is provided) and subsequently requested for reinstatement. The fee amount will be notified in writing.

## **8. Professional Indemnity Insurance**

8.1 You shall maintain Professional Indemnity Insurance with an Insurer, providing cover in connection with the operation of the Agreement at least to the extent of the minimum required by FSA regulation or any regulatory practices that may be in force at the time for any liability arising out of any:

negligent act, error or omission by You including any past or present director, partner or employee of Yours

any dishonest or fraudulent act or omission by You including any past or present employee of Yours;

8.2 You agree to supply evidence of Your Professional Indemnity Insurance cover to Us on request.

## **9. Compliance**

9.1 You shall comply with all Rules to which You are subject including all requirements relating to authorisation and supervision in respect of Your insurance mediation activities.

9.2 We shall at all times comply in full with the Rules insofar as they apply to Our Business.

9.2 From conclusion of any contracts of general insurance arranged by Us, We will only  
9.3 bear the credit risk in relation to premiums due when they are received by Us. In all other circumstances You shall hold all such Client Monies in accordance with the Rules.

9.4 We Both shall at all times comply with all applicable data protection legislation from time to

time (including, without limitation, the Data Protection Act 1998 and the Privacy and Electronic Communications (EC Directive) Regulations 2003 and any re-enactment or replacement of or

of amendment or extension to such legislation). We Both shall ensure that all processing of

client data under this Agreement is lawful and that all appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of Client data and against accidental loss or destruction of or damage to the Client data.

9.5 We reserve the right to carry out an audit of Your compliance procedures and relevant trust accounts in respect of Our general insurance business and You shall allow Us access to

Your premises, files and documents in relation to this Agreement on reasonable notice for this purpose and to take copies.

9.6 You undertake to notify Us in writing immediately in the following circumstances:

variation or cancellation of Your Part IV Permission under the Financial and Markets Act 2000

initiation of FSA disciplinary or investigation action in relation to You or Your staff.

9.7 You shall be responsible as Principal for all regulatory requirements in relation to Your Appointed Representatives and/or Your Introducer Appointed Representatives. For the avoidance of doubt, You shall remain fully responsible to Us for all acts and omissions in relation to this Agreement, which shall have effect in relation to the acts and omissions of such Appointed Representatives and/or Introducer Appointed Representatives as if they were Your acts or omissions.

## **10 Notification of Change**

10.1 You shall immediately notify Us in writing: -

in the event of any changes, which are material and have relevance to this Agreement, for instance any changes of address.

if there is any change in Your regulatory status.

10.2 Unless otherwise stated in this Agreement, We may vary the terms of this Agreement at any time by sending to You Our current version and the changes shall be effective not less than 30 days from notification and shall be confirmed in writing.

## **11. Termination**

11.1 This Agreement may be terminated or varied in writing by written agreement.

11.2 You or We may terminate this Agreement by giving 30 days written notice to the other.

11.3 We may terminate any Agreement with immediate effect in the following circumstances:

where You become insolvent or an order has been made or resolution passed for Your liquidation, administration, winding-up, bankruptcy or dissolution (other than for the purposes of a solvent amalgamation or reconstruction with Our prior written consent)

where, if You are a partnership, any of the partners becomes insolvent, a resolution is passed for a partner's bankruptcy or a partner is unable to pay his debts

an administrator or another receiver, manager, trustee, liquidator, or similar officer is appointed over all or any substantial part of Your assets

where, if You are a partnership, any of the partners enters into or proposes any composition or arrangement with Your or his creditors

where anything analogous to the matters set out in 11.3 a) to d) occurs in any jurisdiction

on Your death, if You are a sole trader

You have breached or are likely to breach any of the Rules

You have any relevant license, permission or authorisation to conduct insurance business refused, suspended, removed or impaired by any breach of a Rule

You or any partner or director or principal of Your firm is convicted of any criminal offence (other than a minor driving offence) or We have reason to suspect any such person has committed any act of fraud or dishonesty or his conduct of business under this Agreement is such as to prejudice the interests of Us or any Client

Any of the answers given by You in Your agency application form are subsequently found to be untrue or misleading or incomplete in any material respect

There is any other material breach by You of the terms of this Agreement.

## **12. Consequences of Termination**

Following termination of this Agreement, We shall not accept any new business proposed by You and shall not issue Renewal invitations to You in respect of this Agreement.

On termination of this Agreement, We shall prepare a statement of account as between You and Us. Settlement of this account shall be made by either party paying the balance due as shown in the statement of account to the other party immediately. You shall also pay to Us immediately all known premiums not included in the statement of account.

On termination of this Agreement, in order to protect the interests of the Clients, We may, at Our discretion, take over the handling and ownership of existing Clients.

## **13. Complaints Handling Procedure**

13.1 Either party shall notify the other party immediately on receiving a complaint from a Client which relates to the other party's Regulated Activities and provide them promptly with copies of any relevant information and documentation, the originals of which shall be retained by Both parties for at least 3 years from the date the complaint is received.

13.2 Any complaint about Us should be notified to Mr Jimmy Shields at Our usual office address.

#### **14. Jurisdiction**

14.1 This Agreement and any variation to it, is subject to English Law and Practice and to the exclusive jurisdiction of the English Courts, unless Both parties agree otherwise.

#### **15. Indemnity**

15.1 Each party shall indemnify and keep indemnified the other from all losses, costs, claims and liabilities whatsoever incurred by the other arising from:

any failure by the indemnifying party to comply with the provisions of any regulatory requirements

any other breach by the indemnifying party of this Agreement including, without limitation, any loss, cost, claim or liability incurred by Us arising out of business arranged through Us without authorisation.

#### **16. Rights of Third Parties**

A Person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of this Agreement but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

#### **17. Force Majeure**

Neither You nor We shall be liable for any breach of Our respective obligations, acts or omissions hereunder resulting from causes beyond Our reasonable control being an 'Event of Force Majeure'.

In the event of a Force Majeure occurring, the party whose obligations are suspended by virtue of this event shall use all reasonable endeavours to mitigate the effect of such circumstances and carry out such obligations or duties hereunder in such other way as may be reasonably practicable in all the circumstances.

We Both agree to give notice to the other as soon as is reasonably practicable after becoming aware of an Event of Force Majeure, such notice to contain details of the circumstances giving rise to the Force Majeure.

#### **18. Confidentiality**

Both parties shall treat any information relating to the other party, its business and Clients as confidential (except to the extent that such information is known to that party other than as a result of any breach of this Agreement).

Neither party shall disclose such information to any third party, nor use it for any purpose except as is necessary for the performance of this Agreement or the enforcement of that party's right in law or contract. The provisions of this clause shall continue notwithstanding any termination of the Agreement.

**19. Counterparts**

19.1 This Agreement may be entered into in any number of counterparts and by the parties on separate counterparts each of which when so executed and delivered shall be deemed an original but all of which together shall constitute the Agreement.

**20. Notices**

Any notice under this Agreement shall only be effective if it is in writing

Any notice served or another document to be served under this Agreement may be delivered or sent by first class post, recorded delivery, facsimile message or e mailed to the other party at their last known postal address, e mail address or facsimile number.

Any notice or document shall be deemed to have been served:

If hand delivered

if sent by recorded delivery or registered post

if sent by facsimile message, at the expiration of two hours after the time of transmission if transmitted before 3.00 pm on any business day, and in any other case at 10.00 am on the business day following the date of transmission

if sent by e mail to a director or partner

In proving service of a notice or document it shall be sufficient to prove that delivery was made or that the envelope containing the notice or document was properly addressed and posted as prepaid first class or recorded delivery or that the facsimile message was properly addressed and despatched (as evidenced by a transmission report produced by the facsimile machine from which the transmission was sent) or that the e mail address to whom the notice was sent was correct and not returned unsend.

For and on behalf of City Underwriting Services Limited

Signature \_\_\_\_\_

Name: \_\_\_\_\_

Position \_\_\_\_\_

Date: \_\_\_\_\_

For and on behalf of -----

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ Post Code \_\_\_\_\_

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Position: \_\_\_\_\_

Email: \_\_\_\_\_

Date: \_\_\_\_\_