



TERMS OF BUSINESS AGREEMENT

March 2016

Nelson Policies at Lloyd's. Registered in England and Wales No: 1825766. Registered Office: 2nd Floor, Knightrider Chambers, 12 Knightrider Street, Maidstone, Kent ME15 6LP.

Nelson Policies at Lloyd's is authorised and regulated by the Financial Conduct Authority (FCA No. 305456).

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**.

'Appointed Representative', 'Introducer Appointed Representative', 'Principal' and 'Regulated Activities' shall have the meaning given to them in the Rules.

'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**.

'FCA' means the **Financial Conduct Authority** in the United Kingdom or any successor regulatory body.

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

'Insurer' means a person who writes contracts of general insurance falling within the terms of Schedule 1, Part 1 of the United Kingdom's Financial Services and Markets Act (Regulated Activities) Order 2001.

'IPT' means Insurance Premium Tax in the United Kingdom or any equivalent tax or levy in another state which applies to insurance business.

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

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

'We' or **'Us'** or **'Our'** means Nelson Policies at Lloyd's and **'You'** or **'Your'** means **Broker**. 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**:

- a) The masculine gender shall include the feminine and neuter and words importing the singular form shall include the plural and vice versa;
- b) 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. Date of Agreement

2.1 This **Agreement** is effective from _____ until terminated in accordance with Section 12 – Termination.

3. Scope

- 3.1 This **Agreement** specifies the terms under which **We** will place the **Client's** business on **Your** behalf with **Insurers** with whom **We** hold agency facilities.
- 3.2 This **Agreement** is exclusive to **Both** and shall not be assignable by either, unless formally agreed to in writing by **Both**.
- 3.3 **Both** agree that the terms herein shall apply to the conduct of any insurance business on or after the effective date of the **Agreement**. The terms of this **Agreement** supersede the terms of any other Terms Of Business Agreement (TOBA) already in place between **Both** for such insurance business. Such TOBA(s) shall continue to apply to insurance business transacted between **Both** before the date of this **Agreement**.

4. Client Ownership

- 4.1 All **Clients** introduced by **You** remain **Yours** and not **Ours** for the duration of this **Agreement**.
- 4.2 **We** shall not contact **Clients** directly for any purpose without **Your** prior permission, except as provided for elsewhere in this **Agreement**.
- 4.3 Should any **Client** generate additional business, **We** shall pay **You Commission** at the rates set out in Clause 7 – Remuneration.

5. Service and Delivery Requirements

- 5.1 **You** have no authority to accept or amend insurances, 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.
- 5.2 Instructions from **You** to place an insurance risk on cover will only be accepted if confirmed in writing by **You**.
- 5.3 **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 alterations which have been supplied by or approved in writing by **Us**.
- 5.4 **You** shall pass to **Us** promptly all risk information **You** hold in connection with each **Client** or prospective **Client**. In the event of **You** being aware of any non-disclosure of material information or of any misrepresentation made 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 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**.
- 5.5 **You** shall present information and proposals relating to any insurance business in the form which **We** may specify from time to time or as otherwise in writing agreed by **Us**.
- 5.6 **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 three years thereafter.
- 5.7 Whenever any insurance is bound under this **Agreement**, **We** shall use **Our** best endeavours to ensure that the policy is delivered to **You** promptly.
- 5.8 **Client** requirements: As agent of the **Client**, it is **Your** responsibility, not **Ours**, to ascertain and satisfy the **Client's** insurance requirements.
- 5.9 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.

- 5.10 Cancellations: **You** shall notify **Us** immediately of any **Client's** request to exercise a cancellation right under the **Rules**.
- 5.11 Claims: If a **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** interest in any way in the handling of the claim. **You** shall relay all relevant information to **Us** immediately when it comes into **Your** possession.
- 5.12 **You** may only act on **Our** behalf within the territorial limits of the United Kingdom, Northern Ireland, the Isle of Man and the Channel Islands.
- 5.13 **You** are not permitted to place business with **Us**, which is introduced to **You** by another agent or broker unless specifically agreed with **Us**.
- 5.14 **You** shall have in place a procedure for checking that a **Client's** name (including, if a business, the names of the beneficial owners) does not appear on any relevant list relating to financial sanctions legislation (The List) before submission of any business to **Us** in connection with any **Client**. Furthermore, **You** will retain records to demonstrate that such checks have been carried out. In the event of **You** detecting that a **Client's** name appears on the List, **You** must decline to act on behalf of that **Client** in undertaking any general insurance business with **Us**.

6. Payments and Collection

- 6.1 **We** are authorised to invoice, collect and receive premiums and to pay return premiums and other sums due as agent and trustee of each **Insurer** with which **We** place business.
- 6.2 Except where advised otherwise in writing by **Us**, each **Insurer** with which **We** have placed business on **Your** behalf agrees that **You** also are authorised to invoice, collect and receive premiums from **Clients** and to pay return premiums and other sums due to **Clients** as agent and trustee of the **Insurer**.
- 6.3 **You** shall immediately deposit all premiums received from or due to **Clients** in connection with this **Agreement** in to a client bank account, operated in accordance with **FCA** client money rules.
- 6.4 Each **Insurer** with which **We** have placed business on **Your** behalf permits the co-mingling of its premiums with other premiums which are not the subject of this **Agreement**. Each **Insurer** also agrees that its interests in such premiums, where held in a client bank account operated under **FCA** rules, rank subordinately to the interests of any **Client**.
- 6.5 **We** will submit a statement of account to **You** on a monthly basis. **You** will pay all **Net Premiums** shown on the statement no later than the last working day of the month in which the statement is received.
- 6.6 **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.
- 6.7 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.
- 6.8 **We** reserve the right to charge interest on late payment of any sums due to **Us** at 3% above the Bank of England's base rate.
- 6.9 **You** are entitled to retain interest earned on premiums held in accordance with Clause 6.3.
- 6.10 **We** have in place procedures and controls which are designed to forestall and prevent Money Laundering and Bribery. If **We** suspect that a supplier, customer, **Client** or employee is committing a

Money Laundering or Bribery offence as defined by the Proceeds of Crime Act 2002 and the Bribery Act 2010, **We** will, in accordance with **Our** legal responsibilities, disclose the suspicion to the National Crime Agency or the Serious Fraud Office.

7. Remuneration

- 7.1 **We** will allow **You Commission** at a rate of 15% of the commission received by **Us** from the **Insurer** unless in each case otherwise advised by **Us** in writing. **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.
- 7.2 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** agree to offset the amount against future **Commission** payments.
- 7.3 **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.

8. Fees and Charges

- 8.1 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.

9. Professional Indemnity Insurance

- 9.1 **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 the **Rules** or any regulatory practices that may be in force at the time for any liability arising out of any:
- a) negligent act, error or omission by **You** including any past or present director, partner or employee of **Yours**;
 - b) any dishonest or fraudulent act or omission by **You** including any past or present employee of **Yours**.
- 9.2 **You** agree to supply evidence of **Your** Professional Indemnity Insurance cover to **Us** on request.

10. Compliance

- 10.1 **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.
- 10.2 **We** shall at all times comply in full with the **Rules** insofar as they apply to **Our** business.
- 10.3 From conclusion of any contracts of general insurance arranged by **Us**, **We** will only bear the credit risk in relation to premiums due when they are received by **Us**.
- 10.4 **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 amendment or extension to such legislation). **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.
- 10.5 **We** may disclose personal data relating to **You** including details of **Your** directors, officers, partners and employees to any governmental or regulatory body, agency or authority and to an **Insurer** with whom a **Client's** business is placed, or submitted for enquiry, for any purpose connected with the proper maintenance, administration and regulatory compliance and control of the conduct of this **Agreement**.

- 10.6 **You** must ensure that **You** procure the consent of all such individuals for disclosure for the above purposes and, if **You** are unable to do so, **You** must notify **Us** immediately.
- 10.7 **We** reserve the right to carry out an audit of **Your** compliance in respect of business placed with **Us** 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.
- 10.8 **We** reserve the right to record telephone calls for training and monitoring purposes.
- 10.9 **You** undertake to notify **Us** in writing immediately in the following circumstances:
- a) variation or cancellation of **Your** Part IV Permission under the Financial Services and Markets Act 2000 to transact general insurance business; or
 - b) initiation of **FCA** disciplinary or investigative action in relation to **You** or **Your** staff.
- 10.10 **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 **Your Introducer Appointed Representatives** as if they were **Your** acts or omissions.
- 10.11 **You** will not engage in any activity, practice or conduct that may constitute an offence under any applicable laws or regulations designed to combat bribery, fraud or corruption and will at all times maintain appropriate systems and controls, including monitoring systems, to ensure compliance with such laws or regulations.

11. Notification of Change

11.1 **You** shall immediately notify **Us** in writing:

- a) in the event of any changes, which are material and have relevance to this **Agreement**, for instance any changes of address;
- b) if there is any change in **Your** regulatory status.

11.2 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.

12. Termination

12.1 This **Agreement** may be terminated or varied at any time by mutual agreement.

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

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

- a) 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);
- b) 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;
- c) an administrator or another receiver, manager, trustee, liquidator, or similar officer is appointed over all or any substantial part of **Your** assets;
- d) where, if **You** are a partnership, any of the partners enters into or proposes any composition or arrangement with **Your** or his creditors;
- e) where anything analogous to the matters set out in 12.3 a) to d) occurs in any jurisdiction;
- f) on **Your** death, if **You** are a sole trader;
- g) **You** have breached or are likely to breach any of the **Rules**;

- h) **You** have any relevant licence, permission or authorisation to conduct insurance business refused, suspended, removed or impaired by any breach of a **Rule**;
- i) **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**;
- j) if any of the answers given by **You** in **Your** agency application form (where completed) are subsequently found to be untrue or misleading or incomplete in any material respect;
- k) there is any other material breach by **You** of the terms of this **Agreement**.

13. Consequences of Termination

- 13.1 Following termination of this **Agreement**, **We** shall not accept any new business proposed by **You** and shall not issue renewal invitations to **You**.
- 13.2 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.
- 13.3 On termination of this **Agreement**, **We** reserve the right to take whatever actions are necessary to protect the interests of the **Clients**.

14. Complaints Handling Procedure

- 14.1 Either party shall notify the other party immediately on receiving a complaint from a **Client** which relates to the other party and provide them promptly with copies of any relevant information and documentation, the originals of which shall be retained by **Both** for at least three years from the date the complaint is received.

15. Jurisdiction

- 15.1 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** agree otherwise.

16. Indemnity

- 16.1 Each party shall indemnify and keep indemnified the other in respect of all proven, foreseeable and fully mitigated losses, costs, claims and liabilities incurred by the other arising from:
 - a) any failure by the indemnifying party to comply with the provisions of any regulatory requirements;
 - b) any other breach by the indemnifying party of this **Agreement**.

17. Rights of Third Parties

- 17.1 A person who is not a party to this **Agreement** has no right under the United Kingdom's 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.

18. Force Majeure

- 18.1 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'.
- 18.2 In the event of an Event of 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.

18.3 **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.

19. Confidentiality

19.1 **Both** 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**).

19.2 Neither **You** nor **We** 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**.

20. Counterparts

20.1 This **Agreement** may be entered into in any number of counterparts and by **Both** 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**.

21. Notices

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

21.2 Any notice served or another document to be served under this **Agreement** may be delivered or sent by first-class post or facsimile message or electronic mail to the other party at its last known address.

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

- a) if delivered, at the time of delivery;
- b) if posted, at 10.00 hours on the second business day after it was posted (copy to be sent to the other party by facsimile or electronic mail on the day of posting);
- c) if sent by facsimile message, at the expiration of two hours after the time of transmission if transmitted before 15.00 hours on any business day, and in any other case at 10.00 hours on the business day, and in any other case at 10.00 hours on the business day following the date of transmission;
- d) if sent by electronic mail, at the expiration of the day on which the mail was sent, if transmitted before 15.00 hours on any business day, and in any other case at 10.00 hours on the business day following the date of sending.

21.4 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 or that the item of electronic mail was properly addressed and sent or that the facsimile message was properly addressed and dispatched (as evidenced by a transmission report produced by the facsimile machine from which the transmission was sent) as the case may be.



AGENCY NUMBER:

For and on behalf of **Nelson Policies at Lloyd's**

Signature: _____

Name: **Tim Simpson**

Position: **Managing Director**

Date: _____

For and on behalf of: -----

FCA No:

Signature: _____

Name: _____

Position: _____

Date: _____