

TERMS OF BUSINESS AND STATUS DISCLOSURE **CONSUMERS**

INTRODUCTION

Please read this document carefully. It sets out the terms on which Russell Scanlan Ltd agrees to act for our clients and contains details of our regulatory and statutory responsibilities.

1. Broker Information

Russell Scanlan Ltd of Wellington House 15 Wellington Circus Nottingham NG1 5AJ is an independent insurance broker. We are authorised and regulated by the Financial Services Authority (FSA). Our permitted business is arranging general insurance contracts. Our FSA Register number is 310282. These details can be checked on the FSA's Register by visiting the FSA's website: <http://www.fsa.gov.uk/pages/register> or by contacting the FSA on 0845 606 1234.

We are required to comply with the FSA Regulations relevant to an insurance intermediary. These include the following:

- To conduct our business with integrity and pay due regard to the interests of our clients and treat them fairly.
- To conduct our business with due skill, care and diligence.
- To pay due regard to the information needs of our clients and communicate information to them in a way which is clear, fair and not misleading.
- To act with due care, skill and diligence when acting for a client in relation to a claim, and to manage conflicts of interest both between ourselves and our clients and also between a client and another client.
- To hold client money to meet certain specified conditions.
- To take reasonable care to establish and maintain such systems and controls as are appropriate to our business.
- To maintain and keep up to date a list of the insurance undertakings we select from and be able to provide a copy of this list in a durable medium to a client on request.

2. Scope of Agreement

In the absence of an agreement to the contrary, this agreement records the terms and conditions that shall form part of the basis of our appointment as your insurance broker.

3. Our Responsibilities

3.a Our Role and Service

As an independent insurance intermediary we act as the agent of our client. We are subject to the law of agency, which imposes various duties on us.

When selecting insurers to provide quotations we will always base our selection on a fair analysis of the market unless we tell you otherwise at the time of providing a quotation.

We have arrangements with some insurers whereby we are given what we consider to be preferred terms and conditions for certain insurance products. In many cases those insurers grant us authority to accept business on their behalf.

We may place your business under one of these arrangements in the following circumstances:

- a) Where we consider that to do so would match your requirements or instructions.
- b) Where we provide terms exclusively from those insurers for the type of business that you require.

In the event that b) applies we will specifically advise you at the time of providing the quotation since in that situation our terms may not represent a fair analysis of the market.

We have some arrangements that allow us to select from a limited number of insurers for certain insurance products. Where these arrangements exist we will advise you at the time of quoting since this may not represent a fair analysis of the market. In these circumstances you may request a list of the insurance undertakings from whom we select in respect of those products.

We seek insurance from insurers who meet our minimum financial guidelines for usage and will not utilise any other security unless we receive written instructions from you. We do not in any circumstances act as an insurer nor will we make representations, guarantee or otherwise warrant the solvency of or ability to meet future claims of any insurer with which we place business. The decision regarding the suitability of any insurer rests with you. If you have concerns regarding any insurer recommended for your insurance requirements you must advise us as soon as possible and we will discuss them with you.

A liability for the premium whether in full or pro rata, may arise under policies where a participating insurer becomes insolvent.

Our service includes:-

- Advising you and making a recommendation for you after we have assessed your needs. This will include the type of cover you seek together with the costs. Where required, you will be provided with a statement of demands and needs prior to the conclusion of the contract.
- Preparing market presentations and negotiating the most appropriate terms.
- Arranging cover to meet your specific requirements.
- Preparing documentation where this is our responsibility.
- Checking the accuracy of those policies received from your insurers; relating specifically to our placement.
- Ensuring that you and your insurer have agreed all terms prior to the inception of your policy, whenever possible.
- Notifying your insurers of any alteration(s) to an insurance policy, we have placed on your behalf, that you have instructed us to make.
- Discussing your renewal requirements.
- Implementing an appropriate claims recording system to meet your requirements.
- Upon notification from you, promptly processing claims or circumstances which might result in a claim.
- Reviewing claims with you and your insurers.

3.b Our remuneration

Our remuneration may be as a fee, or as brokerage, which is a percentage of the insurance premium paid by you and allowed by the insurer with whom the insurance is placed.

We reserve the right to make charges in addition to any insurance premiums, for the arranging, amending, renewing and cancellation of any policy of insurance. These charges will always be advised to you before the purchase of insurance and shown separately on our invoices.

In addition to client fees and/or brokerage payments, we may receive remuneration by way of administrative fees or commissions for services provided to insurers.

Brokerage and fees are earned for the policy period and we reserve the right to retain all or part of commission earned on any premiums subsequently returned.

In addition to such brokerage or an agreed fee basis of remuneration we may also benefit from:

- earnings which we are able to generate due to the long-term profitability of our account placed within certain insurers and its underwriting performance, which are not identifiable to any specific account.
- earnings which we are able to generate through management of cash balances held on behalf of clients, which are not identifiable to any specific amount.
- earnings from premium finance companies which might be generated due to the total volume of premiums financed, bad debt ratios and the finance rates applied.

3.c Confirmation of Cover

We will provide you with written confirmation and details of the insurance that has been effected on your behalf, as well as the insurers who have subscribed to the risk. Please review coverage as recommended under 4.d.

3.d Cooling Off Period

Should you feel that you have not been given sufficient information about the cover at the time of purchase then insurers will allow you a "cooling off" period of 14 days from the date you receive the information that you require. If you decide within this period that you do not want the policy your premium will be refunded provided that you have not made a claim.

3.e Policy Wordings and other Documents

We will seek to have the wording of the insurance agreed and accepted by you prior to inception of the policy. On completing the placement of a policy we will endeavour to forward to you all relevant documentation within 30 days to comply with Contract Certainty requirements.

3.f Claims

Where we are to handle claims we will do so fairly and promptly and will keep you informed of progress. Unless otherwise agreed, or because market practice determines otherwise, we will provide our claims handling services during the policy period for the policies placed by us. Our claims handling services include, upon receiving the required information from you, the notification of the claim or circumstances to insurers, representing you in the resolution of the claim and arranging the collection and/or settlement of the claim in accordance with market practice and your policy terms and conditions. Where claims are to be dealt with by you with insurers we will provide advice and support as requested.

Further, our claims handling services may cease where we are satisfied that you have instructed another entity to assume the claims servicing obligations for your insurance.

Once insurers have agreed a claim, and the funds have been collected, we will arrange settlement to you without avoidable delay. However, we will not remit claims monies to you before we have received them from insurers.

Where a very large claim arises and funds are required immediately, we will attempt to negotiate a payment on account with insurers in advance of final adjustment and agreement of balance of the claim.

In the event that we are acting for insurers under a delegated settlement authority and a conflict of interest arises, we will advise you immediately and seek your instructions.

3.g Outsourcing

We reserve the right to outsource certain administrative functions. Where services are outsourced they will be governed by formal contracts that will include service level agreements. We will take reasonable steps to assure ourselves that the service providers are providing adequate standards of performance. In certain circumstances we may be dealing with outsourced providers acting for your insurers.

4. YOUR RESPONSIBILITIES

4.a General

If there are any changes in your circumstances that may affect the services to be provided by us, you must advise us as soon as possible.

4.b Confidentiality

In the event that you provide us with material, non-public information that could be "price sensitive" and makes us an "insider" you must inform us in writing and we will then take appropriate steps to ensure it is handled sensitively.

All data recommendations, proposals reports and other information provided by us in connection with your insurance needs are for your sole use. You agree not to permit access by any third party to this information without our express permission. We reserve our right to protect proprietary information.

4.c **Proposal Forms**

For certain classes of insurance you may be required to complete a proposal form, questionnaire or similar document. We can provide guidance but we are not able to complete the document for you.

4.d **Disclosure of Information**

Please note that under English law it is your duty to disclose all material facts to insurers prior to inception of the policy and to keep them advised of any changes to such facts or any new such facts throughout the currency of the policy, and upon renewal of the policy. A material fact is a fact which may influence an insurer's judgement in their assessment of a risk. The onus is on you to decide what may be material and there is no duty on insurers to make enquiries of you. If you are in any doubt as to whether a fact is material, we recommend that it be disclosed. **Failure to disclose material facts may entitle insurers to avoid the policy from inception.**

4.e **Acceptance of Cover**

You are responsible for providing us with written instructions to effect cover on your behalf in sufficient time for us to complete the placement with insurers prior to the inception date and to meet our regulatory obligations in relation to the policy wording.

4.f **Your Policy**

As part of our regulatory duties, we seek to ensure that both you and your insurer have agreed all the terms of your policy prior to inception. If you are required to produce the policy or part of the wording to any third party (e.g. bank or building society) it is our strong recommendation that Russell Scanlan receive details of this with at least 14 days notice in order that we may obtain insurers agreement to any required amendment to the wording.

Upon receipt, you are responsible for reviewing all policies issued very carefully, as these documents, the schedules and any certificates of insurance are the basis of the insurance contract purchased. Particular attention should be paid to any policy conditions, exclusions, warranties, and claims provisions, as failure to comply may invalidate your coverage. If there is any doubt about these, immediate advice should be sought from us. You should not rely on any summary of cover that we provide.

4.g **Claims**

You are responsible for notifying claims or potential circumstances that may give rise to a claim. To ensure full protection under your policy or similar documentation provided, you should familiarise yourself with the coverage conditions or other procedures directly relating to claims and to the notification of those claims. Failure to adhere to the notification requirements, particularly timing, as set out in the policy or other coverage document may entitle insurers to deny your claim. All material facts relating to the claim must be disclosed.

Claims may be made against a policy long after its expiry date. It is important therefore that you keep your policy documents in a secure place.

You must not admit liability nor agree to any course of action, other than emergency measures carried out to minimise the loss, until insurers have given you their agreement. For all crime related claims, you must notify the police immediately.

4.h **Payment of Premiums**

We normally accept payment by cash, guaranteed cheque, electronic bank transfers, debit or credit card (a surcharge is levied for debit or credit card payments to us.) You may be able to spread your payments through insurers' instalment schemes or a credit facility we have arranged with Close Premium Finance. We will give you full information about the payment options when we discuss your insurance arrangements in more detail.

We adhere to strict terms of credit on insurance premiums. Any invitation renewal or other request received must be paid by the settlement date stated on our invoice, statement or closing documentation. **Failure to do so may invalidate cover and entitle insurers to cancel the policy.**

Your insurance contract may include a cancellation clause. In the event that you fail to pay your premium by the due date the insurance may be cancelled forthwith or by insurers giving notice of the cancellation. In the event of cancellation of the insurance contract, insurers may still require a pro rata premium to be paid.

If we have not received the premium from yourselves, we are under no obligation to pay premium by the payment date to insurers on your behalf.

Once our remuneration has been earned, in the event that the insurance is cancelled after inception our fees or brokerage will not usually be returnable.

Premium payment Warranties or Conditions

We will advise you at the earliest opportunity during the placing progress if insurers have imposed a Premium Payment Warranty or a Premium Payment Condition. Where they have, cleared funds must be received by us no later than 7 days prior to the settlement date to ensure that cover remains in place. This is essential since failure to pay premium to insurers within the specified time may entitle them to cancel cover from the outset.

5. Client Money

"Client Money" is money of any currency which we hold on behalf of clients.

All client monies received by Russell Scanlan will be held within a statutory trust client account and will be governed by the FSA client money rules.

The aim of the trust is to protect the client in the event of a failure of the firm, or the failure of the bank or a third party at which the money may be held. In such a circumstance the firm's general creditors should not be able to make claims on client money as it will not form part of this firm's property.

The fact that we will hold money on trust gives rise to fiduciary duties which will be owed to you until the client money reaches the insurer or product provider.

As we hold client money in a statutory trust account, we are not entitled to use client money held on behalf of one client to pay another client's premium before the premium is received from that other client, nor can we pay premium refunds to another client before we receive payment from the insurer. We are not entitled to use client money to pay our commissions before we receive the relevant premium from the client.

When we receive any monies from you or for payment to you, they will be held by us either as an agent for the insurer concerned or on your behalf within our statutory trust client account.

In the event that we receive monies (premiums or claims) as agent of the insurer concerned, we hold these funds on their behalf. This means, for example, that if you pay a premium to us, it is treated as having been received by the insurer and you cannot be asked to pay again. In circumstances where monies are held by us as agents of the insurer they may be held in a client account, but only if the insurer has formally accepted that their interests are subordinated to those of the client.

Where we hold monies in a client bank account we may earn interest on monies held, which will be retained by us.

6. Payments to Third Parties

We may transfer client money to another party, such as another broker, for the purpose of effecting a transaction on your behalf through that party.

This may include parties outside the UK. The legal and regulatory regime applying to a party outside the UK may be different from that of the UK and in the event of a failure of the party, this money may be treated in a different manner from that which would apply if the money were held by a party in the UK. You may notify us if you do not wish your money to be passed to a party in a particular jurisdiction.

7. Banking Details

Client money will be deposited in an approved bank. Payments should be made in one of the following ways:

- i. Electronic payments should be made to the Bank account(s) shown on our debit note/invoice/statement. Written advice of any such remittance should be sent to Russell Scanlan.
- ii. All cheques should be drawn on a UK bank account.

Please quote all relevant invoice numbers with each remittance as this will ensure immediate reconciliation and payment to insurers.

8. Electronic communications

We may communicate with each other by electronic mail, sometimes attaching further electronic data, unless this is precluded by an express agreement in writing between us. We both accept the risks inherent in these means of communication (including the security risks of interception of or unauthorised access to such communications, the risk of corruption of such communications and risk of viruses and other harmful devices).

Notwithstanding that we and you have reasonable virus checking procedures on our systems. You will be responsible for virus checking all electronic communications sent to you. You will also be responsible for checking that messages received are complete.

9. Retention of Documents

We reserve the right to retain certificates and other policy documents at this office until all payments due under the policy have been made in accordance with our invoice or statement. Should any documents be withheld we will ensure that you are provided with full details of the cover.

For some types of insurance cover it is possible that a claim be made against a policy long after its expiry date. It is therefore important that you keep all documents in a secure place.

We retain documents in an electronic format. It should be noted that in most cases we may destroy the original paper version when we have checked the integrity of the electronic version or image.

10. Confidentiality

We are registered under the Data Protection Act 1998 and we undertake to comply with the Act in all our dealings with your personal data. Information provided to us by you will remain confidential and be used solely for the purpose of providing insurance broking services to you, or to others where we are required to fulfil a regulatory or legal obligation. Nothing in this agreement overrides the Broker's duty to place the interests of its client before all other considerations nor shall this agreement override any statutory legislative or regulatory requirements (whether obligatory or advisory) which may apply to the Broker.

Information provided to you by us by way of reports and publications constitutes confidential and proprietary information belonging to us and may only be disclosed and/or used in accordance with permission granted by us. Any other disclosure and/or use is strictly prohibited and we reserve our rights amongst others, to take such action as is necessary to protect our confidential and proprietary information.

Insurers may use publicly available data which they obtain from a variety of sources, including a credit reference agency and other external organisations. Their search will appear on your credit report whether or not your applications proceed. As well as these searches insurance companies may use a credit check to ascertain the most appropriate payment options for you. This credit check will also appear on your credit report whether or not your application proceeds.

Please note that English Law recognises the existence of an implied contract of insurance permitting insurers to inspect certain documents which we hold as your broker. Some insurers have slightly wider access than others. Where possible we will advise you of any demand made by your insurers, but you should be aware that the right to inspect does not depend on your prior consent having been given.

11. Complaints Procedure

We are committed to providing a high quality Insurance Service to all our clients. If something goes wrong we need you to tell us about it. This will help us to improve our standards.

As an authorised insurance broker, we have a Complaints Procedure a full copy of which is available on our website or on request.

If you are unhappy with any part of our service, you may raise the matter with the person who handles your account. Alternatively, you may contact any Director. They can be contacted on 0115 9470032 or by fax on 0115 9483370. Email: complaints@rsib.co.uk. Any complaint by telephone should be followed up in writing.

In the case of private clients, and Micro Enterprises (enterprises with less than 10 employees, a turnover/annual balance of less than €2million or a charity with an annual income of less than £1million), you have the right to refer the matter to The Financial Ombudsman Service (FOS), to which we subscribe, at any time during the Complaints Procedure. Contact details are as follows:

The Financial Ombudsman Scheme
South Quay Plaza
183 Marsh Wall
London E14 9SR
Telephone: 0207 964 1000
Facsimile: 0207 964 1001
Website: www.financial-ombudsman.org.uk

If you take your complaint to the Financial Ombudsman Service (FOS) they may wish to have access to the files that we hold in relation to your insurances. Unless you request otherwise in writing, if we are requested by FOS to provide any such files to them we will pass on such files without further reference to you.

12. Financial Crime & The Proceeds of Crime Act

UK fraud and money laundering regulations require us to obtain evidence of the identity of clients for whom we act at the start of a business relationship. This might, for example, be evidenced by sight of a current signed passport and two utility bills/bank statements.

For companies (other than listed ones) evidence of identity will usually comprise a copy of the certificates of incorporation, a list of directors, a list of shareholders and the Company's registered address.

We are obliged to report to the National Criminal Intelligence Service any evidence or suspicion of money laundering at the first opportunity and we are prohibited from disclosing any such report.

Claims payments will be made in favour of you. If you require payment to be made to a third party then you must provide written instructions including full details of the payee and a brief explanation for your request.

13. Termination

Our services may be terminated either by us or you upon the giving of one month's notice in writing to the other or as otherwise agreed.

In the event our services are terminated by you, we will be entitled to receive any and all fees or brokerage payable (whether or not the same have been received by us) in relation to all policies placed by us.

In the event that we no longer place insurances for you and if we continue to handle your claims we may seek to agree a fee for future work.

14. Financial Services Compensation Scheme (FSCS)

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Insurance advising and arrangement is covered up to 90% of the claim with no upper limit. Further information is available from the FSCS.

15. Third Party Rights

Unless otherwise agreed between us in writing, no term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999.

16. Dispute Resolution

If any dispute arises in connection with this Agreement the parties will attempt to settle it by mediation in accordance with the Centre for Effective Dispute Resolution (CEDR) Model Mediation Procedure. Unless otherwise agreed between the parties, the mediator will be nominated by CEDR. To initiate the mediation a party must give notice in writing ("ADR notice"), to the other party(ies) to the dispute requesting a mediation. A copy of the request should be sent to CEDR. The parties agree to use best endeavours to ensure that the mediation commences as soon as reasonably practical after the date of the ADR notice. The commencement of a mediation will not prevent the parties commencing or continuing court proceedings / an arbitration.

17. Law and Jurisdiction

This agreement which sets out the terms of our relationship with you will be governed by and construed in accordance with English Law and any dispute arising under it shall be subject to the exclusive jurisdiction of the English Courts.

These terms can only be varied by specific agreement in writing between you and us. If you instruct us to proceed with any insurance placement or to undertake any other insurance related service we will be doing so on these terms alone and they will have contractual effect between you and us.