

This Agreement is made between

**First Commercial Insurance Brokers Ltd,**  
Of Key House, Burnham Business Park, Burnham on Crouch, Essex CM0 8TE  
FSA ref: 307652  
(Herein referred to as "FCIB")

And

**The agent placing business with FCIB**  
(Herein referred to as the "**Sub-Broker**")

This agreement specifies the terms under which all Business is transacted between FCIB and the Sub-Broker.

1. Definitions

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|------------------|--|
| <b>Client</b>    | shall mean the client of the sub-broker  |
| <b>Business</b>  | shall mean any type of insurance contract or any other contract which FCIB and the sub-broker are empowered to transact. |
| <b>FSA</b>       | shall mean the Financial Services Authority  |
| <b>FSA Rules</b> | shall mean all applicable extant rules and requirements issued by the FSA.   |

2. Conduct of Business

This agreement governs the terms on which FCIB will accept business from the Sub-Broker.

2.1 The Sub-Broker agrees

- 2.1.1. To comply with the FSA Rules
- 2.1.2. To ensure that any Client is fully aware of and accepts the terms of the Agreement in so far as they may affect such Client's rights, liabilities and obligations.
- 2.1.3. To procure that its employees will exercise the standards of skill and care reasonably expected from an expert in the field of insurance brokerage and to observe the duty of utmost good faith in all its or their dealings.

- 2.1.4 To procure that all changes in the facts or circumstances relating to a Client obtained at the time of any relevant proposal which an insurer would or may consider to be material to its decision whether or not to continue to underwrite any risk or to accept liability are promptly, fully and accurately disclosed by the Client to the Sub-Broker and by the Sub-Broker to FCIB;
- 2.1.5 To ensure that all requirements of FCIB or any insurer for any additional information or declaration or confirmation subsequent to the date of the first proposal are promptly, fully and accurately obtained by the Sub-broker and provided to FCIB.
- 2.1.6 To ensure that the Client is aware of their duty to comply with the requirements of Utmost Good Faith and to make complete and accurate disclosure of all material facts in connection with any Business or the extension variation or renewal of any business.
- 2.1.7 That it will only confirm the terms of the insurance cover effected through FCIB after having received written confirmation from FCIB that such insurance is in force and then only in accordance with such confirmation and
- 2.1.8 To present quotations to the Client only on the terms quoted to the Sub-Broker by FCIB, quoting the gross premium, without amendment, alteration, rider or enhancement unless previously agreed by FCIB and confirmed in writing.
- 2.1.9 That the renewal of the Client's Business shall be the Sub-Broker's responsibility who will liaise with FCIB in accordance with ICOB 5.3.18 for retail clients and in accordance with ICOB 5.4.10 for commercial clients to allow for the proper and timely interchange of information and the subsequent consideration of renewal terms
- 2.1.10 To refer any complaint relating to FCIB, or the Insurer with whom FCIB places the Sub-Brokers business, to FCIB, and its conduct to FCIB by the next working day after receipt for FCIB to handle in accordance with the FSA Rules. The Sub-Broker agrees to provide FCIB with any necessary assistance in dealing with the complaint

## 2.2 FCIB agrees:

- 2.2.1 To comply with the FSA Rules; and
- 2.2.2 To obey the instructions of the Sub-Broker as are necessary for FCIB to comply with the FSA Rules
- 2.2.3 To assimilate all underwriting information relating to the risk and/or claims collection for presentation to the insurance market;
- 2.2.4 That it will agree with the Sub-Broker the insurers or markets to be used prior to inception and that the Sub-Broker will be kept informed of the progress of the work carried out by FCIB.

- 2.2.5 To prepare documentation as is required by the insurers for the acceptance of the risk and or claims collection and shall ensure that such documentation shall acknowledge the Sub-Broker's appointment, if required;
  - 2.2.6 To advise the Sub-Broker of the warranties and conditions, particularly any premium payment warranty or condition before instructions to bind cover are given and that it is under no obligation to accept, other than with the Sub-Brokers' consent, any premium payment warranty or condition in respect of the Client's insurance risks;
  - 2.2.7 To present quotations to the Sub-Broker only on the terms quoted to FCIB by insurers quoting the gross premium, without amendment, alteration, rider enhancement unless previously agreed by the Sub-Broker on behalf of the client and confirmed in writing to FCIB
  - 2.2.8 FCIB will not be bound to instruct inception of the insurance until a written instruction is received to commence cover from the Sub-Broker on behalf of the Client; and likewise will not confirm the order to the Insurer to market until this is received.
  - 2.2.9 Not to agree endorsements or mid-term variations to policy wording except with the written agreement of the Sub-Broker;
  - 2.2.10 Not to accept a purported notice of cancellation, avoidance or reservation of rights by the insurer or market and to send such notices to the Sub-Broker immediately following receipt;
  - 2.2.11 To provide in a timely fashion information reasonably requested by the Sub-Broker in relation to this Agreement without limitation information regarding the renewal of any existing insurance policy on behalf of the Client;
  - 2.2.12 To exercise the standards of skill and care reasonably expected from an expert in the field of insurance brokerage and to observe the duty of utmost good faith in all its dealings and in particular to ensure and procure that its staff will ensure that all material information is passed to the Sub-Broker without delay.
  - 2.2.13 To undertake to refer any complaint relating to the Sub-Broker, and its conduct, to the Sub-Broker by the next working day after receipt for the Sub-Broker to handle in accordance with FSA Rules.
- 2.4 FCIB shall not for any reason be bound to accept any enquiry or proposal for any Business or any extension, variation or renewal thereof submitted by the Sub-Broker

2.5 FCIB acts only on the instructions of the Sub-Broker or where authorised by the Sub-broker of his Client. The Sub-Broker warrants to FCIB that all such instructions are correct, complete and appropriate and agrees fully and effectively on demand to indemnify FCIB for and against any costs claims damages or losses suffered or incurred by the Sub-Broker or Client as a result of the reliance by FCIB or any other party on such instructions or by reason of any error or omission in those instructions

### 3 Accounting

- 3.1.1 The Broker will hold all regulated Client and where permitted insurer monies in a Non-Statutory or Statutory Trust account in accordance with the FSA Rules
- 3.1.2 If requested FCIB will confirm to the Sub-Broker in a timely manner when Client monies have been paid to insurers *in order to satisfy CASS 5.5.81(4)*
- 3.1.3 The Sub-Broker agrees to hold all Client and insurer monies in a designated Insurance Bank Account, which will be operated in accordance with the FSA Rules
- 3.1.4 An Invoice will be issued to the Sub-Broker once premiums have been agreed and a statement issued at the end of each month. Payment must be received by FCIB 30 days from the date of the statement. The Sub-Broker and his Client shall be jointly responsible for the payment of all sums which may be due or may become due at any time arising from any insurance placed on behalf of the Client under this agreement.
- 3.1.5 In the event that the Client wishes to pay premiums in instalments then FCIB will provide details of the finance options available to the Sub-Broker and will arrange the collection of the premiums. The Sub-Broker will receive his commission on receipt of the first three premium instalments. In the event that the Client does not pay all premiums within the terms of the Clients finance agreement, the Sub-Broker shall repay to FCIB on demand a proportion of the commission paid by FCIB, in proportion to the percentage of the total premium received. In the event that the Client pays a deposit or instalment to the Sub-Broker the Sub-Broker will pay these monies to FCIB immediately.

### 4 Errors and Omissions

Each party will each have and maintain, at its own cost, errors and omissions insurance, and shall when requested to do so produce confirmation of such insurance

## 5 Commissions

- 5.1.1 The rates of commission payable under this Agreement will be as notified to the Sub-Broker subject to any individual case being negotiated separately at the time of placement.
- 5.1.2 The Sub-Broker will be notified of any fees and charges prior to inception of the contract of insurance and the Sub-Broker will be responsible for ensuring that the Client is aware of all fees and charges, prior to inception of the contract of insurance.
- 5.1.3 Requests by Clients for disclosure of commissions are to be discussed by the parties and a common course of action agreed on, provided always that a prompt and accurate response will always be given to the Client in accordance with the FSA Rules
- 5.1.4 Commission may be deducted from the relevant Trust Account when the premium to which the commission relates has been received by the Sub-Broker.

## 6 MID- Motor Insurance Database Only

The Sub-Broker undertakes to ensure that the Client is fully aware of their legal responsibilities under the Motor Vehicles (Compulsory Insurance)(Information Centre and Compensation Body) Regulations 2003 for providing details of the vehicles to be covered by the insurance contract to the Motor Insurers' Information Centre database and will ensure that there are no delays in notifying FCIB of the required policy and vehicle details so that FCIB have sufficient time to notify the Insurers within their preferred timescales for notification in order that this may be handled within the period required by the Regulations.

## 7 Letters of Undertaking

Requests for letters of undertaking are to be discussed by the parties and a common course of action agreed on

## 8 Claims

- 8.1.1 Claims are to be notified to Insurers and handled and serviced by First Commercial Insurance Brokers Ltd
- 8.1.2 The Sub-Broker agrees to notify FCIB immediately in writing of any loss or incident which may give rise to a claim under any contract of insurance covered by this Agreement, or to inform the Insurer direct where previously agreed by the Insurer concerned.
- 8.1.3 The Sub-Broker will not correspond or converse with any client in respect of any such claim for any purpose other than to formally acknowledge the claim and will not enter into any negotiation unless specifically authorised in writing to do so by the Insurers.
- 8.1.4 Each party will advise the other and give assistance to the other upon request in the negotiation and settlement of any difficult or contentious claims

9 Confidentiality – Data Protection

9.1.1 The Sub-Broker and FCIB shall both, at all times, comply with all applicable data protection legislation.

9.1.2 Both parties will treat information received from the other relating to this Agreement and to any Client's Business as confidential and will not disclose it to any other person not entitled to receive it except as may be necessary to fulfil their respective obligations in the conduct of the Business and except as may be required by law or regulatory authority.

10 Intellectual Property Rights

Both parties will retain ownership of all their respective rights, including intellectual property rights, in the products, data, databases, computer programmes, documents, materials, ideas or other information or any compilation thereof used in the performance of the services. The Parties agree to do whatever is reasonably necessary to confirm or give effect to such ownership

To the extent that any products, data, databases, documents, materials, ideas or other information constitute an original item developed by either party as a consequence of performing the Services, each Party agrees to do whatever is reasonably necessary to confirm or give effect to such rights vesting in the developing party.

11 Entire Agreement

This Agreement constitutes the entire agreement and understanding of the parties and supersedes any previous agreement between the parties relating to the subject matter of this Agreement.

12 Non-solicitation

12.1 Unless you provide your consent, we will not contact your clients without your prior approval during the period of this agreement or for twelve calendar months following termination. However, you agree that we or someone acting on our behalf may contact your client if it is reasonable to do so in order to act in the best interests of your client or other parties to the insurance contract and we have used our best endeavours to obtain your prior approval but have not been successful in doing so, other than where you have declined to give approval.

12.2 If your client makes an unsolicited direct contact with us then we shall not be prohibited from dealing with them. We shall also not be prohibited from dealing with business relating to your client on behalf of another intermediary who has obtained a formal appointment to act for your client.

### 13 Notification

- 13.1 The Sub-Broker undertakes to notify FCIB as soon as possible in writing, of:-
- 13.1.1 Any changes in its owners, directors, partners or controllers and
  - 13.1.2. All changes in its name or trading name.
- 13.2 FCIB undertakes to notify the Sub-Broker within 30 days in writing of such changes with respect to FCIB.
- 13.3 The Sub-Broker undertakes to immediately notify FCIB in writing within 30 days of:
- 13.3.1 Any changes to its FSA Part IV permission or its affiliation to, or membership of, or status within, any organisation whose purpose is the regulation of all or any elements of general insurance business
  - 13.3.2 If any of its owners, partners, directors or controllers is or becomes the subject of any disciplinary proceedings or FSA investigation from time to time; or
  - 13.3.3 If there are any changes in its regulatory status.
  - 13.3.4 FCIB undertakes to notify the Sub-Broker within 30 days in writing of any such changes with respect to FCIB.
  - 13.3.5 The Sub-Broker will notify FCIB as soon as possible of any events, or knowledge it acquires, which may entitle FCIB to terminate this agreement under 14.4 below.

### 14 Termination of Agreement

- 14.1 This agreement shall come into force on the date hereof and shall continue in force thereafter unless or until terminated in accordance with its terms.
- 14.2 This agreement shall be terminated without notice if the authorisation by the FSA of the Sub-Broker or FCIB to undertake any general insurance regulated activities is terminated following any proposed or actual disciplinary proceedings for any failure to comply with the Rules
- 14.3 Either party may terminate this Agreement by giving to the other not less than 60 days written notice expiring at or at any time after the end of that period.
- 14.4 FCIB shall be entitled to immediately terminate this Agreement by written notice to the Sub-Broker if it has reasonable grounds for suspecting the Sub-Broker of fraud, dishonesty or bad administration, or that the Sub-Broker has breached any of the provisions of this Agreement, the FSA rules, or the Sub-Broker or any connected person makes a voluntary arrangement with its creditors or becomes subject to an administration order or goes into bankruptcy or liquidation or an encumbrancer takes possession or a receiver is appointed over any of the property or assets of the Sub-Broker or any connected person, or the Sub-Broker ceases, or threatens to cease to carry on business.

- 14.5 Upon termination of this Agreement for any reason all amounts due by the Sub-Broker to FCIB shall remain due and become payable forthwith without set-off or deduction.
- 14.6 For the avoidance of doubt the right of FCIB to recover premiums from the Sub-Broker, its Clients or to apply any return premiums received from the insurers against any monies which may be due to FCIB by the Sub-Brokers or its Clients shall not be affected by the termination or expiry of this Agreement for any reason.

#### 15 Contracts (Rights of Third Parties) Act 1999

Unless otherwise agreed between the parties no term of this Agreement is enforceable by a third party under the Contracts (Rights of Third Parties) Act 1999

#### 16 Choice of Law

This Agreement is governed by English law, and if recourse to the courts becomes necessary the parties submit to the exclusive jurisdiction of the English courts

#### 17 Change in Law/Regulation

In the event of a change in law or regulation (including FSA Rules), which affect any of the parties' obligations under this Agreement, the parties will co-operate in good faith to agree any necessary amendment(s) or variation(s) to the Agreement.