



ABBHEY LEGAL
PROTECTION

Terms of Business
Agreement for
General Insurance



Terms of Business Agreement

An Agreement governing the conduct of Insurance Business between: Abbey Legal Protection, a trading division of Abbey Protection Group Ltd (Abbey) whose registered address is Minorities House, 2-5 Minorities, London EC3N 1BJ. And the Intermediary whose full name and address is specified at the end of this agreement (the Broker)

(collectively the "Parties")

1 Definitions

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| 1.1 Agreement: | This agreement and the attached schedule. |
| 1.2 CASS: | The FSA's Client Assets Sourcebook. |
| 1.3 FSA: | The Financial Services Authority or any successor regulatory body. |
| 1.4 Group: | Has the meaning given to it either in section 421 of the Financial Services and Markets Act 2000 or section 262 of the Companies Act 1985. |
| 1.5 ICOB: | The Insurance Conduct of Business Rules promulgated and issued from time to time by the FSA. |
| 1.6 Insured: | Any Party (not being Abbey) entering into a contract of insurance which is subject to this Agreement. |
| 1.7 Insurance Business: | Any insurances falling within the definition in the Financial Services and Markets Act 2000 which have been and which may be transacted between the Broker and Abbey, or where these continue to be obligations owed by Abbey to the Insured or vice versa during the period of this Agreement. |
| 1.8 Records: | Anything on which any information of any description is recorded. |
| 1.9 Delegated Authority Agreement: | A written agreement setting out the terms and conditions upon which Abbey authorise the Broker to bind specified Insurance Business on Abbey's behalf. |

2 Scope

- 2.1** The purpose of this Agreement is solely to set out the rights and obligations of the Parties only in respect of the matters specifically addressed in the Agreement. To the extent that any matters relating to the relationship between the Parties are not expressly addressed in this Agreement, they remain unaffected and unaltered by this Agreement. This Agreement shall not override the terms of any underlying contract for or of Insurance Business.
- 2.2** 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 legal or regulatory requirements (whether obligatory or advisory) which may apply to the Broker, Abbey, or the placing of any Insurance Business.
- 2.3** Subject to clause 2.5 below, the Parties agree that the terms herein shall apply to the conduct of any Insurance Business which has been or may be transacted between the Parties on or after the date of this Agreement. The terms of this Agreement supersede the terms of any other terms of business agreement (TOBA) already in place between the Parties. The terms of this Agreement shall apply from the date of the Agreement.
- 2.4** Each proposal for Insurance Business, renewal of existing Insurance Business or continuation of cover in respect of any existing Insurance Business will be accepted or declined by Abbey at its sole discretion. The Broker is under no obligation to offer any proposal for Insurance Business or renewal of any existing Insurance Business to Abbey.
- 2.5** Prior to or at the time of placement of any Insurance Business (or as otherwise agreed separately in writing between the Parties), the Broker and Abbey may agree provisions relating to the conduct of that Insurance Business. These provisions may include (but are not limited to) roles and responsibilities relating to administration of the Insurance Business and the handling of claims and processes by which amendments to the risk may be agreed, and so forth. This Agreement shall be subject to any provisions so agreed, and does not seek to address such provisions.

3 Regulatory Status

- 3.1** The Broker warrants that it is authorised by the FSA to conduct Insurance Mediation Activities (as defined in the FSA's Handbook) from the date of this Agreement. Abbey warrants that it is authorised by the FSA to conduct Insurance Mediation Activities from the date of this Agreement and has authority to bind legal expenses insurance as agent of Brit Insurance Ltd.
- 3.2** The Broker shall inform Abbey immediately in writing if at any time during the period of this Agreement:-
 - 3.2.1** The FSA suspends or withdraws the Broker's authorisation; or

3.2.2 The Broker otherwise ceases in anyway to be authorised by the FSA to undertake any activities in relation to any Insurance Business subject to this Agreement; or

3.2.3 The Broker becomes insolvent.

3.3 Abbey shall inform the Broker immediately if:-

3.3.1 The FSA suspends or withdraws Abbey's authorisation; or

3.3.2 Abbey otherwise ceases to be authorised by the FSA to undertake any activities in relation to any Insurance Business subject to this Agreement; or

3.3.3 Abbey becomes insolvent

3.3.4 Abbey ceases to be the agent of Brit Insurance Co PLC to bind legal expenses insurance business.

4 Authority

4.1 This Agreement sets out the basis on which Abbey will accept Insurance Business from the Broker. Abbey as agent for Brit Insurance Ltd authorises the Broker to act as the sub-agent of Brit Insurance Ltd for the sole purpose of receiving and holding premium, claims and other monies identified in clause 6.1 below.

4.2 Nothing in this Agreement shall grant the Broker authority to accept, amend, or vary Insurance Business, settle, negotiate or compromise claims, alter any document or policy, make any non exempt financial promotion on Abbey's behalf, and/or commit Abbey in any way.

5 Remuneration

5.1 Commission shall be agreed between the Parties.

5.2 The Broker may deduct the Commission upon receipt of the premium.

5.2.1 Where premium is payable in more than one instalment, the Broker will only deduct the proportion of Commission that the instalment premium bears to the premium as a whole, unless otherwise agreed on a risk-by-risk basis between the Parties.

6 Premiums and Claims

6.1 Where the Broker holds:-

(a) premium due to be paid to Abbey;

(b) return premium due to be paid to the Broker's client; or

(c) claims monies due to be paid to the Broker's client; or

(d) money received by the Broker from Abbey for onward payment to agents of Abbey in respect of claims adjustment, legal and similar professional fees

the Broker shall hold such monies as the sub-agent for Brit Insurance Ltd. The Broker has no authority under this Agreement to permit any third-party, sub-agent, or Appointed Representative (as defined in the FSA's Handbook) to receive, hold, or pay any money on behalf of Abbey or Brit Insurance Ltd, without Abbey's consent.

6.2 The Broker shall advise Abbey within 7 days of receipt of any request from Abbey, whether it has received any specified premiums.

6.3 Provided the Broker shall itself have received the premium, the Broker shall pay that premium (net of Commission, but including Taxes) to Abbey in accordance with the terms agreed between the parties.

6.4 Unless otherwise agreed, the Broker shall remain liable to Abbey for premiums where Section 53 (i) and Section 53 (ii) of the Marine Insurance Act 1906 apply.

6.5 Pending payment to Abbey or client (as the case may be), the Broker shall hold the monies described in clause 6.1 above as the sub-agent and trustee of Brit Insurance Ltd within its client monies account, which shall be either; a statutory, a non-statutory trust account, established in accordance with CASS 5.3 or 5.4 respectively or within an insurance trust account (a trust account for the receipt holding and payment of premiums return premiums, claims and tax monies in accordance with all applicable legal and regulatory requirements). Abbey in its capacity as agent for Brit Insurance Ltd hereby consents to such monies being co-mingled with the Broker's other client monies. Abbey in its capacity as agent for Brit Insurance Ltd further consents to its rights with regard to monies held in the Broker's client monies account being subordinated to those of the Broker's clients, in accordance with CASS 5 and further agrees that any interest earned on the said account shall accrue to the Broker.

- 6.6** The Broker will notify Abbey, within such time as may be agreed between the Parties, that the insured has failed to pay the premium (or, as the case may be, any provisional premium).
- 6.7** In the event of the cancellation of a contract of insurance, where Abbey is obliged by law, regulation or the terms of the contract of insurance to refund gross premiums in respect of such contract of insurance, the Broker agrees to refund the relevant Commission (which shall not for the purpose of this clause include fees) received by the Broker which is attributable to the period following cancellation of the contract of insurance for which such contract of insurance would otherwise have remained in force. Unless otherwise obliged to, Abbey shall refund premiums net of Commission.

7 Taxes

- 7.1** Except where required by law or regulatory authority or by the terms of this Agreement, the Parties agree that the Broker will not be expected to act as guarantor to Abbey with regard to the payment of any Taxes relating to any Insurance Business.

8 Compliance

- 8.1** Each Party will comply with their respective legal, licensing and regulatory requirements applicable to the production, placing, claims handling and premium and claims accounting of any Insurance Business which the Broker places with Abbey.
- 8.2** The Broker will inform Abbey in relation to all Insurance Business whether the Insured is classified as a retail customer or a commercial customer for the purposes of ICOB.
- 8.3** The Broker will forward promptly notices of Insureds' rights to cancel Insurance Business in all instances where such notices are required by Chapter 6 of ICOB and in accordance with those rules.

9 Data Protection

- 9.1** The Parties shall comply with all applicable obligations imposed by, or made under requirements of the Data Protection Act 1998 ("DPA"), together with any other applicable regulations, orders or codes of practice.
- 9.2** Without prejudice to the generality of clause 9.1, where either Party (the "Disclosing Party") discloses Personal Data (as defined in the DPA) to the other (the "Recipient") in connection with the operation of this Agreement, the Disclosing Party will ensure that it obtains all necessary consents so that the Personal Data it provides to the Recipient can be lawfully used or disclosed by the Recipient in the manner and for the purposes anticipated by this Agreement.

10 Termination

- 10.1** This Agreement shall terminate:-
- 10.1.1** at any time by one party giving written notice of termination to the other;
 - 10.1.2** immediately, without notice, should either Party become the subject of voluntary or involuntary rehabilitation or liquidation proceedings (save for the purposes of amalgamation or solvent re-organisation) or become the subject of an action in bankruptcy or make or propose any composition with its creditors or otherwise acknowledge its insolvency;
 - 10.1.3** immediately, without notice, should the Broker have any authority or permission granted to it by the FSA withdrawn or altered by the FSA in such a manner as materially to affect in any way the Broker's ability to introduce, arrange, conclude, administer, perform or otherwise be involved with any Insurance Business which is carried out between the Parties under this Agreement.
- 10.2** Following termination:-
- 10.2.1** the Parties will agree the procedure for administering the Insurance Business current at the time of termination;
 - 10.2.2** the Broker will make all reasonable efforts to provide Abbey with contact details for any Insured or other Party with whom Abbey has contracted in the conduct of Insurance Business where:-
 - 10.2.2.1** the Broker has acted as the agent of Abbey; and
 - 10.2.2.2** where such information is reasonably required in order for Abbey to carry out its obligations in relation to Insurance Business concluded in accordance with this Agreement.
 - 10.2.3** Where permissible the Parties will remain liable to perform their obligations in accordance with the terms of this Agreement in respect of all Insurance Business subject to this Agreement until all Insurance Business has expired or has otherwise been terminated.

11 Access to Records

- 11.1** The Broker will retain all of the Records created or held by it in its capacity as agent of Abbey and all Records received by the Broker for the purposes of the introduction, arranging, concluding, administration or performance of the Insurance Business for a minimum of six years and in any event the minimum periods required by law or any regulatory body with jurisdiction over the Broker, Abbey or the Insurance Business.
- 11.2** The Broker agrees to allow Abbey, on reasonable notice, to inspect and to take copies of the following:-
- 11.2.1** the accounting records pertinent to any Insurance Business including information relating to the receipt and payment of premiums and claims and documentation such as any insurance contract or endorsements, addenda or bordereaux in the possession of the Broker relating to the Insurance Business; and
 - 11.2.2** documents as may be in the possession of the Broker which were disclosed to Abbey by the Broker in respect of any Insurance Business including, but not limited to, documentation relating to the proposal for the Insurance Business, the placing thereof (including endorsements and reinstatements) and any claims thereunder.
- 11.3** On termination of this Agreement for whatever reason and on reasonable notice the Broker will deliver up to Abbey such documentation if requested.

12 Confidentiality

Each of the Parties will treat information received from the other relating to this Agreement and to the Insurance Business as confidential and will not disclose it to any other person not entitled to receive such information except as may be necessary to fulfil their respective obligations in the conduct of the Insurance Business and except as may be required by law or regulatory authority. For the avoidance of doubt each party shall be entitled to disclose such information where necessary to its insurers or reinsurers, actuaries, auditors, professional agents and advisers and other Group companies. This clause will not apply to information which was rightfully in the possession of such party prior to this Agreement, which is already public knowledge or becomes so at a future date (otherwise than as a result of a breach of this clause) or which is trivial or obvious.

13 Premium Finance Contracts

- 13.1** Except with specific authority from Abbey the Broker shall not enter into or permit others to enter into premium finance arrangements in Abbey's name.
- 13.2** For the avoidance of doubt, if the Broker enters into a premium finance arrangement in respect of premiums for Insurance business subject to the terms of this Agreement, the arrangements shall neither be in Abbey's name nor for Abbey's account.

14 Electronic Trading

Where Abbey transacts Insurance Business with the Broker electronically (whether via the Internet, Electronic Data Interchange, E-mail, Intranet or otherwise) the Broker agrees to abide strictly by any applicable terms as notified to it by Abbey from time to time, and the terms of any contract between the Broker and any party providing facilities for such electronic trading.

15 Complaints

Each Party will notify the other in accordance with FSA Rules of any complaint concerning the other Party relating to Insurance Business subject to this Agreement.

16 Protection of Reputation

Each Party agrees it will not, without the written authority of the other Party, make use of the other Party's corporate or trading names or logos and trade marks.

17 Conflicts of Interest

The Parties will adopt and/or maintain procedures to ensure that each has in place arrangements for the identification and management of any conflicts of interest that may arise in relation to any Insurance Business.

18 Disclosure

The Broker will comply with relevant regulatory, fiduciary and legal requirements regarding disclosure of all forms of remuneration from any arrangements it may have for remuneration in connection with Insurance Business.

19 Variation and Assignment

This Agreement may be assigned or varied only in writing by the Parties.

20 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 term of this Agreement. This clause shall not affect any right or remedy of a third party which exists or is available apart from that Act.

21 Dispute Resolution

21.1 The Parties to this Agreement are committed to resolving all disputes arising under it (and whether such dispute arises before or after termination of this Agreement) without the need for litigation and to allow as far as possible for commercial relationships to remain unaffected by disputes and therefore the Parties:-

21.1.1 will attempt in good faith to resolve any dispute or claim promptly through negotiations between respective senior executives of the Parties who have authority to settle the same;

21.1.2 will attempt in good faith, if the matter is not resolved through negotiation within three months of the dispute arising to resolve the dispute or claim through mediation with the assistance of a mediator agreed between the Parties or as recommended to the Parties by the Centre for Dispute Resolution or such similar organisation as the Parties may agree; or

21.1.3 if the matter has not been resolved by mediation within six months of the dispute arising, or if either Party will not participate in a mediation procedure, the Parties will refer the dispute in accordance with the Jurisdiction and Choice of Law Clause below.

21.2 Notwithstanding the above, either Party may seek the immediate protection or assistance of the High Court of England and Wales if appropriate.

22 Jurisdiction and Choice of Law

This Agreement shall be construed according to English law and any disputes arising under it shall, subject to the provisions of clause 19 above, be determined in the English Courts.

23 Enforceability Clause

In the event any portion of this Agreement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

24 General Interpretation of this Agreement

In this Agreement, words importing the singular shall include the plural and vice versa. Headings are included for ease of reference and convenience only and shall not affect the interpretation of the Agreement.

25 Service of Notices

Any notices to be given under this Agreement shall be sent by first class recorded delivery post, by hand, or facsimile to the Compliance Officer at the registered office of the Party to be served. The notice shall be deemed to have been served, if posted, at the expiration of two business days after posting and if by facsimile, or by hand, at the expiration of one business day after it was dispatched.

26 Force Majeure

Neither Party shall be liable for any delay or non-performance of its obligations under this Agreement caused by an event beyond its control (a "Force Majeure Event") provided that the Party affected gives prompt notice in writing to the other part of such Force Majeure Event and uses all reasonable endeavours to continue to perform its obligations under the Agreement. Either Party may terminate this Agreement if such Force Majeure Event continues for more than 3 months.

27 Non Solicitation

Insofar as the Insured has chosen to appoint a Broker to advise upon and arrange his insurance the Insured remains the client of the Broker. Abbey agrees not to directly or knowingly solicit such insurance business away from the Broker during the course of this Terms of Business Agreement. Nothing in this clause shall prevent Abbey from dealing with the Insured either directly or through another intermediary if requested to do so by the client.

Signed for and on behalf of
Abbey

By

Position

The Broker

By

Position



ABBHEY LEGAL
PROTECTION

Please return to:

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PACKPOLSUMM: 2007/11