

TERMS OF BUSINESS AGREEMENT

GENERAL

The Terms of Business Agreement governing this appointment as specified below represent the agreement between Europa Underwriting Limited and the Agent in respect of the transaction of insurance business between parties.

Europa Underwriting Limited acts as an insurance administrator on behalf of various Insurance Companies and is empowered to issue cover in respect of specific risks as instructed by you as an agent of the proposer/policyholder of insurance.

DEFINITIONS

We/Us/Our/The Company shall be read as referring to Europa Underwriting Limited.

You/The Intermediary shall be read as referring to you the Agent.

Your client shall be read as referring to the proposer of insurance or the Policyholder.

Underwriters shall be read as referring to the Insurer(s) for whom Europa Underwriting Limited acts as an Administrator.

1. General Terms

- 1.1 This Agreement is strictly conditional upon the Intermediary conducting his business at all times in accordance with the Code of Practise issued by the Association of British Insurers and of current regulatory requirements. At all times the Intermediary will comply with all applicable laws and regulations and before soliciting any business, to obtain and thereafter maintain in effect any licence or authorisation which it may be required to hold by law.
- 1.2 Any change to the Intermediary's regulatory status must immediately be notified to the Company.
- 1.3 For the purpose of this Agreement the Intermediary shall, at all times, be considered the agent of his clients in respect of all insurance advice given, transactions effected, proposal forms completed or statements of fact.
- 1.4 The intermediary shall not appoint any sub agent to deal with the insurance business of the Company.
- 1.5 The parties hereto may, by mutual consent, agree to vary the terms and conditions of this Agreement at any time in writing.
- 1.6 In the event of mutual consent not being attained, the Company reserves the right to give one month's written notice of variation to the conditions of the Agreement.
- 1.7 The Intermediary shall immediately advise the Company in writing of any changes in the structure, location or domicile of the Agency, Directors, Partners or Sole Trader as applicable.
- 1.8 The Intermediary shall at all times maintain professional indemnity insurance to at least regulatory minimum requirements
- 1.9 The Intermediary shall indemnify the Company against costs, loss, liability, claims or any expense whatsoever which may be suffered by the Company directly or indirectly as a result of any breach of underwriting guidelines whether committed with fraudulent intent or not or negligent action taken by the Intermediary under the Agreement save to the extent that the same is due to the Company's wilful neglect or fraud.
- 1.10 The Intermediary is not permitted to specify the Company name or the Underwriters name for any advertising or promotional purposes, without prior written authorisation from the Company.

2. Documentation and Proposals

- 2.1 The Intermediary is responsible for the proper and accurate preparation of proposal forms, or statement of facts (if expressly authorised), cover notes and all other documentation strictly in accordance with the guidelines and approved forms of the Company and for the prompt despatch of such documentation. The Company expressly reserves the right to refuse any business offered through any process.
- 2.2 The Intermediary shall not issue, bind or confirm cover on behalf of the Company unless expressly authorised to do so by the Company. When so authorised in writing the Intermediary shall abide by the specific instructions issued by the Company.
- 2.3 Whenever the Intermediary arranges insurance cover on behalf of the Company, the Intermediary shall be responsible for payment to the Company of the premium or time on risk premium in the event of cover terminating before the expiry date of the insurance.

3. Commission

- 3.1 The rate of commission is agreed between the Company and the Intermediary. The agreed commission may be amended from time to time or specifically negotiated on any individual insurance policy.
- 3.2 The Company may alter its general commission terms by giving one months notice in writing to the Intermediary.
Commission shall only be payable if:-
 - 3.2.1 The Intermediary can if requested produce written evidence that the Policyholder recognises the Intermediary as his agent.
 - 3.2.2 The premium has been paid to and retained by the Company.
 - 3.2.3 In the event of a policy being cancelled for any reason, the Intermediary shall be responsible to refund the proportionate amount of commission received. In respect of Motor Cycle business, there is no commission

payable or refunded in respect of any mid term adjustments or cancellation, furthermore the company retains its commission following cancellation

4. Risk Transfer and Premium

The Intermediary will be the agent of Europa Underwriting Limited for the payment of premiums which are, or will become payable to Europa Underwriting Limited.

Monies the Intermediary receives from the insured will be deemed as paid to Us when the Intermediary receives them from the insured and any monies will be deemed as paid to the insured when monies from Us for the insured are paid by the Intermediary to the insured.

Monies the Intermediary receives from the insured and monies paid from Us to the Intermediary prior to payment to the insured must be held in a client bank account and may be co-mingled in with 'client money' (as defined in the FSA Sourcebook).

Where co-mingling occurs the client bank account must be a statutory or non-statutory trust bank account or equivalent as permitted by CASS 5. Under such circumstances, Europa Underwriting and the Insurer consent to their interests being subordinated to the interests of your other clients (other than insurance undertakings).

Where you do not have 'client money' to enable co-mingling to occur the client bank account must be a statutory or non-statutory trust bank account or equivalent with an Approved Bank as permitted by the Regulatory Requirements and may include the insurance monies relating to other insurance undertakings. For the avoidance of doubt, CASS 5 shall not apply.

The Intermediary shall not be entitled to deduct any commission or other sum due to the Intermediary from the sums held in the client bank account Until the Intermediary has paid all sums due to Europa Underwriting Limited in respect of the transaction or transactions concerned in accordance with clause 5.

The Company, prior to the renewal date must receive renewal confirmation. Renewal premiums will not appear on the Agents statement unless we have received confirmation that the policy is to be renewed.

5. Payment of Accounts

5.1 Statements of Account will be rendered to the Intermediary monthly. The Statement must be reconciled and returned to the Company together with a remittance in settlement no later than 30 days after the date that appears on the Statement unless agreed in writing by the Company that payment will be made by another method.

5.2 All cheques and money orders must be made payable to Europa Underwriting Limited.

6. Instalment Premiums

5.3 The Company shall not be responsible for, or party to any arrangements made by the Intermediary to collect premiums from the clients/policyholders by way of extended period(s) of credit or instalments. Any such arrangements including the acceptance of unguaranteed cheques, shall be made entirely at the Intermediary's own risk, and shall not affect the Intermediary's obligations to the Company for premiums hereunder.

7. Consumer Protection Act 1987 (Misleading Price Indications)

7.1 The Intermediary must comply with the Consumer Protection Act 1987 as it applies to insurance. The Company will advise the Intermediary changes to its pricing. The Company may from time to time issue new literature and documentation and the Intermediary must destroy all obsolete documents.

8. Data Protection Act 1998

8.1 As a "Data User" the Company is under a duty to comply with the Data Protection Act 1998, and in particular to notify data subjects of the non-obvious uses of the Information supplied by them in their application for insurance and to take all necessary measures to prevent improper disclosure or loss of data. The Intermediary hereby undertakes to bring any notifications in the insurance documentation supplied by the Company to the Insured's notice, to guard against improper disclosure and loss of data and at all times to take all necessary action to comply with provisions of the Data Protection Act on behalf of the Company.

9. Claims

9.1 The Intermediary shall advise the Company via its published Claims Service immediately upon receipt of notice of a claim. The Intermediary is not authorised to commit the Company in any way or to arrange a claim settlement without the written consent of the Company.

10. Inspection of Records

10.1.1 The Company may at all reasonable times during the Intermediary's normal business hours inspect, examine, verify and photocopy at the offices of the Intermediary accounts, books, cover notes, correspondence papers and other relevant records (including electronic records) relating to any transaction made in the course of this Agreement including the application of monies. The Intermediary will whenever required give the Company's representatives' access to enter any premises used in connection with the Intermediary's business for such purposes.

11. Termination

11.1.1 This Agreement may be terminated by either party giving one month's written notice to the other.

In the event of such termination the Intermediary may, either:

11.1.2 Commencing not more than thirty days after notice of termination take eleven months to place existing business elsewhere as policies expire naturally, or

11.1.3 With the consent of the Company, transfer the Intermediary's insurance business to another Intermediary with whom the Company has a current agency agreement, or is prepared to enter into a new agency agreement.

11.1.4 The Company may terminate this Agreement forthwith if:

11.1.5 In relation to the Intermediary any resolution is passed or order made for the winding up, (other than for the purpose of reconstruction or amalgamation) provided the Company has given express prior consent), or a receiver, administrator or administrative receiver is appointed over the Intermediary's assets, or any arrangement or composition is made with its creditors or a petition for bankruptcy or an administrative order is filed, or the Intermediary is adjudged bankrupt.

11.1.6 The Intermediary ceases or threatens to cease to carry on business, or suspends payments, or is unable to pay its debts as they fall due.

11.1.7 The Intermediary is in breach of this Agreement.

11.1.8 The Intermediary takes up residence, or becomes domiciled outside the UK.

11.1.9 The Intermediary has, or the Company has reason to believe that the Intermediary has entered into arrangements with another insurer, the effect of which is intended to or which actually has the effect of transferring a major proportion of the Company's Policyholders to another insurer.

11.1.10 The Intermediary ceases to be Registered/Enrolled under the provisions of the current regulatory requirements or is expelled from membership of any regulatory body in connection with the business or is convicted of a criminal offence.

11.1.11 The business of the Intermediary is acquired, amalgamated controlled or administered by any other person, partnership, company, corporation or authority.

11.1.12 A Director of the Intermediary is appointed with whom the Company in its absolute discretion decides it is unable to continue with this Agreement.

11.1.13 On termination of the Agreement under 11.2:

11.1.14 The Company reserves the right, under 11.2.1, 11.2.2 and 11.2.6 only to deal direct with clients/policyholders or appoint another Intermediary to service the relevant insurances in the best interest of the policyholders, and in such circumstances the Intermediary will not be entitled to any payment for goodwill which may arise from such arrangements neither will the Company be under any duty to account to the Intermediary in respect of such arrangements in any way whatsoever.

11.1.15 All rights to commission cease from the date of termination.

11.1.16 All books, papers, records, software and other property of the Company must be surrendered immediately.

11.1.17 If required, the Intermediary must provide to the Company full details of all transactions being carried out by the Intermediary in the course of the Agreement at the date of termination.

11.1.18 All monies outstanding to the Company become immediately due and payable.

11.1.19 Where at the date of termination, premiums are due from Policyholders for cover issued before termination, the Company direct and retain the commission in respect of all monies owed by the Intermediary to the Company.

11.1.20 All unused Cover Notes are invalid for New Business and Renewals from the date of Termination of this Agreement and must be returned to the Company immediately. Where the Intermediary has access to a computer system or software which permits the preparation of Cover Notes by any electronic process, use of that facility will cease from the date of Termination of this Agreement. In these circumstances the Company retains the right to deal directly with the system/software provider regarding the disabling or removal of this facility.

11.1.21 Where current policies still exist and may require changes to the contract prior to expiry, a Cover Note book or access to computer generated Cover Notes may be provided, but use is strictly limited to existing customers only.

12. Additional Conditions Applicable to Motor Vehicle Insurance and Road Traffic Act Certificates

A Certificate of Insurance (which includes any temporary Cover Note) may only be issued by the Intermediary provided that:

The Intermediary has the express written authority of the Company and

The premium has been paid to the Intermediary

Or

The Intermediary accepts responsibility for payment of the premium to the Company.

Under no circumstances whatsoever may a Certificate of Insurance (which includes a temporary Cover note) be backdated or back timed.

Any Certificate of Insurance issued by the Company and not delivered by the Intermediary to the Policyholder must be returned to the Company. The Intermediary must not alter or amend any Certificate of Insurance issued by the Company.

INTERMEDIARIES ARE REMINDED THAT NON-COMPLIANCE WITH THE ABOVE REQUIREMENTS MAY RENDER THEM LIABLE TO PROSECUTION UNDER THE ROAD TRAFFIC ACTS.

13. **Instructions to Agents**
All instructions from us must be carefully complied with and when appropriate, conveyed to your client. You must not appoint a sub-agent to deal with policyholders.
14. **Documents in the Hands of Agents**
You are required to deliver/transmit to us all completed proposal forms or other documents that related to any risk without delay. You must inform us immediately of any information known to you, which would or could reasonably be expected to influence the Underwriters decisions regarding any risk. You must forward all policy documentation issued by Underwriters to your Clients without delay.
- Quotations**
Upon determining that our quotation is the one that is to be put forward to your client, you must pass this information onto your client in accordance with the current regulatory requirements.
- Fees**
You may charge a fee for service to your clients. Such fees should be specifically identified to them. In addition to any other charges, we may charge a fee for duplicate certificates/policies and other administrative processes.
- Claims Procedures**
In order to provide a speedy and efficient service, you must only recommend to your client that they utilise the claims service provided by the Company.
- All correspondence received by you from Policyholders or Third Parties must be forwarded to the claims service without delay.
15. **Customer Ownership**
We accept and agree that the ownership of the customer, lists, records and details insured, belong to the Intermediary during the currency of this agreement and will remain so following cancellation of this agreement.
16. **Sub agent guarantee**
In the event that the Company ceases to trade, insurers have the right to approach sub-agents, to fulfil their obligations under their own terms of trade.

THIS AGREEMENT SHALL BE CONSTRUED ACCORDING TO ENGLISH LAW AND ANY DISPUTES ARISING UNDER IT SHALL BE DETERMINED BY THE ENGLISH COURTS.

THE INTERMEDIARY WILL NOT BE LIABLE FOR ANY SHARE OF THE UNDERWRITING OR OTHER LIABILITIES AND LOSSES OF THE COMPANY EXCEPT TO THE EXTENT THAT SUCH LIABILITIES AND LOSSES HAVE ARISEN BY VIRTUE OF A BREACH BY THE INTERMEDIARY OF THE PROVISIONS OF THE AGREEMENT AND CODES OF PRACTISE AND CONDUCT.

THIS AGREEMENT IS PERSONAL TO THE PARTIES AND THE BENEFITS AND OBLIGATIONS MAY NOT BE ASSIGNED OR DELEGATED BY ANY PARTY WITHOUT THE COMPANY'S WRITTEN CONSENT.

REFERENCE TO STATUTORY PROVISIONS SHALL INCLUDE ANY MODIFICATION, RE-ENACTMENT OR CONSOLIDATION.

TERMS OF BUSINESS AGREEMENT APPENDIX

This appendix forms part of the "Terms of Business Agreement" and should be read as an integral part thereof.

For the purpose of this Agreement, General Insurance shall be defined as:

Motor Insurance (private car, commercial vehicle and motorcycle)
Household Insurance

Geographical Limits

Motor insurance domiciled in England, Wales, Scotland and all British Islands other than the Channel Islands. Northern Ireland is excluded from this Agreement. (Northern Ireland business is included in respect of the Motorcycle schemes)

TERMS OF CREDIT

Statements of account will be rendered to the Intermediary monthly. The statement must be reconciled and returned to the Company with a remittance in settlement no later than 30 days after the date which appears on the Statement.

Signed on behalf of Europa Underwriting Ltd

Position Managing Director



Dated17 March 2010.....

Signed.....

Signed on behalf....J Burdon & Partners Insurance Consultants

Position

Dated

FSA No.....