



(Re)insurance Client

Alwen Hough Johnson Limited Terms of Business Agreement Revised at May 2018

1. INTRODUCTION

Please read this document carefully. It sets out the terms upon which we agree to act for our clients and contains details of our regulatory and statutory responsibilities.

We specifically draw your attention to the Non Statutory Trust and the handling of funds – premiums, claims and refunds (see sections 10 and 11, below).

Please contact us immediately if there is anything in these terms of business which you do not understand or with which you disagree. Otherwise, we will conduct all business with you on the basis that you accept and agree with this Terms of Business Agreement.

2. BROKER INFORMATION

Alwen Hough Johnson Limited, 2 Minster Court, Mincing Lane London EC3R 7BB, is an independent Lloyd's broker. We are authorised and regulated by the Financial Conduct Authority (FCA). Our FCA Register number is 308774. These details can be checked on the Financial Services Register by visiting the FCA's website, <https://register.fca.org.uk> or by contacting the FCA on 0800 111 6768 from within the UK or +44 207 066 1000 from outside the UK. We are a registered Lloyd's Brokers – this can be verified by visiting Lloyd's website at www.lloyds.com. Professional Indemnity insurance is held, in accordance with our regulatory and registration requirements.

3. OUR REGULATORY REQUIREMENTS

We are required to comply with the FCA Regulations relevant to a (re)insurance intermediary. These include the following:

- A firm must conduct its business with integrity, and pay due regard to the interests of its customers and treat them fairly
- A firm must conduct its business with due skill, care and diligence
- A firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading
- A firm must act with due care, skill and diligence when acting for a customer in relation to a claim, and avoid conflicts of interest
- A firm which holds client money has to meet certain specified conditions
- A firm must take reasonable care to establish and maintain such systems and controls as are appropriate to its business

4. OUR RELATIONSHIP

As an independent (re)insurance intermediary we act as the agent of you, our client. In certain circumstances we may act for and owe duties of care to other parties. We will advise you when these circumstances occur so you will be aware of any possible conflict of interest.

Upon receipt of your instructions, we shall seek to place the requested (re)insurance with (re)insurers and shall keep you informed of the progress of all negotiations.

We will contact you in good time before the expiry of your policy to discuss your future needs and to arrange for the provision of updated information. We will advise you of renewal terms including any changes to the terms of the policy and the price, and will notify you if a (re)insurer declines to offer renewal. After discussing the situation with you, alternative (re)insurers may be approached.

5. SECURITY

We provide you with advice based upon a fair analysis of the markets available for the product(s) you require. Whilst we take great care in the selection of the security which we use to accept your risks, we are unable to guarantee the continued solvency of any (re)insurer with which we place business. You must advise us as soon as possible if there is any security with which you do not wish us to place your business. A liability for the premium, whether in full or pro rata, may arise under policies where a participating (re)insurer becomes insolvent.

6. POLICY DOCUMENTATION

We will produce policy documentation as soon as possible and in accordance with the principle of Contract Certainty. We will forward all policy documentation to you once the contract of (re)insurance has been concluded. Draft policy documentation may also be provided by us before or during the negotiation process. Should you wish to review an example of the policy documentation prior to the conclusion of the risk, please inform us.

Your policy documentation will confirm the basis of the cover, give details of the (re)insurers, and will include either the full policy wording, a policy summary or a fully claused certificate of (re)insurance. Your policy documentation will be accompanied by a premium debit note (if applicable) which will clearly show the dates that the premium is due, together with any applicable premium payment warranties, if any, and consequential penalties for failure to comply with such a warranty. **It is vitally important that you comply with all warranties imposed by your (re)insurers in order to maintain coverage under your policy.**



If the Cover Note includes a policy summary only, and unless otherwise agreed with you, we will arrange for the production, agreement and signature of a full policy wording in a timely manner. It is essential that you carefully read the contents of the policy documentation and advise us immediately if the contents or an (re)insurer does not meet your requirements.

Any request for mid-term alterations to your policy will be negotiated in good time prior to the alteration taking effect if possible. You will be advised of the reasons in the event that a requested alteration is not acceptable to the (re)insurers.

Your policy documentation will include a copy of the information given to (re)insurers on your behalf. You should check this information and advise us immediately if you consider that it is incorrect or misleading or does not contain all pertinent and material facts.

It is our practice to retain documents for business effected on your behalf in electronic or paper format for a duration considered by us suitable for the class of business but it shall never be less than 10 years.

7. DUTY OF DISCLOSURE TO (RE)INSURERS

Where a contract is subject to English law, you must disclose to your (re)insurer(s) every material circumstance of which your business is aware or ought to be aware after a reasonable search. This is the case before your cover is placed, when it is renewed and any time that it is varied. Your policy wording may also provide that this duty continues for the duration of the policy. A circumstance is material if it would influence a (re)insurer's judgment in determining whether to take the risk and, if so, on what terms. If you are in any doubt whether a circumstance is material we recommend that it should be disclosed. Failure to disclose a material circumstance may entitle a (re)insurer to impose different terms on your cover or proportionately reduce the amount of any claim payable. In some circumstances a (re)insurer will be entitled to avoid the policy from inception and in this event any claims under the policy would not be paid.

If your contract(s) is not subject to English law, you must comply with the disclosure duties of the relevant jurisdiction. As a general rule, you should act in utmost good faith and disclose to (re)insurers all material information. If you are in any doubt as to whether an item of information is material or not, we recommend that you should disclose it.

8. CLAIMS

You must notify us as soon as possible of a claim or circumstance which may give rise to a claim, recoverable from the (re)insurance. In the event of a claim you should contact either your designated account executive or our claims manager at the above address.

You should make us aware as soon as possible of the likely quantum of the claim and the material circumstances behind it. You should keep us informed of any significant developments and you may be requested to provide further information.

We will use our best endeavours to collect your claims as promptly as possible and will remit claims payments to you as soon as possible after they have been received from (re)insurers. We will inform you as soon as possible of any difficulties which we experience or anticipate with the administration and collection of your claim(s).

We will provide you with every assistance in submitting a claim and obtaining reimbursement. However, in the event that a (re)insurer becomes insolvent or delays making settlement, we do not accept liability for any unpaid amounts.

9 REMUNERATION

Unless otherwise agreed with you, our remuneration shall be paid as a fee or as brokerage. Brokerage is a percentage of the (re)insurance premium paid by you and allowed by the (re)insurers with whom the (re)insurance is placed. Brokerage and fees are earned for the policy period and we shall be entitled to all brokerage and fees earned in respect of the full policy period in relation to policies placed by us.

In the event of a mid-term adjustment we will be entitled to brokerage on the adjusted premium.

In addition to client fees and/or brokerage payments, we may receive remuneration by way of administrative fees or commissions for services provided to underwriters. We may also act as (re)insurance brokers to underwriters with whom we have placed (re)insurance contracts.

10. HANDLING OF FUNDS - (Premiums, Claims, Refunds and Fees)

Funds which we hold for you will be held as either Client Money or as (re)insurer Money - depending on the arrangements we have with (re)insurers.

Where we place (re)insurance contracts under our In-House Binding Authorities, funds will be held as agents for (re)insurers. Similarly, where we place a Binding Authority for you as Coverholder, funds will be held as agents of (re)insurers. There may also be other occasions when, due to special arrangements with particular (re)insurers, we will hold funds as agents of (re)insurers. We will advise you in such cases.

In all other cases, funds will be handled as Client Money. Client money is money of any currency that we receive and hold in the course of carrying on (re)insurance mediation on behalf of our clients including you, or which we treat as Client Money in accordance with the FCA Client Money rules. A copy of these rules is available upon request from the client money manager.

All Funds will be held by us in a designated Client bank account subject to a Non Statutory Trust, segregated from our own accounts.



11. NON STATUTORY TRUST ACCOUNT (NST)

In accordance with FCA regulations, we hold Client Money under a Non Statutory Trust (NST). The aim of the NST is to protect the client in the event of the failure of the broker 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 the broker's property. The fact that we hold money on trust gives rise to fiduciary duties which will be owed to you until the Client Money reaches the (re)insurer.

Under FCA regulations, holding money in a NST entitles us 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, and to pay claims and premium refunds to another client before we receive payment from the (re)insurer. Whilst It is not our usual policy to take advantage of this funding facility, we may in certain circumstances, decide to fund such items.

We are not entitled to use Client Money to pay brokerage/fees before we receive the relevant premium from the client.

12. PAYMENTS TO THIRD PARTIES

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

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

13. BANK ACCOUNTS

Client Money will be deposited with one or more approved banks, a list of which is provided to you. Please notify us immediately if you do not wish us to use any bank or banks on this list.

14. CANCELLATION CLAUSE

Your contract of (re)insurance may include a cancellation clause. In the event that you fail to pay your premium(s) by the due date, the (re)insurance may be cancelled forthwith, or by (re)insurers giving notice of cancellation. In the event of cancellation of the (re)insurance contract (re)insurers may return a pro-rata premium to us or as stipulated in the cancellation clause.

Once our remuneration has been earned, our fees and brokerage will not usually be returnable in the event of cancellation of the contract of (re)insurance, unless otherwise agreed by us.

15. TERMINATION OF THIS AGREEMENT

Our agreement may be terminated by one of us giving 30 days' notice in writing to the other. In the event that our services are terminated by you, we will be entitled to receive any fees or brokerage payable in respect of the full period of any (re)insurance contract placed prior to the effective termination date.

Termination of this agreement may also be effected at any time without notice by mutual agreement of the parties.

It is a condition of this agreement that both parties remain authorised and licensed to transact (re)insurance and carry out the activities provided for by this agreement. Should either party cease to be so authorised, they must tell the other party immediately. This agreement will be deemed to have terminated at the date on which the relevant authorisation ceased.

If either party commits a material breach of this agreement at any time, the other party will be entitled to terminate the agreement by one of us giving not less than 48 hours' notice in writing to the other.

16. COMPLAINTS

We take all complaints seriously. If you wish to register a complaint then please contact your designated account executive or to the Complaints Director, or in writing at the address stated under "Broker Information".

We will acknowledge your complaint and investigate it in accordance with our complaints handling procedures which follow the rules for the handling of complaints set by the FCA and/or Lloyd's as appropriate. We will keep you informed of our progress.

If we are unable to settle your complaint satisfactorily with us and the (re)insurance is placed solely or partly with Lloyd's Syndicates, you may be entitled to refer it to Lloyd's, Fidentia House, Walter Burke Way, Chatham Maritime, Chatham, Kent ME4 4RN or complaints@lloyds.com

17. MONEY LAUNDERING AND THE PROCEEDS OF CRIME ACT

UK Money Laundering regulations require us to obtain evidence of the identity of clients for whom we act at the start of a business relationship. We may therefore ask you for various items of information before we are able to commence placing your business.

We are obliged to report to the National Crime Agency (NCA) any evidence or suspicion of money laundering at the first opportunity and we are prohibited from disclosing any such report.

18. BRIBERY ACT

We are required under the UK Bribery legislation to closely monitor all expenditure in respect of corporate gifts and entertainment, and to report any evidence or suspicion of bribery. We maintain an Anti-Bribery and Corruption Policy, a copy of which is available upon request.

Neither party shall be involved in the offering, promising or giving of any financial or other advantage to any person in breach of any laws and regulations against bribery (including without prejudice to the generality of the foregoing the Bribery Act 2010).

19. SANCTIONS

Each party shall pay due regard to, and co-operate in respect of the observance of, any applicable financial crime and international economic, financial or trade sanctions laws and regulations which bind the parties.

20. FINANCIAL CRIME

Neither party shall take any action which facilitates the evasion of taxes anywhere in the world or which is contrary to any related financial crime laws and regulations (including without prejudice to the generality of the foregoing the Criminal Finances Act 2017).

The parties shall insofar as required to do so, and whether or not either party is an associated person of the other for the purposes of the Bribery Act 2010, the Criminal Finances Act 2017 or any other relevant laws and regulations, maintain on an ongoing basis appropriate systems, procedures and controls designed to prevent any breach of clauses 17 to 20 of this Agreement.

21. PAYMENT OF CLAIMS

Claims payment will be made in favour of the corporate name identified within the relevant contract and from whom we have received the premium. If you require a payment to be made to a third party then you must confirm the required payee name and details and provide a brief explanation for your request. We will not be able to pay claims to a third party in circumstances where we consider that we have not been able to satisfy our statutory obligations in respect of third party payments.

22. CONFIDENTIALITY

Each of us will treat information received from the other relating to this agreement as confidential and will use it solely for the purpose of providing the services set out in this agreement. For the avoidance of doubt each party shall be entitled to disclose such information where it is required to do so by law or regulatory authority, or to (re)insurers, actuaries, auditors, lawyers, legal representatives, professional agents and advisers. This clause will not apply to information which was rightfully in the possession of a party prior to this agreement, which is already public knowledge or which becomes so at a future date (otherwise than as a result of a breach of this clause) or which is trivial or obvious.

23. 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.

24. INTELLECTUAL PROPERTY

We shall retain all title, copyright, patents and other intellectual property rights to all computer programmes, models and tools developed by ourselves and to their output and to all methodologies that we have developed and that are used in the performance of the services. Where software is protected by a third party intellectual property agreement, we will advise you of this when supplying copies of the software to you, and you agree to be bound by the terms of the original supplier's agreement.

25. DATA PROTECTION

You and we each acknowledge and agree that where either of us processes Personal Data under or in connection with this Terms of Business Agreement it alone determines the purposes and means of such processing as a Controller.

In respect of the Personal Data either of us processes under or in connection with this Terms of Business Agreement, that party:

- a) shall comply at all times with its obligations under the Data Protection Law;
- b) shall notify the other party without undue delay after, and in any event within 24 hours of, becoming aware of a Personal Data Breach; and
- c) shall assist and co-operate fully with the other Party to enable the other Party to comply with their obligations under Data Protection Law, including but not limited to in respect of keeping Personal Data secure, dealing with Personal Data Breaches, complying with the rights of Data Subjects and carrying out data protection impact assessments.

We collect and process Personal Data in order to place (re)insurance policies and to process claims. Information is also used for business purposes such as fraud prevention and detection and financial management. This may involve sharing information with, and obtaining information from, our group companies and third parties such as (re)insurers, other brokers, loss adjusters, credit reference agencies, service providers, professional advisors, our regulators or fraud prevention agencies. For a full version of our privacy notice



please see <http://www.ahjtd.co.uk/legal-notice>.

To the extent you provide us with Personal Data from your clients, you will inform them that you are providing us with their Personal Data and the purposes for which the Personal Data is to be used, including providing them with a copy of this notice.

We shall each work together to ensure that each of us is able to process the Personal Data it processes under or in connection with this Terms of Business Agreement for the purposes contemplated by this Terms of Business Agreement lawfully, fairly and in a transparent manner and in compliance with the Data Protection Law. This shall include but not be limited to entering into such other written agreements as may be required from time to time to enable each party to comply with the Data Protection Law.

For the purposes of this clause:

“Controller” means the person which, alone or jointly with others, determines the purposes and means of the processing of Personal Data;

“Data Protection Law” means all applicable statutes and regulations in any jurisdiction pertaining to the processing of Personal Data, including but not limited to the privacy and security of Personal Data;

“Data Subject” means the identified or identifiable natural living person to whom the Personal Data relates;

“Personal Data” means any information relating to the Data Subject; and

“Personal Data Breach” means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, Personal Data transmitted, stored or otherwise processed.

26. FORCE MAJEURE

We shall not be liable to you if we are unable to perform any obligations under this agreement as a result of any cause beyond our control. We agree to give you notice as soon as reasonably practical should we be affected by any such cause

27. LAW AND JURISDICTION

These terms of business are governed by and are to be construed in accordance with the law of England and Wales. We both hereby irrevocably submit to the exclusive jurisdiction of the Courts of England and Wales in relation to any difference or dispute which may arise in connection with these terms of business or any contracts governed by such terms unless expressly stated otherwise in the contract.