

Hart Insurance Brokers – General Terms of Business

We are a provider of general insurance services and we have pleasure in setting out below our Terms of Business. We are authorised and regulated by the Financial Services Authority (FSA) in the conduct of general and investment business. This Terms of Business document does not apply to investment business as a separate agreement will be provided to you at appropriate times. If you require clarification of investment / non-investment business we would be pleased to provide details on request.

1. The Financial Services Authority (FSA)

The FSA is the independent watchdog that regulates financial services. It requires us to give you this document. Use this information to decide if our services are right for you.

2. Which service will we provide you with?

We will advise, provide information and make a recommendation for you after we have assessed your needs on the basis of a fair analysis of the market.

3. Who regulates us? Hart Insurance Brokers is authorised and regulated by the Financial Services Authority. Our FSA Register number is 118751. Our permitted business for the purposes of this document is advising on and arranging general insurance contracts. You can check this on the FSA's Register by visiting the FSA website www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234.

Commencement of Terms of Business

This Terms of Business Letter will be effective from the date of receipt but may be amended by us following any initial interview intended to ascertain your current financial situation, objectives, and attitude to financial

risk. Any such amended Terms of Business Letter will be sent to you within 10 working days of that interview. However, irrespective of any amendments arising from such interviews, we reserve the right to amend the terms of this letter without your consent but we will give at least 10 business days notice before conducting relevant business, unless we consider it to be impracticable to do so under the circumstances existent at that time. We are required to comply with the FSA Regulations relevant to an insurance intermediary. These include the following:

1. A firm must conduct its business with integrity, and pay due regard to the interests of its customers and treat them fairly.
2. A firm must conduct its business with due skill, care and diligence.
3. 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.
4. A firm must manage conflicts of interests fairly, both between itself and its customers and between a customer and another client.
5. A firm which holds client money has to meet certain specified conditions.
6. A firm must take reasonable care to establish and maintain such systems and controls as are appropriate to its business.
7. A firm must maintain and keep up to date a list of the insurance undertakings it selects from and be able to provide a copy of this list in a durable medium to a customer on request.

Please read this document carefully.

It sets out the terms on which we agree to act for our clients and contains details of our regulatory and statutory responsibilities.

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Please contact us immediately if there is anything in these terms of business which you do not understand or with which you disagree. Upon receipt of your instructions we will place insurance with insurers, and keep you informed of the progress of our negotiations. We will advise you of any inability to place your insurance.

Security: We do not guarantee the solvency of any insurer we place business with. A liability for the premium, whether in full or pro rata, may arise under policies where a participating insurer becomes insolvent.

Client Monies: We are permitted to handle client money in respect of non-investment insurance business. Client money will be held in a statutory trust. Client money will only be held on behalf of an insurer or underwriter in accordance with a written agency agreement. We keep client money separate from our own money. Any interest earned on client money held by us and any investment returns on any segregated designated investments will be retained by us for our own use, rather than paid to you.

General Insurance Objectives: Following the issue of this Terms of Business, any subsequent advice or recommendation offered to you will be based on your stated objectives, acceptable level of risk and any instructions you wish to make regarding the type of policies you are willing to consider. Details of your stated objectives will be included in the recommendation letter we issue to you confirming the reasons for our recommendations.

Restrictions: Unless advised to the contrary, we will assume that you wish to place no restrictions on the types of general insurance policies we may recommend and

in which you subsequently take out. Furthermore, unless advised to the contrary, we will assume that you wish to place no restriction on the markets in which transactions are to be executed. A full listing of designated products is available from your adviser upon request.

Client Relations: When you have instructed us to arrange a specific insurance contract no further advice will be given unless it is requested by yourself or we have an agreement confirmed in writing to provide periodic reviews. We will, however, if no agreement is in place be pleased to advise you at any time should you require further assistance.

Personal Interests: Occasions can arise where we, or one of our other customers, will have some form of interest in business which we are transacting for you. If this happens, or we become aware that our interests or those of one of our other customers conflict with your interests, we will inform you in writing and obtain your consent before we carry out your instructions.

Calls: In addition to making calls at your express invitation, we may call on you at intervals to review your general insurance requirements. This will not affect your rights of cancellation. Calls will not be made on a Sunday or between 9pm and 8am on any other day.

Complaints & Compensation: If you should be dissatisfied with the advice you receive or a product which you have bought, please write to or telephone the Compliance Officer at the address on the front page of this document. If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service.

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We are covered by the Financial Services Compensation Scheme (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 arranging is covered for 100% of the first £2,000 and 90% of the remainder of the claim, without any upper limit. For compulsory classes of insurance advising and arranging is covered for 100% of the claim without any upper limit. Further information about compensation scheme arrangements is available from the FSCS.

Advice & Instructions: Any advice given to you by us shall be in writing. We prefer our clients to give us instructions in writing to aid clarification and avoid any misunderstandings. We will, however, accept oral instructions provided they are confirmed in writing. We may, at our discretion, refuse to accept instructions although such discretion shall not be exercised unreasonably. We will record all transactions on our files which, along with copies of relevant documentation, will be retained by us for a period of not less than three years. You have a right to inspect copies of contract notes, vouchers and entries in our books or computerised records relating to your transactions. We reserve the right to withhold copies of these records if information pertaining to other parties would be disclosed.

Remuneration: We receive remuneration for our services by receiving a percentage of the insurance premium by way of commission or brokerage. Alternatively an agreed administration fee may be charged or in some instances a combination of both. We

may provide you with a separate agreement where we arrange a contract on your behalf which has a duration of more than twelve months. To cover administration costs we also charge the fees detailed below in addition to any charge debited to us by the insurers or other suppliers involved in providing other services to you:

- ◆ Mid Term Adjustments £20.00
- ◆ Replacement Certificates £20.00
- ◆ Copy Policies £20.00

Claims Handling and Uninsured loss recovery by advanced negotiation where legal expenses policy not effected. Loss recoveries by advanced negotiation. Any payments to us by Credit Card will be subject to a £5.00 charge. Payment by Debit Card, Cheque or BACS transfer will not be subject to any charge. For Cheques returned by the Bank we charge £10 plus any Bank Charge whilst awaiting payment, or in the event of non-payment and/or when instructed directly by you, we reserve the lien and right to retain your policy documents including any insurance certificates, schedules endorsements and claims payments.

Right to Withdraw: Once your new product has been purchased, you may have a statutory right of cancellation, details of which will be given to you.

Termination: The authority to act on your behalf may be terminated at any time without penalty by either party giving seven days notice in writing to that effect to the other, but without prejudice to the completion of transactions already initiated. Any transactions effected before termination and

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a due proportion of any period charges for services shall be settled to that date.

Law: These Terms of Business are governed and shall be construed in accordance with Scottish Law and the parties shall submit to the exclusive jurisdiction of the Scottish Courts.

Data Protection: Information provided by you may be held, processed, disclosed and used by ourselves, professional advisers and any associated companies in servicing our relationship with you. However, strict confidentiality will be maintained at all times. It is understood that, unless you notify us otherwise, you agree to the storage, use and disclosure of such information. This information may be disclosed to third party product providers in the course of providing our analysis and servicing of our relationship with you. No information will be passed to another party without your prior consent unless we are legally obliged to do so. You also agree that for the purposes described above your data may be transferred to countries outside the European Economic Area. We may use and analyse your data, including the nature of your transactions, to provide you with information by post, telephone, fax or e-mail to service and update you, as well as informing you of new insurance or investment opportunities. If you would prefer to be excluded from these services, please write to us at the company address on this Agreement.

Payment: We provide clients with an invoice detailing the premiums due plus any taxes that the insurers may be obliged to collect. Some insurers include terms of settlement on certain contracts, others require that the premium be paid within certain strict

guidelines. This is a condition of the policy and must be complied with to ensure that payment schedules are met in full. Failure to meet deadlines can lead to a policy being cancelled and render the contract voidable. We would draw your attention to the Remuneration section above regarding payment fees.

Premium Finance Credit Agreement: Clients may be offered the opportunity to pay premiums by instalments by direct debit. Once established we are not permitted to change any schedule unless previously advised in writing. All premiums notified as part of an instalment plan must be completed as per the contract. Any failure to meet the financial requirements can prejudice the contract and render it voidable. Your account details may be passed to credit reference agencies where premium instalment plans are used.

Claims: To assist us to process any claim made by you it is vital that you notify us promptly when an incident which may give rise to a claim occurs. Delays may prejudice negotiations and entitle the insurer to repudiate the claim. In the event of uncertainty, the incident should always be reported. We will provide you with every assistance in submitting a claim and seeking to obtain reimbursement for you. However in the event that an insurer becomes insolvent or delays making settlement we do not accept liability for any unpaid amounts. For assistance and advice please contact our claims staff, at the address on the front of this letter.

Other Earnings: We may earn income in a number of different ways. This may be in the form of an administration expense (see

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above). Some insurers may also provide efficiency fees or production over-riders periodically to reflect the benefit of receiving large amounts of business from a single source that has been handled promptly and efficiently. Occasionally certain insurers may wish to reflect the profitability of our account with them by way of a payment to us. We also obtain income in the arrangements established with Close Brothers in relation to the facility to pay premiums by instalment.

Utmost Good Faith & Duty of Disclosure:

The law imposes onerous duties upon anyone entering into an insurance contract and anyone acting on his behalf. For example, the proposer has a duty to disclose all facts or circumstances that may influence the underwriter in deciding whether to accept the insurance, impose special terms, or charge an increased premium. This duty arises not only at inception of the contract but also at renewal or in the event of any material change in the risk during the period of insurance. Similarly, the duty also applies to the submission and substantiation of all claims. This information must also be disclosed to insurers. A proposal or claim form, or any other documentation relating to the contract of insurance must be answered fully and accurately. The provision and documentation of this information is the sole responsibility of the insured.

Documentation: We reserve the right to retain certificates at our offices until all payments due under the policy have been made and any cheque has cleared through our bank account.

Cancellation: If you wish to cancel the policy you must first call our office. You may be due a refund for part of your premium as

long as no claims have occurred during your time on cover. You must return your certificate of insurance or a lost certificate declaration together with a letter confirming your cancellation request before we can cancel your policy. **CANCELLING YOUR DIRECT DEBIT DOES NOT CANCEL YOUR POLICY.**

Upon cancellation of the contract it should be noted that insurance companies apply short term cancellation charges which are not proportionate to the annual premium and as these form part of the contract offered, we would ask clients to realise that such charges upon cancellation are applied by the underwriter/insurer and not our firm. Once our remuneration has been earned for placing the contract, in the event that the insurance is cancelled after inception, our fees or brokerage will not usually be returnable.