

TERMS OF BUSINESS AGREEMENT

DEFINITIONS

Our insurance / Our insurance policies	In the case of Hiscox Insurance Company Ltd its own products and policies and in the case of Hiscox Underwriting Ltd the products and policies of its principals. Unless otherwise stated or agreed products and policies shall include both insurance and reinsurance but only where Hiscox Insurance Company Ltd and/or the principals of Hiscox Underwriting Ltd are the reinsurer (inwards reinsurance).
You & Your	The intermediary for and on whose behalf this Agreement is signed.
We, Us & Our	Hiscox Insurance Company Limited and or Hiscox Underwriting Limited.
FSA	The Financial Services Authority or any successor regulatory body.
ICOB	The Insurance Conduct of Business Rules promulgated and issued from time to time by the FSA including (but without limitation) the Conduct of Business Sourcebook and the Insurance Conduct of Business Sourcebook.
Approved Person	Any person that is individually approved and regulated by the FSA falling within controlled functions CF1, CF2, CF3, CF28 and CF29

The Appendix to this Agreement and the Hiscox Terms of Business Agreement Application both form part of Our agreement with You.

1. Your Relationship with Us

- 1.1. Hiscox Insurance Company Limited (“Hisco”) is an authorised insurance company and makes this Agreement on its own behalf. Hiscox Underwriting Limited (“HUL”) acts as agent for insurance companies and syndicates at Lloyd’s and makes this Agreement in that capacity.
- 1.2. Although this has been written as one Agreement, Your relationship with each of Hisco and HUL is separate and clause 16.1 applies.
- 1.3. You are an insurance intermediary. This Agreement sets out the basis on which We will accept business from You and pay You commission. In certain circumstances it authorises You to act as Our agent. You may act as Our agent only in so far as this Agreement permits or as otherwise agreed between You and Us. Save for the limited circumstances in which You do act as Our agent, You act as the agent of Your customer. Unless We agree otherwise, You have no authority to make any representation (whether in writing or otherwise) about Our insurance or Our business and You will not accept, vary, amend, cancel, or terminate on Our behalf any insurance cover unless We agree in writing that You may do so. You will not incur any liability on Our behalf.
- 1.4. Nothing in this Agreement shall require Us to accept any proposal for insurance, renew any existing policy or maintain cover for any existing policy if in our absolute discretion We decide to do otherwise.
- 1.5. You have no authority to receive notice of claims on Our behalf and notification of a claim to You shall not constitute notification of a claim to Us unless otherwise agreed.
- 1.6. The terms of any binding authority agreement in force between You and Us will take precedence over the terms of this Agreement to the extent that these terms conflict.

2. Your Status

- 2.1. You warrant that You are authorised by the FSA to conduct insurance mediation activities.
- 2.2. You will tell Us immediately in writing if at any time during the term of this Agreement the FSA suspends or withdraws Your authorisation or You otherwise cease in any way to be authorised by the FSA to conduct any business in accordance with this Agreement.
- 2.3. You will tell Us immediately in writing if any of the permissions You hold under Part IV of the Financial Services & Markets Act 2000 relevant to this Agreement are suspended, withdrawn or otherwise cease at any time during the term of this Agreement.
- 2.4. You will tell Us immediately in writing if You become subject to investigation or enforcement action by the FSA at any time during the term of this Agreement.
- 2.5. You do not act as Our Appointed Representative.

3. General Duties

- 3.1. You will tell Us immediately in writing if there is a material change in Your management, ownership or control, Your name or trading name, or if You, any Director or Partner of You or any other of Your Approved Persons are served with a statutory demand pursuant to any insolvency legislation, go into liquidation, appoint or have appointed a receiver, administrative receiver or administrator, become subject to an administration order, make any voluntary arrangement with creditors, or if liquidation or bankruptcy proceedings are issued against You or any other such person referred to above.
- 3.2. You will also tell Us immediately in writing if any of the events described in clauses 8.2.4 and 8.2.5 below giving rise to termination of this agreement occur.
- 3.3. You will maintain in full force and effect, and observe the terms of, an appropriate policy of professional indemnity or other insurance adequate to cover Your liability in relation to Your dealings with Us. Within 30 days of Our request You will provide Us with a copy of the current policy.
- 3.4. You will promptly notify Us of all information You receive concerning any risk placed or proposed to be placed with Us by You, which may reasonably be information:
 - 3.4.1. material to Our decision to accept, renew, extend, or amend any insurance; and/or
 - 3.4.2. material to Our assessment of the level of any premium.
- 3.5. We will endeavour to supply all documentation (including policy summaries, policies, renewal documents and correspondence) promptly.
- 3.6. The documents You may supply under this Agreement are:
 - 3.6.1. Our policy summaries;
 - 3.6.2. Our printed certificates and/or policy wordings;
 - 3.6.3. Our approved endorsements and schedules;
 - 3.6.4. Statements setting out insureds' rights of cancellation;
 - 3.6.5. Statements advising insureds of changes to policy terms;
 - 3.6.6. Renewal notices.

You will ensure that You issue these documents according to, and in compliance with, the requirements of the FSA's Conduct of Business Rules. Should You fail to do so You will be liable to indemnify Us for any loss We suffer as a result. Where You require information from Us in order to issue a renewal notice You will ensure that You seek such information from Us in good time.

- 3.7. You will return cancelled renewal papers to Us by the last day of the month following the month in which the policy became due for renewal, except that in the case of policies that include Employers' Liability Insurance, You will return confirmation and certificates within 30 days of the renewal date.
- 3.8. If requested by Us, You will notify Us in the case of each concluded insurance contract to which this Agreement applies whether the assured is classified as a Retail Customer or Commercial Customer for the purposes of the FSA's ICOB rules.
- 3.9. You will timeously issue the right to cancel notices on Our behalf in all instances where such notices are required by Chapter 6 of the FSA's ICOB rules and You will do so in accordance with the requirements set out in these rules.
- 3.10. You will notify Us within two working days of receipt of any complaint made to You by a customer insured by Us.
- 3.11. You will not refund any premium without Our consent.
- 3.12. You will not refer to Us on Your website, advertise on Our behalf or use Our name, brand or trade names, trade marks or logos without Our prior written approval.
- 3.13. You will not do anything or omit to do anything which will or might be detrimental to Our reputation.

4. Premiums and Reporting

- 4.1. You act as Our Agent for the purpose of receiving and holding premiums, including tax monies, due to Us from customers. You also act as our Agent for the purpose of holding and paying return premiums, claims and tax monies due to customers on Our behalf. You have no authority to permit any third party, sub-agent or Appointed Representative to receive, hold, or pay any money on Our behalf.
- 4.2. You are responsible for collecting premiums and tax. Collected premiums and tax must be paid to us within 30 days from the commencement of cover unless otherwise agreed in writing separately.
- 4.3. Unless You have notified Us within 30 days of commencement of cover of Your inability to collect the premium from the customer You will be responsible to Us for payment of the premium and tax (less Your commission) on the first day following the end of 30 days from the commencement of cover, unless otherwise agreed in writing separately.
- 4.4. Your responsibility for premium shall not affect Our right to cancel the Policy whether for non payment or otherwise. In the event of the policy being cancelled and a time on risk premium being charged Your responsibility for premium shall be limited to the premium actually charged for the time on risk.
- 4.5. Where We quote net premium rates, You will not make any additional charges without Our prior written permission. This does not apply to fees notified to and agreed by Your customer in advance. Where You notify Your customers of premiums, fees, rates or charges You will ensure that You do so in accordance with all legal and regulatory rules and practice.
- 4.6. You must establish and maintain a trust account for the receipt, holding, and payment of premiums, return premiums, claims and tax monies in accordance with the rules set out in Chapter 5 of the FSA's Client Assets sourcebook (as may be amended from time to time) or any rules that succeed or replace the FSA's Client Assets sourcebook. We authorise You to use this account to receive, pay and hold money belonging to Your customers as well as money belonging to Us provided You do so in accordance with all legal and regulatory requirements. We agree to waive our rights to any interest earned on the money held in your client money account. Where you co-mingle money belonging to Your customers and money belonging to Us We agree that Our interests in the funds in the trust account may be subordinated to the interests of Your customers.

5. Commission

- 5.1. We will pay commission to You at the rate agreed separately. If a premium or part of a premium is refunded for whatever reason, You agree to pay back to Us a proportionate part of Your commission.
- 5.2. Such commission shall be held in Trust for Us and shall only become payable to You if:
 - 5.2.1. the premium to which it relates has actually been received by Us or You as Our agent; and
 - 5.2.2. You continue to have authority to act as the customers agent at the time the premium is received by Us.
- 5.3. You will refund any advance commission paid under Our Direct Debit Scheme if the relevant instalment is not paid.
- 5.4. We reserve Our right to change the rate of Your commission by giving You 60 days written notice.
- 5.5. In the event of a dispute between You and another party regarding entitlement to commission We will have sole discretion to determine who shall receive such commission.

6. Accounts and Records

- 6.1. We shall prepare a statement of account (which may be in writing, on disk, tape, direct online communication to Your computer terminal, or any other medium or method of communication which We both agree). This statement shall be the basis of the accounting transactions between You and Us.
- 6.2. Settlements shall be made by the date specified in the statement of account and reconciled to Our last statement of account for the relevant period.
- 6.3. You will make all books and documents, computer software and hardware belonging to Us and in Your possession available to Us for inspection at all reasonable times upon reasonable written notice being given to You by Us.
- 6.4. You will comply with any requests made by Our underwriting staff to inspect any documents previously shown to them by You in the course of the placement or renewal of any insurance business with Us.
- 6.5. You will retain all of the accounting records relating to premiums that are created or held by You in Your capacity as Our agent for a minimum of seven years.
- 6.6. You warrant that at the commencement of this Terms of Business Agreement and for the duration of its term you have and will have in place a policy, procedure or practice (a "System") that you consider to be appropriate for the purposes of the FSA's objective of reducing the furtherance or otherwise hindering or preventing financial crime. You agree upon our written request to provide us with copies of all documents and information relating to such a System, including (but not limited to) documents and information on the System itself and its implementation and enforcement to the extent that such documents and information include, refer or otherwise relate to any of Our insureds obtained under this agreement.
- 6.7. You will maintain in force all necessary licences under the Consumer Credit Act 1974, and as amended, re-enacted or extended, where You have made Our instalment plan available to the customer.

7. Assignment and Delegation

- 7.1. You will not, without Our prior written permission:
 - 7.1.1. assign or otherwise transfer or dispose of this Agreement or any part of it;

- 7.1.2. delegate any of Your authority or responsibility under this Agreement to any third party, including a sub-agent or Appointed Representative.
- 7.2 If We grant You any permission in accordance with clause 7.1.2 above You shall ensure that any third party to which You delegate (the "Delegate") holds, at the time of the delegation and for its duration, all permissions authorisations and approvals necessary for it to carry out the authority delegated to it in accordance with the law of the jurisdiction in which it will perform the delegated activities and/or wherever such third party carries on business. You shall also ensure that the delegation of authority meets all Lloyd's and/or FSA regulatory or compliance requirements applicable in relation to such delegation as appropriate.
- 7.3 Notwithstanding our permission being given for the purposes of clause 7.1.2 and the application of clause 7.2 above, You will assume all responsibility to Us for the Delegate's performance of its obligations under any delegation of authority, and agree to indemnify Us for all proceedings, costs, expenses, liabilities, loss or damage (including consequential loss or damage) incurred by Hisco and/or HUL and/or the principals of HUL as a result of any error, breach, act or omission by the Delegate when performing the duties delegated to them under clauses 7.1.2 and 7.2 above.

8. Termination

- 8.1. We or You may terminate this Agreement by giving the other party at least 30 days' written notice delivered by registered or recorded delivery post.
- 8.2. We may terminate this Agreement immediately by notice if You:
- 8.2.1. are in breach of any of Your obligations and, in the case of a breach capable of remedy, You do not remedy this within 14 days after We gave You notice giving full details of the breach and requiring it to be remedied;
 - 8.2.2. in Our reasonable opinion, administer the insurances written pursuant to this Agreement in a way that prejudices or is likely to prejudice Our interests or the interests of Our customers;
 - 8.2.3. go into liquidation, appoint a receiver administrative receiver or administrator, make any voluntary arrangement with Your creditors, become subject to an administration order or have bankruptcy proceedings issued against You;
 - 8.2.4. become subject to an investigation or enforcement proceedings brought by the FSA;
 - 8.2.5. are (or if any of Your staff are) convicted of a serious criminal offence or have acted fraudulently or dishonestly in any way during the term of this Agreement including any engagement in corruptive behaviour as detailed in Clause 18 of this Agreement.
- 8.3 Upon the termination of this Agreement:
- 8.3.1 If terminated under clause 8.2 above We reserve the right to and may deal with customers directly for the purpose of administering, maintaining, renewing, extending or updating their insurances or dealing with any claims;
 - 8.3.2 You must return to Us within 30 days (or otherwise dispose of as We request) all of Our marketing materials, certificates or summaries of cover and policy documents, proposal forms, cover notes and any other documentation relating to Our insurance;
 - 8.3.3 Unless We tell You in writing otherwise, You must comply with the terms of this Agreement in respect of insured customers who continue to be insured after the termination of this Agreement until all risks have expired and all valid claims have been finalised for each insured customer;
 - 8.3.4 You will not be entitled to any compensation for loss of agency rights, loss of goodwill or any similar loss.
- 8.4 Termination of this Agreement will not affect:

- 8.4.1 any accrued rights or liabilities; or
 - 8.4.2 the coming into force (or the continuation in force) of any provision which, expressly or by implication, is intended to come into or continue in force on or after such termination.
- 8.5 Wherever We have a right to terminate this Agreement under clause 8.2 We may at Our option choose to suspend the operation of the Agreement instead. If We do so the consequences described in clause 8.3 shall apply in the same way as if the Agreement had been terminated under 8.2.

9. Confidential Information

- 9.1. You and We agree to treat information exchanged between Us in connection with the performance of this Agreement as confidential. You and We agree not to disclose such information to any person not entitled to receive it except as may be necessary to fulfil obligations under this Agreement or as may be required by law or regulatory authority. However, You or We may disclose such information where necessary to Our insurers or reinsurers, actuaries, auditors, professional agents and advisers or to group companies. This clause will not apply to information which:
- 9.1.1. was rightfully in the possession of You or Us prior to this Agreement and/or prior to being disclosed by You or Us;
 - 9.1.2. is already public knowledge or becomes so at a future date (otherwise than as a result of a breach of this clause);
 - 9.1.3. is trivial or obvious.

10. Dispute Resolution

- 10.1. The Parties to this Agreement are committed to resolving all disputes arising under it (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;
- 10.1.1. 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;
 - 10.1.2. will attempt in good faith, if the matter is not resolved through negotiation within three months of 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;
 - 10.1.3. 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 Governing Law clause below.
- 10.2. Notwithstanding the above, either Party may issue proceedings in the Courts of England and Wales, prior to completion of the dispute resolution procedure set out in clause 10.1 above, in order to preserve or protect any applicable limitation period. The parties agree that any proceedings issued under this clause 10.2 must be immediately stayed following service pending compliance with the dispute resolution procedure set out in clause 10.1 above.

11. Conflicts of Interest

You will adopt and/or maintain procedures to ensure You have arrangements in place for the identification and management of any conflicts of interest that may arise in relation to the performance of Your obligations under this Agreement.

12. Customer Relationship

For the duration of this Agreement and for a period of two years thereafter We will not intentionally use information supplied by You in connection with any business underwritten by Us under this Agreement to solicit directly the insurance business of Your clients. This restriction shall not apply to any business written pursuant to a binding authority or in the event of the termination of this Agreement under clause 8.2 or the suspension of this Agreement under clause 8.4.

13. Rights of Third Parties

You and We are the only parties to this Agreement. Nothing in this Agreement is intended to give any person any right to enforce any term of this Agreement which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999.

14. Notices

- 14.1. Notices under this Agreement must be in writing and addressed to the party concerned at its registered or head office.
- 14.2. Notices given by or to Hisco or HUL shall be treated as given by or to both of them unless the context makes it clear that this is not the case.
- 14.3. Hisco and HUL may by notice give separate addresses for service of notice and in such case clause 14.2 will not apply to notices given to one of them.

15. Jurisdiction and Governing Law

This Agreement is subject to English law and practice and to the exclusive jurisdiction of the English courts and any disputes arising under it shall, subject to the provision of clause 10 above, be determined in the English Courts.

16. General

- 16.1. Because this Agreement is a separate contract between You and Hisco and You and HUL (and although We will avoid duplication of notices, instructions or advices where the circumstances allow):
 - 16.1.1. each provision of this Agreement applies separately as between You on the one hand and each of Hisco and HUL on the other;
 - 16.1.2. the Agreement will apply separately in respect of the insurance policies of Hisco and the insurance policies of any other principals for whom HUL acts as agent;
 - 16.1.3. We may require You to make separate arrangements for payment of monies so that there is no unauthorised set off or mixing of funds;
 - 16.1.4. each of Hisco and HUL may act separately in respect of their operation of this Agreement; and
 - 16.1.5. if this Agreement is separately terminated by one of Hisco or HUL, the provisions of the Agreement will apply in all respects to Your relationship with the other for so long as it continues.
- 16.2. Any change to this Agreement must be in writing and signed by an authorised representative of each party.
- 16.3. Waiver of a breach of any provision of this Agreement will not be considered as a waiver of any subsequent breach of the same or any other provisions.
- 16.4. In the event any portion of this Agreement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

- 16.5. 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.

17. Compliance

- 17.1. You undertake to comply with all statutory, legal and regulatory requirements from the time being in force in relation to Your performance of this Agreement and for the proper and/or lawful operation of this Agreement so far as they apply to it including (without limitation):

17.1.1. all applicable obligations imposed by, or made under, the Financial Services and Markets Act 2000;

17.1.2. the requirements of the Data Protection Act 1998 (the "DPA") and all statutory instruments and any regulations and orders made thereunder, and any applicable codes(s) of practice;

and You will co-operate fully with Us for the purpose of compliance with such statutory, legal and regulatory requirements and will supply to Us such information as We may reasonably request or require to ensure compliance.

- 17.2. Without prejudice to the generality of Clause 17.1:

17.2.1. If and to the extent that You act as a data processor under the DPA for the purposes of any Personal Data (as defined in the DPA) processed by You pursuant to this Agreement You agree to comply with the obligations imposed on Us by the seventh data principle set out in the DPA ("the Seventh Principle"), namely:-

17.2.1.1. to maintain technical and organisational security measures sufficient to comply at least with the obligations imposed on Us by the Seventh Principle;

17.2.1.2. only to process Personal Data for the purpose of performing and in accordance with this Agreement (and where necessary only on instructions from Us to ensure compliance with the DPA);

17.2.1.3. to allow Us to audit Your compliance with the requirements of this clause 17.2 on reasonable notice and/or at Our option, to provide Us with evidence of Your compliance with such requirements.

- 17.3. You further agree to use all reasonable endeavours to assist Us in complying with the obligations imposed on Us by the DPA, including but not limited to ensuring that You obtain any or all necessary consents so that the Personal Data You collect can be lawfully used or disclosed by Us in the manner and for the purposes anticipated by this Agreement or for such other purposes as We may notify to You from time to time. You agree to comply with such directions as We may give You from time to time in respect of the manner of collection of the consents.

- 17.4. In respect of any motor insurance business transacted by You with Us, You will use Your best endeavours to ensure that all relevant details of any cancellation or deletion of cover (whether during a policy period or at renewal) are provided to Us within three (3) days of the effective date of the cancellation or deletion. Relevant documentation, including the Certificate of Insurance, must be returned within the same period to prevent a "time on risk" charge being payable.

Notwithstanding the above, any cover required will not be effective until notified to and accepted by Us.

18. Bribery and Corruption

- 18.1. Hiscox does not pay or accept bribes to private individuals/organisations or public officials. Where facilitation payments are illegal in the country concerned, we do not permit our agents to make such payments on our behalf. Legitimate payments for government services such as fees for licenses should, where required, be disclosed and accounted for correctly.

- 18.2. You warrant that You do not engage in corruptive behaviour in the manner described at 18.1 above, and warrant that You have in place an adequate system or procedure for minimising the risk of corruptive behaviour being engaged in by Your staff and associated individuals and organisations. You agree to permit Us on giving reasonable written notice to undertake an audit of Your said system or procedure.
- 18.3. The engagement in corruptive behaviour by you will not be condoned by Hiscox and should this occur you will be shown to have acted independently and outside the extent of your authority as a Hiscox agent. We will reserve the right to terminate our agreement with immediate effect.

19. Force Majeure

- 19.1. 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 party 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 and has continued for more than 3 months.