

# TERMS OF BUSINESS AGREEMENT

This document details our service and our arrangements for dealing with your insurance. Please read it carefully and retain a copy for Your records. The English language will be used for all communications, the contractual terms and conditions, and any information We are required to supply to You, before and during the duration of the contract and this agreement shall be subject to English Law (Scottish Law, where issued in Scotland).

## **The Financial Conduct Authority**

The Financial Conduct Authority is the independent watchdog that regulates financial services. Anchorman Insurance Consultants Limited is authorised and regulated by the Financial Conduct Authority. Our FCA Register number is 304589. You can check our status at <https://register.fca.org.uk> by contacting the FCA on 0800 111 6768. Our permitted business includes advising, arranging, dealing in and assisting with the performance and administration of General Insurance policies.

## **Data Protection and Privacy Statement**

We are a data controller and our data protection officer is Gillian Cross. We act as Your agent and will collect data, including personal information and risk details, solely to enable us to obtain and provide insurance quotations, arrange and administer Your insurance. Data collected by us is contractual, and for our legitimate business interests as an insurance broker and we will be unable to offer any quotation or insurance if You refuse to provide certain personal data, including health, financial and criminal records data which is collected under the lawful basis of public interest, where these would affect the provision of cover and/or performance of insurance contracts. Your information will be held securely by us and shared with insurers, and anyone else involved in the normal course of arranging and administering Your insurance which could include reputable providers outside the EU, to enable them to provide accurate terms and they will also obtain data about You and Your insurance history from various insurance anti-fraud databases, such as the Claims and Underwriting Exchange (CUE) as well as publicly available websites and credit referencing agencies.

We will not give anyone else any personal information except on Your instructions or authority, or where we are required to do so by law, or our regulatory requirements. Information about You and Your insurances will be held while You are a client and for a minimum of three years, and in certain circumstances up to six years, after expiry of Your policies. Under the Data Protection Act data subjects have the right to see, and correct, personal information about them that we hold. Please write to our data protection officer at our usual office address if You wish to exercise Your rights or have a complaint about our use of Your data. Please note that insurers may undertake a 'soft' check on your credit file to verify your details as part of the quotation process. This check is not visible to other companies and does not affect your credit rating.

## **Our Service**

We are an independent insurance intermediary, who acts on our customers' behalf in arranging insurance, including: assessing Your insurance needs and Personally Recommending policies suitable for You; arranging Your insurance cover with insurers to meet Your requirements; and helping You with any ongoing changes You have to make. As part of our service, We will assist You with any claim You need to make and tell You what Your responsibilities are in relation to making claims.

## **Our Service in relation to the provision of Premium Finance**

We are a credit broker, not a lender. We only offer the credit facilities of insurers and/or Close Premium Finance/Premium Credit Limited. We may use providers who will conduct a credit check and share Your payment record with other lenders, all of which may be recorded on Your credit record. **Please contact us if You do NOT consent to a credit check being undertaken**, however this may affect our ability to offer instalment facilities to You.

**Please Note:** Your policy cover will cease if You fail to keep up payments on an instalment agreement or premium finance facility related to it. In entering into a credit agreement to pay Your insurance premium, You give the finance provider the legal Right to cancel Your insurance policy on Your behalf in the event that You default on the loan, and offset any refunded premium against the outstanding amount owed to them. This means that if You default on Your payment terms and the finance provider requests that We cancel Your policy, We will do so as Your agent.

### **Information on how We treat Payments You make to Us**

Under the terms of our agreements with the Insurance companies with whom we place business, we normally receive premiums you pay to us as Agent of the Insurer. All insurance premiums you pay to us are protected in a non-Statutory Trust Insurers Risk Transfer Account until we pay insurers. We do not pay any interest on premiums held by us in the course of arranging and administering your insurance.

### **Payment Options**

We normally accept payment by cheque or BACS Payment, we will also allow payment by some debit / credit cards, and details of the cards accepted are available upon request. You may be able to spread your payments through insurers' instalment schemes or a credit scheme, which we have arranged with an established insurance premium finance provider, however rates and acceptance may be subject to a credit check. We will give you full information about your payment options and the appropriate finance agreement when we discuss your insurance in detail.

### **Are We covered by the Financial Services Compensation Scheme (FSCS)?**

We are covered by the Financial Services Compensation Scheme (FSCS). For Commercial customers with less than £1m turnover, insurance advising and arranging is covered for 90% of the claim, without an upper limit. All compulsory insurances (for example, motor insurance, employers' liability and professional indemnity insurance), insurance advising and arranging are covered for 100% of the claim, without an upper limit. Further information about compensation scheme arrangements is available from the FSCS.

### **Our Fees and Charges for the services We provide to You**

We usually receive a commission from the insurer, which is taken from the premium You pay to Us and for which you have the right to request details thereof. In addition, We make the following charges to cover the administration of Your insurance which will be declared to you with our quotation.

Arranging new policies £50.00

Mid-term adjustments £25.00

Mid-term cancellations and other refunds are refunded NET of commission. We may, in addition, charge a £25.00 administration fee.

Renewals £25.00

Where we may receive additional remuneration based on the volume or profitability of our account with an insurer we will advise You of this.

Occasionally, We may arrange a policy on which We earn no commission and in these cases We will advise You of the arrangement fee before You take the policy out. We may also make additional charges specific to the arrangement and servicing of certain policies, but these will always be advised to You in advance.

### **What to do if you have a complaint**

Our aim is to provide a first class service, however, if You wish to register a complaint, please contact us **by writing** to Gillian Cross, Anchorman Insurance Consultants Limited, Okehampton Business Centre, Higher Stockley Mead, Okehampton, Devon EX20 1FJ, or, **by phone** Telephone 01837 55777, **by email** [gillian@anchormaninsurance.co.uk](mailto:gillian@anchormaninsurance.co.uk). If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service, for an independent assessment and opinion. The FOS Consumer Helpline is on **0800 023 4567** and their website is at: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk) or you can contact them by post at: Financial Ombudsman Service, Exchange Tower, London E14 9SR

### **Claims**

In the event of an incident occurring which could give rise to a claim under your policy, you should notify us immediately and in accordance with your policy conditions. Failure to do so could prejudice your insurer's position and lead to the claim being repudiated or not being paid in full. When we receive notification of an incident that could give rise to a claim, we will respond promptly, explain how we will handle your claim and tell you what you need to do. We will give you reasonable guidance to help you make a claim under your policy.

## Average

In the event of under-insurance, Insurers may reduce the amount of any claim settlement in the same proportion as the sum insured bears to the total value of the insured items or limit of indemnity.

## Limits of Indemnity - Professional Indemnity, Public Liability and Directors & Officers Insurance

The limit of indemnity you choose is the most critical decision you will make when arranging your Professional Indemnity, Public Liability and Directors & Officers Insurance. In the event of a claim, this limit is the maximum amount payable under the policy, therefore, if the claim made against you exceeds your limit of indemnity you will be liable to pay any shortfall.

We would also draw your attention to the fact that if you have an insufficient limit of indemnity, not only will you be responsible for any shortfall, you will also be required to pay towards any defence costs incurred by your Insurer on a proportional basis. For example, if the total award to the claimant is £2,000,000 and you only have a £1,000,000 limit of indemnity, you will be 50% underinsured which means you will be required to pay the £1,000,000 shortfall from your own resources e.g. savings and assets. In addition to the shortfall, because you have been 50% underinsured, you will be responsible for paying 50% of your Insurer's legal defence costs as well.

In recent times, we have seen a significant increase in the size of claims made against our clients. When assessing your requirement, you need to consider a worst-case scenario not only the damages your client may be awarded but you must also factor in their legal costs and any statutory or other interest that could be included. You should be mindful of not just the direct loss they could suffer but also allow for any consequential losses as well. You cannot rule out the potential of a personal injury claim being made against you, such claims are not uncommon against professional practices, especially (but not limited to) ones that have provided Project Management, Project Co-ordination and Property Management services.

There is no exact science in calculating what limit of indemnity you should arrange. Anchorman Insurance Consultants Limited are not experts in this decision-making process, neither can we know the value of any future claims you may face. Under **NO CIRCUMSTANCES WHATSOEVER** will we ever advise what limit of indemnity you should arrange. This is a decision you have to make and if you are unsure then you must obtain relevant independent advice elsewhere and at your own cost, speak to your professional body or contact us for further guidance. Ultimately, it is your responsibility to choose your own limit of indemnity. We are happy to provide quotations for any limit you require, but we will not select the limit for you and as such we accept no responsibility whatsoever for the choice that you make.

You may be required by your professional body to arrange a minimum level of cover; we would stress that this should be taken as nothing other than being a minimum amount to comply with their requirements, and in no way does it reflect the size of any potential claim you may suffer. You should know your own business better than anyone else, as such you are best placed to understand the services your practice has provided, along with the contract sizes and the types of clients for which you have acted. These are just a few of the many indicators you should consider. If there are other partners, principals or directors, then you must obtain their input in this decision-making process, it would also be advisable to discuss this with your employees, your professional body and even seek legal advice on this matter.

Large claims against professional practices are very real, they do happen and they are becoming increasingly frequent. Even the smallest of practices can be the subject of a substantial claim, do not fool yourself into believing that if you have a small fee income you are somehow immune from a colossal claim, and never take an "it won't happen to me approach". Ultimately, this is your business and your risk, the financial consequences of arranging an inadequate limit of indemnity are likely to be catastrophic.

### **Sums Insured - Property Damage and Business Interruption / Loss of Profits Insurance**

You are responsible for ensuring that all sums insured are adequate to meet a total loss claim and cover the full cost of replacement on a new for old basis of the items being insured.

You will be responsible for ensuring that all sums insured and indemnity limits are adequate for the cover requested. Upon request we will advise You of the basis of calculation for sums insured and give You details of external experts, such as surveyors and valuers, which You may wish to consult.

The following information (see below) on calculating business interruption sums insured is given for guidance, but You should always seek specific advice from us if You are in any doubt as to what should be included.

Several types of cover exist; Gross Profit basis (usual for manufacturers, retailers etc); Gross Revenue basis (normally for consultants, professions); and Increased cost of working basis, for businesses that believe there would be no loss of profit or revenue in the event of a claim, but would need to cover increased trading costs until the claim is settled.

'Accounting Gross Profit' and 'Insurance Gross Profit' are not the same thing. Where Your policy includes this cover, the Sum Insured for 'Gross Profit' should normally be calculated using the following method:

Annual turnover *plus* year-end stock and work in progress; *less* opening stock (and work in progress) and purchases, bad debts and uninsured variable expenses (such as the purchase of raw materials or shipping costs).

Gross Revenue insures the total turnover without deductions and Increased Cost of Working is based on projected additional costs of temporary relocation and other forecast additional costs.

Business interruption sums insured should then be adjusted to take into account the indemnity period (e.g. doubled for 2 years indemnity period).

Ultimately, it is your responsibility to choose your own sums insured. Anchorman Insurance Consultants Limited are not experts in this decision-making process. We are happy to provide quotations for any sums insured you require, but we will not select the sums insured for you and as such we accept no responsibility whatsoever for the choice that you make. If you are in any doubt as to what sums insured you need, then you must obtain relevant expert advice and at your own cost or contact us for further guidance.

### **Legal Contract Review Service**

Anchorman Insurance Consultants Ltd may assist you by arranging for a third party solicitor to comment on a proposed appointment, collateral warranty, novation agreement or Third Party Rights clause that has the potential to prejudice your professional indemnity insurance cover, or that may go beyond the scope of cover currently available under your policy. It is understood that Anchorman Insurance Consultants Ltd are not solicitors and are not offering any legal advice or services.

**DECLARATIONS**

**Our Service and Obligations to You:**

**We will conduct a fact-find to evaluate Your insurance needs with the member of Your business that You choose to nominate as Your Insurance Contact (as stated below), who will be responsible for ensuring that Your disclosure obligations to insurers are met.**

We will act as Your agent in sourcing a policy to meet Your demands and needs and presenting the information provided by Your nominated Insurance Contact in a manner which is clear and accessible to insurers. Where we operate under any delegated authority from insurers we will act as their agent when issuing cover and in handling any claim You may make, and We will always advise You where this is the case.

We will advise and make a personal recommendation for You after We have assessed Your demands and needs. Our advice will be confirmed in a demands & needs and suitability statement, giving the reasons for Our recommendation.

We typically offer advice from a limited panel, or single insurer and we will advise You of the identity of the insurers considered. We may use another, specialist, intermediary to access the insurance product that most suits Your needs. We will always inform You where this is the case.

We usually receive commission from the insurer, which is taken from the amount You pay, and from the premium finance provider with whom We place Your business and, in addition, We will normally make the charges as shown in our Terms of Business Agreement to administer Your policy, but the specific charges applicable to Your policy will be included in Our Remuneration Statement. Prior to the conclusion of each insurance contract, or upon renewal, We will remind You of Your right to be advised of the level of commission which We receive from underwriters. You are entitled, at any time, to request information regarding any commission which We may have received as a result of placing Your insurance business.

**PLEASE ENTER THE MEMBER OF YOUR BUSINESS NOMINATED AS YOUR INSURANCE CONTACT:**

Please contact Us immediately if You wish to change the person in Your business nominated as Your Insurance Contact.

**(Optional) You authorise the following members of Your business to make changes under the policy:**

1.		2.	
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**Cancellation of this Agreement:**

This agreement will remain in force unless cancelled by either party in accordance with the terms below or You have no insurance business placed through Us. You may cancel the agreement at any time, subject to notification in writing to our usual office address. In the event of cancellation, We shall be entitled to retain any commissions and fees earned prior to the date of cessation of the agreement in full. We have the right to cancel this agreement subject to one month notice in writing to Your last notified address.

**Your Responsibility to Provide Information:**

You have a duty under the Insurance Act 2015 to make a fair presentation of the risk to insurers. This duty applies when You take out Your insurance cover, throughout the life of Your policy, and when You renew Your insurance.

This duty includes a need for **Your nominated Insurance contact** (above) to undertake a reasonable search for *material information* which is known, or ought reasonably to be known, by anyone playing a significant role in making business decisions in Your business (such as Your company’s principals, directors, senior management or shareholders) and staff responsible for arranging or administering Your firm’s insurance.

You should advise Us of any particular concerns which led You to seek insurance cover and any special or unusual facts relating to the risk.

You must ensure that all *material statements* of fact are substantially correct and not misleading, and any *material information* which is a matter of expectation or belief (eg. an estimate or forecast) is provided in good faith.

Failure to disclose any material information or change in circumstances to Your insurers which could influence the cost, or their decision to accept Your insurance, could mean that Your policy could be invalidated or cancelled without refund, or that part or all of a claim may be not be paid. ‘Material Information or changes in circumstances’ could include Your inability to comply with any conditions or warranties applicable to Your policy, which should be notified to Us immediately.

‘Material statements’ and ‘material information’ are information which could influence the judgement of a prudent insurer in determining whether to take on a risk and on what terms.

I understand and accept Your Terms of Business and the Information provision requirement above.

**Signed:**

**On behalf of:**


**Date:**