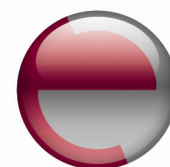


Terms of Business Agreement

June 2011

Delivering quality insurance solutions



equity
REDSTAR

TERMS OF BUSINESS AGREEMENT FOR GENERAL INSURANCE

1.0 PREAMBLE

- 1.1 This Agreement sets out the terms of business between Equity Syndicate Management Limited (us/our/we) and you (whether you are a sole trader, partnership or corporate entity). We are the managing agent of Equity Red Star Syndicate 218 at Lloyd's ("Equity Red Star") and we are an associated company of Equity Red Star Services Limited ("ERS Services") which provides administration services to Equity Red Star at our direction.
- 1.2 This Agreement including any schedules or appendices constitutes the entire agreement between the parties as to the subject matter of it and supersedes all previous agreements, communications and representations in respect of that subject matter.
- 1.3 References in this Agreement to the singular shall include the plural and vice versa and words denoting one gender shall include each gender and all genders.
- 1.4 The headings in this Agreement shall not affect its interpretation.
- 1.5 Any phrase introduced by the term "include", "including", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding that term.

2.0 SCOPE

- 2.1 This Agreement applies to the classes of general insurance business for which you have authority under Section 3.
- 2.2 The purpose of this Agreement is to allow you to act as our agent. In that capacity, you may receive premiums from your clients that are payable to us, you may receive premium returns from us that are payable to your clients and you may receive cheques made payable to your clients from us in relation to the settlement of claims. You are not authorised to handle claims or claims monies on our behalf unless agreed in a separate Claims Handling Agreement.
- 2.3 This Agreement shall apply only to you. You therefore cannot assign any rights or obligations under this Agreement without our express prior written consent. For the avoidance of doubt, you must not grant sub-agency arrangements in relation to our products or services or permit an Appointed Representative to act in relation to any of our products or services without our prior written consent.
- 2.4 If we enter into a Binding Authority Agreement, Claims Handling Agreement or Delegated Administration Agreement with you (either now or in the future) and there is a conflict between its terms and those of this Agreement then the applicable term of the Binding Authority, Claims Handling Agreement or Delegated Administration Agreement will prevail over the relevant term of this Agreement to the extent of any conflict and in respect of the business that is the

subject of such Binding Authority, Claims Handling Agreement or Delegated Administration Agreement, but not for any other business.

3.0 AUTHORITY

- 3.1 You must ensure that any policy falls within the risk acceptance criteria that we have issued to you (as revised by us from time to time) and at the rates set by us from time to time. You may only act in accordance with our current underwriting requirements as notified to you by us from time to time. Notification by us to you for these purposes may be through incorporation of the relevant information in your software house quotation system.
- 3.2 Where a client wishes to purchase cover that falls outside our risk acceptance criteria, our standard rates and/or our current underwriting requirements, you may not issue insurance cover but you may seek specific authority from us in relation to the relevant proposal. Where we grant such specific authority it shall be subject to you following any requirements we make in relation to terms, rates, procedures or any other matter.
- 3.3 You do not have any authority to cancel insurance cover unless specifically agreed by us.
- 3.4 You are not authorised to offer any cover or quotation, nor provide information about our policy cover or premiums, via an internet site, website, aggregator website, price comparison website, cover comparison website or other electronic means, without our prior written agreement. Under no circumstances will we guarantee any quotations produced from non approved systems.

4.0 COMPLIANCE

- 4.1 You must be authorised by the Financial Services Authority or any other successor body as may arise from time to time, and continue so to be authorised and comply with all rules of that regulator at all times.
- 4.2 You must maintain at all times Professional Indemnity Insurance in accordance with the Financial Services Authority or any successor body's requirements.
- 4.3 You and we will each comply with our legal, licensing and regulatory Requirements and guidelines including compliance with Data Protection, Bribery Act legislation and consumer credit regulations.
- 4.4 In the event that you infringe the rules of the Financial Services Authority or any successor body we reserve the right to treat any such infringement as a material breach of this Agreement.
- 4.5 You must fulfil the accreditation requirements that we make of you from time to time. This may include (but not limited to) the provision of financial information, business data, regulatory returns, proof of insurance cover and documents proving regulatory approval / registration.

- 4.6 You must ensure that you conduct proper due diligence on all clients and that you do not transact any business with any individual or firm listed on the HM Treasury Sanctions List.
- 4.7 You must have adequate contingency plans to deal with emergency situations, business disruptions and loss of data to ensure continuous compliance with the terms of this Agreement.

5.0 COMMISSION AND POLICY FEES

- 5.1 We agree to pay you commission on business placed with us and on renewals thereof whilst the business remains under your control. The amount of commission will be shown on the statement of account that we issue to you. Commission rates are as notified by us to you. We reserve the right to modify commission rates at any time, subject to thirty days notice.
- 5.2 You must pay premium received from clients into a client or broking trust bank account as specified in section 8.6. You may withdraw from such an account commission owing to you from the premium received but not before the expiry of 24 hours after the relevant premium has cleared in the client or broking trust bank account.
- 5.3 If we accept an application for a credit instalment plan to pay a premium, commission must not be claimed from the client or broking trust account as specified in section 5.2. Commission will be credited to your next statement of account on acceptance and set up of the policy following receipt of all legal documentation required to set up the credit agreement.
- 5.4 Details of any charges you make to the client in addition to the policy premium must be disclosed to the client in accordance with the Financial Services Authority or any successor body's regulations. These may include administration fees and charges for additional benefits and services provided by you. The costs for such services must be shown separately from the gross premium charged by us or on our behalf. Where applicable, you are responsible for the collection and payment of Value Added Tax, Insurance Premium Tax or any other taxes due on your fees and charges and making any declarations to us that may be necessary in the calculation and payment of these taxes.

6.0 PROCESSING BUSINESS

- 6.1 You must ensure that the client who wishes to obtain insurance cover receives information concerning our policies in accordance with the requirements of the Financial Services Authority or any successor body.
- 6.2 In the event of the client cancelling the policy within the fourteen days cooling off period we will make a charge to the client for the cover provided up to the point of cancellation in accordance with Schedule 1. The surplus of premium paid by the

- client over the charge made for cover will be reimbursed by a return of premium even where there has been a claim on the relevant policy unless the claim under the policy relates to the writing off of a motor vehicle or motorcycle. Any return of premium shall be subject to the return to us of any Certificate of Motor Insurance or any other requested document.
- 6.3 You will present information and proposals relating to any insurance cover requested in the form specified by us from time to time. Any further information required by us in order to confirm the acceptance of the risk will be promptly sought and supplied by you.
 - 6.4 Where a no claims bonus is being claimed by the client, evidence of that bonus must be obtained by you in every case. The full annual premium should be collected if such evidence cannot be provided within 30 days of the commencement of cover.
 - 6.5 You must ensure that all relevant details of motor insurance are sent to us by either first class mail, next day courier service or electronic transmission within 24 hours of the date of commencement/cancellation of cover owing to the requirements of the Motor Insurance Information Centre (MIIC) arising from the European Fourth Motor Insurance Directive.
 - 6.6 You will pass to us promptly any material information notified to you by the insured client in accordance with the terms of the insurance contract. You remain, for this purpose, the agent of the insured client and notification to you will not be deemed notification to us.
 - 6.7 Where it is not possible for all relevant details of the insurance to be obtained within 24 hours of the date of commencement of the insurance cover, you shall request from the insured client a provisional premium representing an approximation of the full annual premium to be levied. You must make clear to the insured client that the premium is an approximation and that additional premium may become payable. The provisional premium must be paid by you within the period of credit specified in section 8. Any provisional premium so collected shall be dealt with in the same way as other premiums under this Agreement. When the final premium has been calculated this will be adjusted and settled in accordance with section 8.
 - 6.8 If there is a dispute as to the premium rate quoted, you will raise a query as soon as possible with our underwriting department in good faith with a view to agreeing the premium to be charged. You will provide a full and adequate explanation for each query. All premiums must be settled under the terms of credit specified under section 8. For the avoidance of doubt, any items that meet the criteria specified in section 8.7 are not considered to be disputed premiums.
 - 6.9 You will release promptly all necessary policy documentation to ensure that each insured client is in full compliance with legal requirements, even though information from an insured client may remain outstanding.

- 6.10 Cover notes must be issued sequentially. The top copy of all spoiled cover notes must be returned to us as they occur. All cover note books must be immediately returned to us when expired or exhausted.
- 6.11 Where business is conducted by Electronic Data Interchange (EDI), you must adhere to the provisions of Schedule 2 to this Agreement as amended by us on reasonable notice from time to time.
- 6.12 Each proposal will be underwritten on individual merit and nothing in this Agreement shall require us to accept any proposal for insurance or renewal of any existing policy or to maintain cover in respect of any existing policy. We reserve the right to set terms and premium rates for or even to decline any proposal. However, where a valid guaranteed quotation has been provided through a software house system approved by us following the provision of full and accurate information, we will not seek to vary terms or rates from those quoted through that software house system. You must follow any procedure/underwriting guides or other relevant information that we issue to you from time to time in order that such guaranteed quotations are considered to be valid by us.
- 6.13 Where we are in possession of all relevant information we will issue renewal documentation not later than twenty-eight days prior to the renewal date.
- 6.14 You will ensure that our renewal documentation relating to the contract of insurance is passed promptly to the insured client and will ensure that the insured client is advised of any change in the terms and conditions applying to the insurance contract at least twenty one days prior to renewal.
- 6.15 Where we do not intend to renew, or wish to impose more onerous terms than previously, we will make all reasonable efforts to notify you not later than twenty-eight days prior to the renewal date of our decision not to renew or where appropriate, of the revised terms. If we have decided not to invite renewal, we will co-operate in providing information necessary for you to place the cover elsewhere.
- 6.16 You will notify us that an insurance policy is to be renewed within 24 hours following the renewal date.
- 6.17 In relation to Motor classes, if you do not receive instruction by the renewal date, you must immediately return the Certificate of Motor Insurance to us by either first class mail, or next day courier service for lapsing.

7.0 CLAIMS HANDLING

- 7.1 We will meet all regulatory and legal requirements regarding claims handling.
- 7.2 You will immediately notify our claims department of any claim or notification advised to you by the insured client or a third party claimant.

- 7.3 We will notify you of any motor claim or incident advised to us by the insured or a third party claimant.
- 7.4 You will, where it is in the best interests of our mutual client, make use of and advise the insured client of the existence of any repair arrangement or scheme that we may recommend. Where such other scheme or arrangement which is not recommended by us is utilised, other than on an exceptional basis, details of the alternative scheme or arrangement must be notified to us and its use approved in writing.
- 7.5 In the event of the notification of a claim by the insured either at inception of a policy or during the period of insurance, you shall not without our express prior written consent;
- 7.5.1 pass the details of any third party claimant to any entity other than us;
- 7.5.2 use any information in relation to the third party claimant, except to pass this information to us;
- 7.5.3 accept any payment or fee in relation to the transfer or use of any information relating to a third party claimant;
- 7.5.4 directly or indirectly for any form of remuneration approach or solicit third party claimants with a view to introducing them to car hire or repair firms or other bodies providing services in relation to the claim which are our responsibility to provide under the terms of the insured's policy.
- 7.6 You must ensure that any claims settlement cheques passed by us to you for the insured client (or any third party) are treated with you in accordance with the requirements of the Financial Services Authority or any successor body including by passing such cheques immediately to the insured client (or any third party).
- 7.7 You shall provide us with any information we reasonably request regarding your procedures, systems and controls in relation to claims under our insurance policies.

8.0 CREDIT AND PAYMENT

- 8.1 We will be responsible for the preparation of a statement of account which will, unless otherwise agreed between us, be in writing (and which may be contained on paper, disk, tape, direct on-line communication to a computer terminal, or any other method of record agreed between us). The statement of account shall be the basis of accounting transactions between us.
- 8.2 The statement of account will be rendered by us to you on a monthly basis and payment of all monies due to us must be received by us by electronic settlement in cleared funds within thirty days of the date of the statement of account.
- 8.3 Failure to settle accounts on time will be considered to be a material breach of this Agreement. In addition, and whether or not any material breach is relied

upon by us for any other purpose, such a failure shall render you liable to pay interest on the sum outstanding to us at the rate applicable from time to time under the Late Payment of Commercial Debts (Interest) Act 1998.

8.4 We reserve the right to modify the credit period mentioned in section 8.2 at any time, subject to thirty days notice.

8.5 If there is any premium dispute we require payment of the amount considered by us to be due with any balance adjusted once the item has been clarified. Premiums that have been collected from insured clients on our behalf and held in trust for us must be declared and settled to us when due and not withheld for any reason.

8.6 *Risk transfer, Co-Mingling and Subordination of Interests*

When acting as our agent, monies you receive from the insured client will be deemed as paid to us when you receive them and monies due to the insured client from us will be deemed as paid to the insured client when received by them from you. Monies due to the insured client, but not yet paid by us to you, may be offset against monies held by you on our behalf. All premiums must be held in trust for us in a client or broking trust bank account at a major UK clearing bank and may be co-mingled with other insurer/client monies for as long as the Financial Services Authority or any successor body's rules permit. You must have suitable systems in place to enable you to identify the amount of money that you hold in trust for us at any time. Where premiums are co-mingled with other insurer/client monies in a client money bank account, which must be held under trust in accordance with Financial Service Authority or any successor body's requirements, our interests are subordinated to the interests of your clients (other than insurance undertakings).

You will ensure that the bank shall have no rights by way of charge (whether fixed or floating), encumbrance, lien or right of set-off, compensation or retention against monies standing to the credit of the account at any time. We reserve the right to request a copy of your bank's confirmation that they have no rights in these regards over monies held in the client or broking trust bank account.

8.7 Settlements shall be made in accordance with section 8.2. For the avoidance of doubt, your obligations shall be unaffected by:

8.7.1 any failure to obtain monies from the insured client, (subject to section 9.1);

8.7.2 any delay in crediting us with monies received or due from the insured client because of delays within your accounting system; or

8.7.3 any arrangement whereby you have allowed credit to the insured client. This includes any arrangement where finance for payment of the premium has been arranged through a third party.

8.8 You will be entitled to retain any interest earned on premiums held by you on our behalf.

9.0 RESPONSIBILITY FOR PREMIUMS

- 9.1 You are authorised to, and shall, collect premiums, IPT and any other taxes due from clients on our behalf from the inception date of the insurance policy or when the policy is concluded, if earlier. You shall be responsible to us for payment of net premiums and IPT and any other taxes due if applicable, whether or not collected by you from the client by the day following the end of the credit period in accordance with section 8.2.
- 9.2 If you do not expect to collect the premium from the client by the end of the credit period, you must notify us immediately. We will then inform you that we will either remain on risk for a further period or that the policy will be cancelled. If we agree to remain on risk at your request, you remain liable for settlement of the premium and we reserve the right to seek your confirmation of this in writing. Your responsibility for premium shall not affect our right to cancel the policy, whether for non-payment of premium or for any other reason. Where we cancel a policy and make a premium charge to the client in respect of the time on risk, your responsibility for premium shall be limited to the premium charge for the time on risk.
- 9.3 Where the premium due has not been paid to us but we agree to make payment of a claim under the policy concerned, you will be responsible for immediate payment of the premium in full. If a policy is cancelled but you have failed to deal with the administration of cancellation correctly and we are subsequently required to reinstate cover and/or settle a claim under that policy you will be responsible for payment of the premium.
- 9.4 In any case, where we require the client to pay a provisional premium, pending calculation or agreement of the full premium for a policy Section 9.1 shall have effect in relation to the provisional premium and subsequent adjustment.
- 9.5 For the avoidance of doubt, any arrangements between the policyholder and you, or any party other than us, for the giving of credit in respect of, or the provision of finance or the extension of time for payment of premium, shall be at your or other third parties risk and shall not affect your responsibility to us for the payment of the premium within the specified credit period.
- 9.6 Where we accept an application for credit to pay a premium, you will ensure that:
- 9.6.1 You hold a valid Consumer Credit Licence that permits you to perform credit brokerage and any credit intermediary duties and services.
 - 9.6.2 You fulfil all legal obligations as specified under the relevant Consumer Credit law.
 - 9.6.3 All documentation required to lawfully conclude the credit agreement is completed in accordance with our instructions and guidelines.

We reserve the right to decline any application for credit. We will inform you of any application where we are unable to provide credit in respect of a premium

and responsibility for payment of the premium shall remain with you as per section 9.1. Where an application for credit has been declined due to information received from a Credit Reference Agency, we will inform you and the insured client and provide contact details for the Credit Reference Agency where legally obliged to do so.

- 9.7 Notwithstanding the above, we reserve the right to contact a client directly to request settlement of premiums (including charges for time on risk) where you have categorically advised us that you are unable to collect the premium and have not made settlement in accordance with Section 9.1. We will notify you in writing before taking any such action and we reserve the right to engage the services of third party organisations to collect these premiums. In these circumstances, you will forego the right to any commission or payment from us calculated on these premiums.

10.0 COMPLAINTS/LAWSUITS

- 10.1 Our aim is to prevent problems from developing into formal complaints whenever possible. We require you to help in this process and will give whatever assistance we can. In accordance with the Financial Services Authority or any successor body's rules, you must have a proper procedure in place for the prompt handling of complaints and you should be aware of our complaints procedure which is detailed in our policy documentation. You should notify our Consumer Affairs and Technical Department of any unresolved complaint, or any actual or potential lawsuit, relating to our policies. We reserve the right to recover from you the costs incurred in handling and resolving a complaint resulting from any act or omission by you or on your behalf.

11.0 TERMINATION

- 11.1 This Agreement shall terminate with immediate effect without need for any action by us if you have any relevant licence to conduct business suspended, removed or impaired by any order or decree of any judicial or regulatory authority including where you do not gain Financial Services Authority or any successor body's authorisation in time or if your authorisation is withdrawn by the Financial Services Authority or any successor body or you voluntarily seek termination of your Financial Services Authority or any successor body's authorisation at any time thereafter.
- 11.2 This Agreement may be terminated by either party:
- 11.2.1 at any time by mutual agreement; or
 - 11.2.2 on the expiry of thirty days written notice.
- 11.3 We may terminate this Agreement with immediate effect by notifying you of our decision to do so in any of the following events:
- 11.3.1 you are in material breach of this Agreement;

- 11.3.2 any of your owners, directors, partners or other approved persons are convicted of any criminal offence by any Court of competent jurisdiction;
 - 11.3.3 we have reason to suspect fraud on your part, or if the administration of the account by you is, in our reasonable opinion, such as to prejudice the interests of any insured client;
 - 11.3.4 you are merged with, acquired by or otherwise taken over by any individual, corporation or other business entity or organisation of any kind, unless we agree that such termination is unnecessary;
 - 11.3.5 you become the subject of an action in bankruptcy, a winding up order or petition;
 - 11.3.6 you become insolvent, go into liquidation, make a composition with your creditors or an administrator or receiver is appointed or some other analogous event;
 - 11.3.7 you, being a partnership, are dissolved by agreement between the partners or by operation of law;
 - 11.3.8 you become the subject of voluntary or involuntary rehabilitation.
- 11.4 You must notify us immediately, in writing, of any event giving rise to our right of termination under section 11.3 and also of any of the following events:
- 11.4.1 any compliance or regulatory issues arise in connection with your Financial Services Authority or any successor body authorisation, particularly those identified as a result of any Financial Services Authority or any successor body's visit or audit, or any regulatory return;
 - 11.4.2 you change your Approved Persons and/or Senior Managers, your trading name, your address or other contact details;
 - 11.4.3 your professional indemnity cover ends or fails to meet the requirements of the Financial Services Authority or any successor body;
 - 11.4.4 where you make any notification to the Financial Services Authority or any successor body in the event of a serious failing of your systems and controls, or because of any breach of Financial Services Authority or any other successor body's threshold conditions;
 - 11.4.5 where the Financial Services Authority or any successor body initiates an Investigation or Enforcement Action taken in respect of your business (or its employee, agents, Appointed Representatives, representatives or sub-agents);
 - 11.4.6 you change or terminate the terms of any agreements with any Appointed Representative.

- 11.4.7 you are unable to comply with any new laws or regulations applying to you, or if your ability to meet the terms of this Agreement would be materially affected by such changes to laws or regulations.
- 11.5 In the event of your death, (where you are a sole trader), this Agreement shall remain in force with such persons as may be agreed (if allowed by your trade or regulatory body) to carry on your business.

12.0 EFFECT OF TERMINATION

From the effective date of termination of this Agreement:

- 12.1 You shall have no authority either to effect insurances or to renew or extend the period of insurances already effected without written agreement from us.
- 12.2 You shall remain liable to perform your obligations in accordance with this Agreement, in respect of any insurance effected pursuant to this Agreement prior to its termination until every such insurance has expired or has otherwise been cancelled or otherwise terminated and, in respect of claims arising under such insurances until all claims have been paid or otherwise resolved.
- 12.3 Unless otherwise agreed in writing by us, you shall deliver promptly to us all unused documentation and other unused materials which you may possess in connection with this Agreement which might be used as evidence of insurance and which bear our name or that of Equity Red Star or ERS Services or that make reference to us or to either of them.
- 12.4 Upon termination of this Agreement, we will prepare a statement of account showing monies owing by us to you and monies owing by you to us. Subject to the provisions of section 9.2, settlement of such account shall be by way of immediate payment by either party of the net balance due to the other party as shown on the statement of account. Payment shall also be made to us of all known premiums not included in the statement. Where any premium that is not included in the termination statement of account becomes known after the preparation of that statement of account, we will prepare a further account or accounts showing such premium and any related commission and you shall pay the net balance shown to be owing by you to us on any such account.
- 12.5 The termination of this Agreement shall not alter your legal and beneficial rights to ownership of the customer database or intellectual property.
- 12.6 We will co-operate with you during a period of twelve months from the date of termination in providing information necessary for placing business elsewhere but only where termination has taken place under section 11.2.
- 12.7 Unless you have ceased to trade or this Agreement has terminated under subsection 11.1 or 11.3, we agree that following termination we shall not (and we shall procure that neither Equity Red Star nor ERS Services shall) assert rights to the ownership of the list of insured clients, records, data and other information relating thereto.

- 12.8 You must retain a copy of this Agreement for a period of six years from the date on which it is terminated.

13.0 FINANCIAL REQUIREMENTS

- 13.1 You must comply with the financial requirements of the Financial Services Authority or any successor body at all times. You will immediately notify us if you fail to comply with those requirements.
- 13.2 You must supply us with financial statements whenever we make a reasonable request for them.

14.0 ACCESS TO RECORDS

- 14.1 We, or the Financial Services Authority or any successor body, or any external auditor properly appointed by us or the Financial Services Authority or any successor body shall have the right, upon reasonable notice, to inspect and audit without restriction or limitation any records relating to insurances placed with us. We shall have the right to make copies or extracts of any such records. Our right to inspect or audit shall continue notwithstanding termination of this Agreement.
- 14.2 You must accept your responsibility to ensure the confidentiality at all times of property, information and documentation belonging to us and to your clients, and your responsibility to be able to identify and isolate this property, information and documentation at all times.

15.0 PROPERTY

- 15.1 All cover note books, documents, computer software and hardware belonging to us remains our property at all times and whilst it is in your possession shall at all times be available for inspection. You must make such property subject to the appropriate security to prevent unauthorised access.
- 15.2 In the event of the loss or theft of any property essential to running of your business or any of our property you must notify us of the circumstances of such loss or theft within 24 hours and where appropriate provide details of the police station to which the theft has been reported quoting the crime reference number. In particular, the loss or theft of a cover note book, EDI hardware and EDI software must be notified to us immediately.
- 15.3 If this Agreement is terminated or notice of termination is given, you must immediately return all property belonging to us.

16.0 DATA PROTECTION

16.1 You should be aware of and comply with any statutory obligations you have regarding data protection and process data relating to our insurance policies accordingly. Client information relating to our insurance policies is confidential and should be strictly treated as such.

17.0 COMPLIANCE WITH RELEVANT REQUIREMENTS

17.1 You shall:

- a) comply with all applicable laws, regulations, codes and sanctions relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010 (Relevant Requirements);
- b) comply with our Ethics, Anti-bribery and Anti-corruption Policies as advised from time to time and any relevant industry code of practise, in each case as we or the relevant industry body may update them from time to time (Relevant Policies).
- c) have and shall maintain in place throughout the term of this agreement your own policies and procedures, including but not limited to adequate procedures under the Bribery Act 2010, to ensure compliance with the Relevant Requirements, the Relevant Policies, and will enforce them where appropriate;
- d) immediately notify us if a foreign public official becomes an officer or employee of you or acquires a direct or indirect interest in you (and you warrant that you have no foreign public officials as officers, employees or direct or indirect owners at the date of this agreement);
- e) ensure that all persons associated with you or other persons who are performing services in connection with this agreement comply with this clause 17; and
- f) within 6 months of the date of this agreement, and annually thereafter, certify to us in writing signed by an officer of you, compliance with this clause 17 by you and all persons associated with it and all other persons for whom you are responsible under clause e). You shall provide such supporting evidence of compliance as we may reasonably request.

17.2 Breach of this clause 17 shall be deemed a material breach under clause 11.3.1.

17.3 For the purpose of this clause 17, the meaning of adequate procedures and foreign public official and whether a person is associated with another person shall be determined in accordance with section 7(2) of the Bribery Act 2010 (and any guidance issued under section 9 of that Act), sections 6(5) and 6(6) of that Act and section 8 of that Act respectively. For the purposes of this clause 17 a person associated with you includes but is not limited to any subcontractor of you.

18.0 VARIATION

- 18.1 Any variation to the terms of this Agreement must be contained in writing. You should act on the most recent advice given on any particular issue.

19.0 RESERVATION OF RIGHTS

- 19.1 Failing to meet our requirements and procedures, and to obtain our consent where necessary, may be treated by us as a material breach of this Agreement and may result in its termination by us. In such circumstances, we reserve the right to issue renewal invitations direct to insured clients. In addition, we reserve the right to recover from you any financial loss we incur as a result of any such failings including by means of offset against any commission owing to you under this Agreement.

20.0 FORCE MAJEURE

- 20.1 Neither party shall be liable or deemed to be in default for any delay or failure in performance under this Agreement, if such delay or failure is caused by conditions beyond its control, including but not limited to Act of God, war, insurrection and/or any other cause beyond the reasonable control of the party whose performance is affected.

21.0 THIRD PARTY CONTRACT RIGHTS

- 21.1 Equity Red Star and ERS Services are third parties who may enforce the terms of this Agreement under the Contracts (Rights of Third Parties) Act 1999 but other than those organisations no person who is not a party to this Agreement has a right under that Act to enforce any terms of this Agreement. This section shall not affect any right or remedy of a third party, which exists or is available apart from that Act.

22.0 DISPUTE RESOLUTION

- 22.1 We and you are committed to resolving all disputes arising under this Agreement (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 you and we:

- 22.1.1 will attempt in good faith to resolve any dispute or claim promptly through negotiations between our respective senior executives who have authority to settle the same; or

- 22.1.2 will attempt in good faith, if the matter is not resolved through negotiation within three months of the dispute arising, to resolve the dispute or claim through mediation with the assistance of a mediator agreed between you and us or as recommended to you and us by the Centre for Dispute Resolution or such similar organisation as you and we may jointly agree; or
- 22.1.3 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, you or we may refer the dispute in accordance with the jurisdiction and choice of law provision below.
- 22.2 Notwithstanding the above, either party may seek the immediate protection or assistance of the High Court if appropriate.

23.0 JURISDICTION AND CHOICE OF LAW

- 23.1 This Agreement shall be construed according to English law and any disputes arising under it shall be determined exclusively in the English Courts or by such means of arbitration or form of mediation agreed between the parties.

24.0 ENFORCEABILITY

- 24.1 In the event that any portion of this Agreement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

25.0 DELIVERY OF NOTICES

- 25.1 All notices and other communications sent pursuant to this Agreement, by you to us, shall be effective only upon actual receipt (for and on our behalf) by the Active Underwriter of Equity Red Star, Library House, New Road, Brentwood, CM14 4GD.
- 25.2 All notices and other communications sent pursuant to this Agreement, by us to you, shall be delivered personally or sent by pre-paid post, or facsimile to your last known address. Any such notice or communication shall be deemed to have been served and to take effect, if delivered personally, when delivered, if sent by post, forty-eight hours after the same was posted and if sent by facsimile, upon successful transmission provided always that if the time of delivery is after 5pm on a business day in England or at any time on a day that is not such a business day then delivery shall be deemed to take place at 9am on the next business day. When proving service by post, it shall be sufficient to prove that the letter containing the notice or other communication was properly addressed, stamped and posted.

For and on behalf of Equity Syndicate Management Limited:

Print: Mark Bacon

Signed:

Position: Active Underwriter

Dated:

Schedule 1

Cancellation Rights Charges (section 6.2)

Cancellation Rights Charges

We will make a charge equal to the period of cover granted by us, subject to a minimum premium.

For all classes, other than as identified below, the minimum charge will be £25 + IPT

Motorcycle £15 + IPT

Motor Breakdown £15 + IPT

Schedule 2

Procedures For The Transmission of EDI Business (section 6.11)

1.0 General

- 1.1 You must at all times act within the terms of this Agreement with us and follow all procedures set out below when trading electronically. Failure to do so will result in the arrangement set out in this Schedule being immediately withdrawn by us.

2.0 EDI Proposal Forms

- 2.1 You must ensure that the most up to date version of the EDI Software is loaded on to your system.
- 2.2 You are responsible for the accurate input of proposal information onto the system, ensuring that the inception date and time corresponds with the Proposal Form and Cover Note.
- 2.3 A fully completed Proposal Form must be produced, checked, signed and dated by the Proposer, to endorse that all the information given is correct and no information that might be relevant has been withheld.
- 2.4 If previously agreed by us, a Statement of Fact may be produced and Checked by the Proposer, to endorse that all the information given is correct and no information that might be relevant has been withheld.
- 2.5 Where business is secured by you at a distance, a Proposal Form, or Statement of Fact, where this has been previously agreed by us, must be produced and despatched to the Proposer on the effective day of the transaction.
- 2.6 EDI messages must be transmitted by you before or immediately on the effective day of the transaction.
- 2.7 Should the Proposer communicate any change to material facts shown on the Proposal Form or Statement of Fact the new information must be input on to the system by you and a clearly amended Proposal Form or Statement of Fact produced, signed and dated by the Proposer. This should then be attached to the original document.
- 2.8 In no circumstances must an EDI Proposal Form or Statement of Fact be altered by any member of your staff, except in order to follow the process described in paragraph 2.7.
- 2.9 You must retain all New Business Documentation (including the signed original copy of the EDI Proposal Form or Statement of Fact) for a minimum period of 3 years and keep it available for auditing purposes by us or our appointed representative.
- 2.10 Proof of no claims bonus must be produced to you within 30 days of the inception date of the policy otherwise the relevant additional premium becomes due and payable. You must retain all such documentation with the Proposal Form or Statement of Fact.

- 2.11 Where any documentation, other than no claims bonus, is required as a condition of providing insurance cover, this must be obtained by you within 14 days of the original submission of the business to us, and retained with your records. Failure to provide this will result in cancellation of the policy. Such documentation can include a copy of the quotation printout, Certificate of Fitment for an immobiliser or tracking device, copy driving licence, mileage declaration or any other documents we may request depending on the policy terms and conditions.

3.0 Cover Notes and Certificates

- 3.1 A printed EDI Cover Note or Certificate of Motor Insurance must be produced to support the printed EDI New Business Proposal Form or Statement of Fact.
- 3.2 Cover Notes and Certificates of Motor Insurance must be produced by the system and must not be altered in any way, as this will render them invalid. Cover note numbers will be generated by the system.
- 3.3 All copies of the Cover Note must be signed by an authorised member of your staff.
- 3.4 Spoiled Cover Notes must be sent to us with the monthly Audit Report referred to in paragraph 4.4 below.

4.0 Administration

- 4.1 Policy numbers will be produced by Equity Red Star Services Limited.
- 4.2 You must advise us immediately if you intend to change any of your EDI administration practices or intend to change your System Supplier, or use or intend to use more than one software system.
- 4.3 You must comply with any reasonable request to produce and dispatch to us an Audit Report showing details of all Cover Notes and Certificates of Motor Insurance issued during the preceding month.
- 4.4 If we request sight of any New Business Documentation/MTA you must make this available by forwarding a photocopy of the original documentation to us.
- 4.5 NTU policies must be referred to us for authorisation prior to being transmitted.

5.0 Audits

- 5.1 We shall carry out postal and random audits on site and subject to advance notice all documents must be made available for inspection. Audits may, at our discretion, be carried out by a third party authorised by us.
- 5.2 You must respond to all audit requests within the timescale specified by us at the time of the audit.

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