



Terms of Business Agreement

For Intermediaries

CityNet Insurance Brokers Limited
108 Fenchurch Street
London,
EC3 5JR
Registered in England and Wales No. 3933031
Authorised and Regulated by the Financial Conduct Authority



Firms Reference Number 309197
Terms of Business Agreement for Intermediaries

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Terms of Business Agreement for Intermediaries

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

Please contact us immediately if you have any questions.

1 Introduction

Citynet Insurance Brokers Limited (hereinafter known as 'CIBL') is authorised and regulated by the Financial Conduct Authority ("FCA") under Part IV the Financial Services and Markets Act 2000, and is a Registered Lloyd's broker. We operate under the rules and principles established by the FCA for conducting general insurance business.

Our authorisation status and the permissions granted to us by the FCA can be viewed on the FCA's register by visiting the website <http://www.fca.gov.uk/register> or by contacting the FCA by telephone on + 44 (0) 845 606 1234.

Our Firm Reference Number ("FRN") is 309197

CIBL is an independent general insurance intermediary that offers advisory and broking services to meet a wide range of insurance and reinsurance requirements. We advise on all types of non-investment insurance products and are not tied to any insurer. All references to Insurance in this agreement where applicable also refer to Reinsurance business.

This document sets out the terms of CIBL's relationship with you for our provision to you of insurance services in relation to your role as an intermediary handling general insurance business. It applies to new and renewal contracts incepting on or after 1st November, 2007.

2 Meeting your Insurance Needs

CIBL will endeavour to meet your client's insurance requirements, including the nature and extent of cover as advised and cost where stated. We will discuss the requirements with you, as necessary, and upon confirmation of your instructions we will endeavour to place the insurance with suitable insurers.

Our service includes advising you on your insurance needs (unless we advise you to the contrary), arranging your insurance cover with insurers to meet your requirements and helping you with any ongoing changes you have to make. We can also assist you with making a claim.



During the course of the placement of the insurance CIBL will keep you informed of the progress of our negotiations. We will use our knowledge and expertise to implement the insurance programme(s) sought, subject to available insurance capacity, and will make all reasonable efforts to do so before the intended date(s) of inception, renewal or extension of cover, whichever is appropriate.

Whilst in dealing with other intermediaries there are no specific obligations imposed on us by the FCA's Insurance Conduct of Business rules ("ICOB") we will endeavour to provide the following information:

- (a) Once you have identified your client's insurance needs and we have placed the business according to your instructions, we shall provide you with documentary evidence of insurance cover and will endeavour to answer any questions you may have on the proposed cover, its benefits, restrictions, exclusions and conditions.
- (b) We shall explain whether any quotation we provide is based on a broad analysis of the available products in the market, or information from a limited number of insurers, or from a single insurer, on request.
- (c) If our quotation is not based on a broad analysis of the market, a copy of the list of insurers CIBL selected from in relation to the contract will be made available upon request.

Occasionally, we may use the service of another intermediary to assist in a placement, but in such cases we will advise you in advance.

3 Your Responsibilities

3.1 Proposal Forms

Your client may be required to complete a proposal form or similar document in connection with the insurance cover sought.

3.2 Disclosure of Information to Insurers

All information that is material to your client's coverage requirements, or which might influence insurers in deciding whether or not to accept an insurance risk, the terms and conditions that they offer and /or the cost of cover, must be disclosed by you. The onus is on you and/or your client to decide what may be material and there is no duty on insurers to make enquires of you and/or your client. Failure to disclose material facts may allow insurers to avoid the policy and/or deny a claim thereunder. This duty of disclosure applies equally on taking out a new insurance policy and at renewal and may also apply throughout the duration of the policy.

You and / or your client are responsible for providing us with the information we request from you to enable us to seek the cover required. We will not be responsible



for any consequences that may arise from any delay, failure or omission by you and/or your client.

Please discuss with us if you and /or your client have any doubts about what is material or have any concerns that insurers have not been made aware of material information.

3.3 Evidence of Cover

You are responsible for reviewing the evidence of insurance cover, including cover notes and policy documents, to confirm that it accurately reflects the cover, conditions, limits and other terms that you and/or your client require. You should not rely upon any summaries or generic descriptions of the cover that may have been provided. Failure to comply with conditions or warranties may invalidate your client's coverage or allow insurers to avoid a claim payment. If there are any discrepancies, or you have any queries, you should contact us immediately. We cannot however give advice as to the legal interpretation of any specific aspect, in this regard you should contact a competent lawyer.

3.4 Claims Notification

You and/or your client are responsible for notifying claims or circumstances that may potentially give rise to a claim. To ensure full protection under your client's policy you and/or your client should familiarise yourselves with the coverage conditions and procedures relating to claims and to the notification of claims. Failure to adhere to the notification requirements, including any time limits, as set out in the policy, or other coverage documents, may entitle insurers to deny your client's claim.

In some cases claims may continue under, or be made against, a policy long after its expiry date. It is important, therefore, for your client to keep their policy documents in a secure place.

3.5 Change in Circumstances

You and/or your client must advise CIBL as soon as reasonably practicable of any material changes in your/their circumstances that may affect the services to be provided under their insurance policy.

Failure to notify insurers of any material changes that occur during the duration of the policy may invalidate your client's coverage or allow insurers to avoid claims payments.

3.6 Provision of Information

All data, recommendations, proposals, reports and other information provided by CIBL in connection with your and/or your client's insurance needs are for your sole use. You agree not to permit access by any third party to this information without our



express written permission. Working documents and papers remain our property at all times. We reserve our right to take action to protect proprietary information.

3.7 Payment of Premium

You and/or your client will be responsible for settling all monies due in accordance with the payment dates specified in our debit note or other relevant payment documentation. As you are responsible for all dealings with your client it is your responsibility to communicate in writing to your client the full terms and conditions of insurance, the due date(s) for payment of premiums and the ramifications of non-payment.

We require cleared funds on or before the settlement date advised to you. Failure to settle premiums by the due date may result in the cancellation of an insurance. Under no circumstances will we provide credit or otherwise fund premiums on your/your client's behalf.

3.8 Monitoring

You will be subject to monitoring/review to ensure that you meet CIBL suitability criteria and may be required periodically to complete an Intermediary Questionnaire to provide updated information.

3.9 Regulatory Authorisation

CIBL will only accept business from insurance intermediaries that have the legally required regulatory authorisation. You may, therefore, be required to confirm your firm's authorised status and to provide evidence thereof.

The requirements are as follows:

For UK intermediaries, CIBL must be provided with evidence that your firm is permitted to conduct insurance mediation activities by the FCA.

For "non-UK" intermediaries CIBL must be provided with evidence that state and/or federal authorisation has been granted including:

- confirmation of regulatory authorisation
- name of regulator
- authorisation reference
- details of licences held

"Licences" means licences, permits or other authorisations which you need under the jurisdiction in which you are domiciled, trading, providing services, or in any other jurisdiction where you need to hold such a licence in order to enter into contracts of insurance or act as an insurance intermediary.

You must notify CIBL immediately of any withdrawal of licences, other restrictions, disciplinary sanctions, or other changes to your regulatory status.



3.10 Legal Issues

You must notify us as soon as possible of any failure to comply with any relevant laws, regulations or requirements in relation to your insurance business, or any failure, for whatever reason, to maintain any necessary local or required licences, permits or other authorisations. You must also notify us of any matters that relate to our business relationship and of which we would reasonably expect notice.

You will be responsible for compliance with all applicable local insurance, fiscal and taxation law and regulations.

In the event that we advise you that premiums are unpaid and non-payment may result in the cancellation of the policy, you are responsible for advising your client of any local laws affecting his rights to insurance coverage (including any rights to be given notice of cancellation by insurers) and for informing us accordingly.

3.11 Client Money

You are responsible for ensuring that client money (premiums and claims) is properly accounted for and segregated as required under the regulatory requirements applicable to you. You must also ensure that there are adequate internal controls in place over client money. You have a fiduciary duty to protect client money until an insurance transaction is completed.

3.12 Errors and Omissions Insurance

You must maintain Errors and Omissions insurance that covers all of your firm's activities in connection with its handling of insurance intermediation business. You must advise us immediately in the event that your insurance is cancelled, non-renewed or materially diminished.

3.13 Compliance

You must comply with all statutory, legal and regulatory requirements in force from time to time in relation to your firm's activities and for the proper and/or lawful operation of this Agreement.

You must comply also with all applicable obligations imposed by or made under any relevant Data Protection or similar legislation

3.14 Money Laundering and Financial Crime

You must adopt and maintain procedures to guard against Money Laundering and financial crime and let us know immediately should you become suspicious of a transaction.



3.15 Conflicts of Interest

You must adopt and maintain procedures to ensure that any conflicts of interest that may arise in relation to the performance of contracts under this Agreement are identified openly resolved and clearly understood by all parties.

3.16 US Direct Procurement (Applicable in Special Circumstances)

In the event that you, a contract holder or any other person presents any placement of a US domiciled entity or risk to us as being directly procured, they will warrant that it is a lawful placement under any applicable US state direct procurement laws. A lawful placement is a placement where the underwriting of the risk by the insurer(s) and the involvement of any local and out of state intermediary or consultant in the placement process complies with all applicable laws and regulations governing the transaction. Directly procured placements will be separately processed by us and we will normally issue a separate terms of business agreement to the person instructing us on a direct placement in respect of any direct placements they make with us.

4. Binding Authorities and Other Facilities

Certain insurers grant CIBL limited binding authorities or similar facilities to accept business on their behalf. We may propose placing your client's insurance under a binding authority or similar facility where we reasonably consider this best meets the insurance requirements. Where we intend to bind the insurance risk(s) under a facility without reference to the insurer we shall inform you prior to completion of the contract.

Such arrangements typically exist to enable efficiency in the handling of risks of a particular type. As such they may enable us to place certain business that, as an individual proposition, may not be considered economic, or which for other reasons would be difficult to place with insurers on a comparable basis.

In accordance with market practice we may receive a commission from insurers linked to the profitability of the facility.

5. Market Security

The decision regarding the suitability of any insurer rests with you and/or your client. If you have any concerns regarding any insurers recommended for your insurance requirements you must advise us as soon as possible and we will discuss them with you.

CIBL periodically reviews the financial strength of insurers with whom it deals. However, we do not in any circumstances act as an insurer, nor will we make representations, guarantee or otherwise warrant the solvency or ability to meet future claims of any insurer with which we place business.



6. Insurance Documentation

CIBL will send you documentation confirming the basis of the cover secured on your behalf, including details of the insurers, with a debit note or premium billing, where applicable showing separately all the amounts payable. The date(s) by which premium monies must be received by CIBL, together with any penalties for late payment to insurers, will be clearly stated. Failure to settle premiums by the date may also lead to insurers rescinding or cancelling policies or avoiding settlement of claims.

7. Claims Handling

Except where we advise otherwise, we will provide claims handling services for the policies placed by us. Our claims handling services include, upon receiving the required information from you, the notification of the claim or circumstances to insurers, acting as an intermediary on your behalf in the resolution of the claim and arranging the collection and/or settlement of the claim in accordance with market practice and your policy terms and conditions.

Where we collect claims payments these will be remitted to you as quickly as possible. However, we will not remit claims monies to you before we have received them from insurers. In the event that an insurer becomes insolvent or delays making settlement, we do not accept liability for any unpaid amounts.

All new claims to be advised to claims@citynet.eu.com .

8. Electronic Communications

We may communicate with each other by electronic mail, sometimes attaching further electronic data unless this is precluded by an express agreement in writing between us. We both accept the risks inherent in these means of communication (including the security risks of interception of or unauthorised access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices).

Notwithstanding that CIBL employs anti-virus software, you will be responsible for virus checking all electronic communications sent to you. You will also be responsible for checking that messages received are complete.

In the event of a dispute neither of us will challenge the legal evidential standing of an electronic document and CIBL's system shall be deemed to be the definitive record of electronic communications and documentation.

9. Client Money

Client money (premiums and claims) is segregated from CIBL's own money and held, in accordance with FCA requirements, in a designated client bank account with



an approved bank. We have a fiduciary duty to protect client money until it is remitted to the client or insurer, whichever the case may be.

Under FCA rules your and/or your client's money may be held in a statutory or non-statutory trust. CIBL's practice is to hold Client money in a non-statutory trust, for which we are required to obtain your informed consent. The aim of the non-statutory trust is to protect clients' money in the event of failure. In such circumstance the trust status should secure that general creditors of the firm are not be able to make claims on client money held for the purposes completing insurance transactions on behalf of clients. A non-statutory trust also has certain other advantages, including the ability to make advances of credit. **We will assume that you consent to your money being held in a Non Statutory Trust account unless we hear from you to the contrary.**

Client money will be held as pooled funds within a designated client bank account, unless otherwise agreed with you/your client. CIBL will retain any bank interest or foreign exchange gains that may be earned on client money.

In certain circumstances, (usually on 'delegated authority' or 'binding authority' business) money held by us as agent for an insurer may also be held in a client bank account, but only if the insurer has formally accepted that its interests are subordinated to those of clients. In this instance 'Risk Transfer' (RT) has occurred and the Insurer has formally agreed to it. The large majority of the Insurers we use on the business we place on behalf of your clients have also given us RT on non delegated business. Where this is not the case, in order that you have the information to properly comply with FCA rules regarding your own Client Money Calculation the following will apply.

We will inform you within our monthly account to you, those risks, if any, where the insurer concerned has not granted RT to CIBL. Should the risk not appear on a subsequent list you will be able to consider it paid to insurers and thus remove it from your own client money calculation.

RT is not cascaded beyond CIBL unless we inform you in writing.

We may transfer client money to another intermediary for the purpose of effecting a transaction on your behalf through that company.

10. Our Remuneration

Our remuneration will be either commission, which is a percentage of the insurance premium that is agreed by the insurers with whom the insurance contract is placed, or a fee agreed with you and/or your client. If appropriate, and with your consent, our remuneration may be a mixture of these. If we charge an additional fee for documentation or other ancillary services, such as claims handling, this will be subject to specific prior agreement with you.



Commission and fees are earned on placing the insurance risk at the outset of the policy period. In the event that, for any reason, the insurance is cancelled or otherwise terminated prior to the expiry date, we will be entitled to retain all commission and fees in respect of the full policy period. Commission and/or fees are payable to us in full upon receipt of the related premium.

As noted in clause four, where the insurance has been bound under a binding authority or similar facility granted to CIBL, in accordance with market practice we may receive a commission from insurers linked to the profitability of the facility.

Upon request CIBL will disclose to you all forms of remuneration it receives in connection with the placing of any insurance risks on your behalf.

11. Other Revenue

CIBL does not accept additional commission payments from insurers based upon the aggregate premium volume placed with them, the insurer's renewal retention rate, or any other similar contingency (such arrangements being commonly known as "placement services agreements", "market services agreements" and the like.

CIBL may provide services to insurers that are not directly related to the services provided to you and in such cases we receive remuneration direct from the insurers in recognition of those services. For example, we may act for one or more insurers with whom your business is placed in the placement of their own reinsurances. These placements would be separate contracts subject to their own terms and conditions, including those related to remuneration.

We may, where applicable, receive overriding commission from Premium Finance Providers.

CIBL does not engage in practices commonly referred to as "tying". Tying is when an intermediary threatens to stop sending insurance business to an insurer unless in return it agrees to let the intermediary provide that insurer's reinsurance needs, or when an intermediary agrees to provide business to an insurer in exchange for being given its reinsurances to place.

12. Conflicts of Interest

CIBL has in place procedures to ensure that any conflicts of interest that may arise in relation to the performance of its obligations under this Agreement are identified, openly resolved and clearly understood by all parties.

In arranging insurance for our customers, we act as an Independent Intermediary. Independent means we are not part of any network or buying group, although we may have special arrangements or agreements (eg Binding Authorities) with some insurers which have been negotiated to provide advantages to our customers. We offer products from a range of insurers covering all classes of general insurance, and depending on your requirements and the markets available to us our approach to



insurers will be tailored based on our expertise and your individual circumstances and you will be advised in each case of our actions.

Certain Directors of CIBL may from time to time hold minority shareholdings in other Insurance undertakings for example Managing General Agents (MGA's) who will appear on the CIBL panel of insurers, these are disclosed in Appendix A and if you feel that this results in a conflict of interest CIBL will upon request exclude these from the panel of insurers for a particular risk or risks.

13. Outsourcing

CIBL reserves the right to outsource certain administrative functions. Where services are outsourced they will be governed by formal contracts that will include service level agreements. We will take what we consider to be reasonable steps to assure ourselves that the service providers are providing adequate standards of performance.

In certain circumstances, we may be dealing with outsourced service providers acting for insurers.

14. Ownership and Share Interest

Citynet Insurance Brokers Limited is a wholly owned subsidiary of Citynet London Holdings Limited, which is registered with Companies House under No. 08218863.

Citynet London Holdings Limited is owned 100% by working Directors of CIBL.

We advise you that CIBL has no holding, direct or indirect, in the voting rights or share capital of any insurance undertaking or parent of an insurance undertaking.

15. Complaints

If you have a complaint you should report it to CIBL Compliance Officer (contact details are shown at the end of this document). The Compliance Officer will deal with your complaint quickly and efficiently and attempt to resolve it as soon as possible.

In the event that you or your client are dissatisfied with the response to your complaint you may be eligible to refer it to the Financial Ombudsman Service. We are required by the FCA to advise you on your eligibility and, if applicable, a copy of the Financial Ombudsman Service's explanatory leaflet will be enclosed with CIBL's final response to your complaint.

16. Compensation

Should CIBL be unable to meet its liabilities because of its financial circumstances, your client may be entitled to compensation from the Financial Services Compensation Scheme. There is no charge for bringing a claim to the scheme.



Information on how to claim and compensation limits can be found by visiting the Financial Services Compensation Scheme's website at <http://www.fscs.org.uk> or by contacting them at 7th Floor, Lloyds Chambers, 1 Portsoken Street, London E1 8BN, or by telephone + 44 (0) 20 7892 7300 or fax + 44 (0) 20 7892 7301.

17. Confidentiality

We will treat any non-public information in our possession that relates to your business or your client's business as confidential. In the event that you provide us with material, non-public information that could be "price-sensitive" and makes us an "insider", you must inform us of this in writing and we will then take appropriate steps to ensure it is handled sensitively.

It will be necessary, however, for us to disclose information that you and/or your client may consider confidential to insurers, or interested third parties such as loss adjusters, when acting on your and/or your client's behalf.

18. Termination

Our services may be terminated by either party giving the other notice in writing or as otherwise agreed, such notice to take effect immediately upon receipt by the other party.

In the event our services are terminated by you we may be entitled to receive and retain any and all fees or brokerage payable (whether or not the same has been received by us) in relation to the full term of all policies placed by us.

Following termination, both parties shall agree the procedures for administering the business transacted between them at the time of termination. Each party will remain liable to perform their respective obligations in accordance with the terms of this Agreement until all business has expired or has otherwise terminated.

19. Scope

This Agreement shall not vary, amend or override the terms of any other contract (including any Lloyd's Coverholder Agreement) to which both you and CIBL are parties.

In all other respects, this Agreement constitutes the entire agreement and understanding of the parties and supersedes any previous Terms of Business Agreement between the parties relating to the subject matter.

Any variation to the terms of this Agreement must be confirmed in writing.



20. Contracts (Rights of Third Parties) Act 1999

Unless otherwise agreed by us in writing no term of this document is enforceable under the Contracts (Rights of Third Parties) Act 1999.

21. Data Protection

We are registered under the UK Data Protection Act 1998 and where applicable we undertake to comply with the Act in all our dealings with your personal data.

22. Liability and Indemnity

Each party shall be responsible for, and will indemnify and keep the other party indemnified against, any and all loss suffered by the other party as a result of any failure by the indemnifying party to comply with the provisions of any regulatory requirement and/or the other party's fraud, negligence or wilful default or that of its employees or agents.

We do not accept legal liability to any third parties, including your own clients.

23. Alternative Dispute Resolution (ADR) Clause

It is agreed between the parties hereto, that any and all disputes concerning terms, conditions, meaning or effect of this agreement shall be submitted to Alternative Dispute Resolution ("ADR") before either party resorts to the applicable legal processes or institutes court action in any jurisdiction or invokes formal arbitration where applicable. ADR is understood to include assisted conciliation, negotiation, settlement conferences, mediation, pre-action protocols, expert determination, neutral evaluation, private judge or jury intervention, informal and non contractual arbitration or such other recognised alternative dispute resolution process as the parties shall agree is appropriate.

Within 30 days of one party informing the other that they wish to invoke this clause and that they desire to be submitted to ADR, the parties shall agree which ADR alternative to adopt, the nature and substance of the dispute and whether and how to make the ADR decision binding. Should agreement not be reached on these issues within this period the ADR alternative by default shall be a binding determination by single expert mediation.

The parties shall each provide the name of suitable third party neutral experts from which list one will be chosen by agreement to conduct the dispute resolution process. If within a further 30 days the parties cannot select from these a mutually acceptable neutral then the decision shall be referred to the Centre for Effective Dispute Resolution or, if agreement cannot be reached, the London Court of International Arbitrators, for an Appointment.

Any such ADR process shall be conducted in accordance with the rules, guidance and code of conduct of the appointing body. Should mediation result in a resolution,



the parties agree to be bound by the outcome of the ADR process determined upon under this clause and to enter into a contract giving effect to this agreement.

24 Governing Law

This document, which sets out the terms of our relationship with you, will be governed by and construed in accordance with English Law and any dispute arising under it shall be subject to the exclusive jurisdiction of the English courts.



Terms of Business Agreement for Intermediaries - Signature Page

Signed for and on behalf of CityNet Insurance Brokers Limited

**David Walland
Chief Financial Officer**

Please sign the Agreement where indicated below and return the signed page to us. If you do not sign the Agreement, do not object to the terms and conditions and continue to trade with us, you will be deemed to have accepted the Agreement.

I/We acknowledge receipt of the CIBL Terms of Business Agreement and agree to the terms and conditions therein.

For and on behalf of

Signature: _____ Date: _____

Name in capitals: _____

Position: _____

Please sign and return one copy of the Signature Page to:

The Compliance Officer
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London, EC3M 5JR
England

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www.citynet.eu.com

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Registered in England and Wales No. 3933031

APPENDIX A



Insurance undertakings with common ownership to Citynet Insurance Brokers Limited as per section 12. Conflicts of Interest.

MJC Underwriting Agency Limited FCA No 550729

Faversham Underwriting Limited FCA No 602333