



NCG Professional Risks Ltd

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OUR TERMS OF BUSINESS FOR INTERMEDIARIES

1. General

NCG Professional Risks Ltd (NCG) is an independent UK broker handling General Insurance business. We are partly owned by US Risk Insurance Group of Dallas, Texas, an independent US broker.

These Terms of Business apply to all instances where business is produced by another broker or agent (the 'Intermediary' or 'You') to NCG, in the situation where NCG is the broker responsible for obtaining cover with insurers on behalf of the Intermediary. The Intermediary's own Terms of Business will apply where NCG approaches the Intermediary to obtain cover on behalf of any of NCG's clients.

2. Statutory Status

NCG is authorised and regulated by the Financial Services Authority (FSA), and our FSA Register number is 303529. This information can be checked by calling the FSA on 0845 606 1234 or visiting their website at <http://www.fsa.gov.uk/co/register>

You warrant at all times in dealing with NCG that you are authorised and regulated by the Financial Services Authority to act as an intermediary in respect of the business you are seeking to introduce to NCG, and you undertake to inform us should your FSA authorisation be cancelled or varied to the extent that you are no longer authorised to transact such business (see also clause 18).

3. Basis of advice

NCG provides advice in specialist areas of business based upon a fair analysis of the market which underwrites each class of risk. We regularly review new and alternative products for our clients as such products become available within the market. If you wish to see a list of the insurers we select from, please send a written request to us at the above address.

4. Instructions

We would normally expect to receive your instructions in writing, by letter, electronic mail or facsimile, in order to avoid any ambiguity or misunderstanding about the cover which you have requested. In urgent cases, we will of course accept oral instructions, but request that they be confirmed in writing immediately.

5. Proposal Form

Most classes of business we handle require that a proposal form must be completed. We are not allowed to complete proposal forms on behalf of your clients. The completed proposal form together with any specific instructions you give us, provides us with the information we require to undertake an assessment of your client's insurance requirements and decide which insurers to approach.

6. Duty of disclosure

It is the responsibility of you and your client to disclose to insurers all material information when obtaining or renewing cover. Information is deemed material if it would influence the judgement of a prudent insurer in deciding whether or not to accept the risk or in establishing the terms upon which they are prepared to write the risk. If there is any doubt as to whether or not an item of information is material, it should be disclosed. You and your clients have an ongoing duty to disclose all material information throughout the term of your policy.

It is important to remember that there is no duty on the insurer to make enquiries: the burden falls entirely upon the client and therefore also upon you, the Intermediary, as the client's agent. If any material information is omitted or misrepresented, insurers may have the right to void the policy and return the premium, and no claims will be paid. It is therefore extremely important that attention is paid to the information which is provided to enable the insurers to consider the risk.

We can accept no liability for any act, error or omission on your part in arranging your client's insurance cover.

7. Insurers

NCG is not able to guarantee the security or continued solvency of any of the insurers which we may from time to time use. NCG does undertake to maintain an internal Market Security Group which regularly monitors the current security ratings of each of the insurers we use, based upon Standard & Poor's, and other ratings guides available to us. NCG will not use any insurer which fails to meet the assessment criteria of the Market Security Group without the written permission of the client or the Intermediary on behalf of the client.

8. Premium and Commission terms

You should provide us with written confirmation of your standard commission terms at the commencement of our business relationship. Alternatively, you may wish to provide us with individual terms on a case by case basis. We will confirm our agreement to your terms with each quotation and/or when confirming cover. The premium is due upon attachment of cover and in order that we can settle with Insurers we will, unless otherwise agreed, require payment of the premium net of ceded commission within thirty days of inception.

Insurers may impose a Premium Warranty whereby payment of premium is required by a certain date, and in these circumstances we would point out that breach of such warranty will enable Insurers to void the policy ab initio. We will ensure that Premium Warranties and Prompt Payment discounts are brought to your attention but we are not able to finance premiums on your behalf to insurers.

9. Our remuneration

We are ordinarily remunerated for our service by receiving a percentage of the premium charged, by way of a commission or brokerage. Alternatively, a fee may occasionally be agreed for our service, or a combination of a fee and a commission. We may earn additional income from insurers to reflect our efficiency and/or profitability.

10. FSA client money requirements

The premium we receive from you on behalf of your clients is held in a trust account in accordance with the FSA's client money ('CASS') rules, prior to onward payment to insurers. In most cases, we act as the Agent of the insurers in respect of all premiums (and claims) which are held by us prior to onward payment to the relevant party.

We are given Risk Transfer, Co-mingling and Subordination of Funds rights by the majority of those insurers with whom we effect your clients' insurance coverage. We will seek confirmation from you that we have the informed consent of your client prior to placing cover with an insurance company that does not grant us any of these rights. Where an insurer has granted us these rights, we are not authorised by the insurers to sub-delegate any of the rights to the Intermediaries who transact business with us. If you wish us to approach insurers to attempt to obtain their permission to grant delegated Risk Transfer, Co-mingling and Subordination of Funds rights to you as our sub-agent, you should request this in writing to us on a case by case basis. We will pass your request to insurers on your behalf, but NCG obviously cannot guarantee an affirmative response from the insurer or insurers.

11. Claims and circumstances which may give rise to a claim

Claims and circumstances which may give rise to a claim, must be advised in accordance with the Policy Wording as soon as possible describing the circumstances in which the claims have arisen or might arise, showing the value if known and any other material information.

Full details of NCG's claims handling procedures can be found in the sheet, '*A Guide to Notification Procedures*', which we will forward to you with each new business or renewal case transacted between us, along with details of our legal helpline. You should ensure that your clients are fully conversant with claims procedures, as any delay in notifying insurers may lead to a claim being repudiated.

12. Confidentiality and Data Protection

We will only use and disclose the information we have about you and your clients in the normal course of arranging and administering your clients' insurance. We will not disclose any information to parties not connected with your clients' insurance requirements without your consent.

We will comply at all times with the Data Protection Act 1998 and any subsequent related legislation. Your clients have the right to see personal information about them that we hold on our records. If you have any queries, please write to the Compliance Officer at 32 Lombard Street, London EC3V 9BQ.

13. Financial Services Compensation Scheme (FSCS)

In the event that we are not able to meet our financial obligations, you or your clients may be entitled to compensation from the FSCS, depending upon the type of business and circumstances of the claim. Further information about the scheme is available from the FSCS, at <http://www.fscs.org.uk> or call 020 7892 7300.

14. Complaints

We aim to provide you with the best possible service, but we do acknowledge that we may occasionally fall short of our own high standards. We fully encourage you to bring such matters to our attention, and we set out at Appendix 1 our formal complaints procedure.

15. Duration

This agreement is deemed to have come into effect on the later of the dates on which it was signed by each party, or the 14th January 2005 if you carried on business with us prior to the commencement of FSA regulation. This agreement will continue indefinitely until terminated in accordance with the terms of clause 16 or clause 18 of this agreement. This agreement supersedes any previous agreement, written or oral, express or implied, between the parties.

16. Termination

This agreement can be cancelled by either party by providing 30 days' written notice of termination, subject to the terms of clause 18 of this agreement. All outstanding transactions which are not finalised within the notice period will be followed through to completion as though the agreement were still in force, unless all parties agree that it is possible to set aside the transaction without prejudice to the client's interests.

17. Money Laundering

NCG complies with the UK Money Laundering regulations and the terms of the Proceeds of Crime Act. This means that we may, on occasion, request further information from you about your business for the purpose of monitoring our compliance with the relevant laws and regulations. We are obliged to report any evidence or suspicion of money laundering to the relevant authorities at the earliest opportunity and we are prohibited from disclosing any such report to you.

18. Compliance

NCG and the Intermediary undertake to follow the FSA rules and to observe the terms of the Financial Services and Markets Act 2000 ('FSMA') at all times during the conduct of their respective business dealings. Failure to do so by either party will entitle the other party to cancel this agreement without notice. If you cancel your FSA authorised status or have your FSA Part IV Grant of Permission revoked at any time, NCG must cease conducting business with you immediately. In this event, NCG will continue to deal directly with any clients you have introduced to us in so far as it is necessary to protect those clients' interests in any of their insurance arrangements transacted and handled through our respective agencies.

19. Inspection of Records

NCG may, upon giving reasonable notice, make an inspection and/or audit of the Intermediary's records relating to General Insurance business transacted between the two parties in accordance with this agreement.

20. Collection of Taxes

The Intermediary will ensure that all insurance-related taxes are paid to NCG on behalf of the Intermediary's clients.

21. Difference in conditions

Where both the Intermediary and NCG have signed and agreed each other's Terms of Business Agreement, and where the respective documents materially differ, the following rules will apply:

- 20.1 In the situation where NCG is receiving business from the Intermediary and the Intermediary is acting as the introducing agent, NCG's Terms of Business will prevail.
- 20.2 In the situation where the Intermediary is receiving business from NCG and NCG is acting as the introducing agent, the Intermediary's Terms of Business will prevail.

22. Third Party Rights

No term of this agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this agreement.

23. Enforceability

If any part of this agreement is found to be in breach or potential breach of any existing or future rule of the Financial Services Authority, that part of the agreement will be construed in such a manner as to prevent such breach or potential breach from occurring. All other terms of the agreement will continue to be applicable and enforceable upon both parties as though no breach or potential breach had been identified.

24. Jurisdiction

This agreement shall be construed in accordance with, and governed by, English Law.

25. Non-UK Intermediaries

All references made in this agreement to the Intermediary's continued authorisation and regulation by the Financial Services Authority, should be construed as referring to the applicable local regulatory body where the Intermediary is based in a territory or territories outside the United Kingdom.

Signed on behalf of **NCG PROFESSIONAL RISKS LTD**

_____ Date _____

RICHARD PALMER, DIRECTOR AND COMPLIANCE OFFICER

Signed on behalf of the Intermediary

(Name of Company)

_____ Date _____
(Signature)

Name / Position:

APPENDIX ONE - NCG PROFESSIONAL RISKS LTD COMPLAINTS PROCEDURE

NCG is committed to providing the best possible service to its clients; this means delivering value to our clients and maintaining the highest standards of professionalism in the conduct of our business.

We encourage our clients to let us know when they consider that we have done a job well. Any praise that we receive for the Company or for individual members of our team, is fed back in to the evaluation of our procedures at management level. Similarly, we are always keen to listen to any suggestions or observations that our clients wish to make which may enable us to reconsider our methods or approach to the way we do business. We are fully aware of the fact that the business environment in which we and our clients operate is one which is ever changing and developing, and we are constantly seeking ways in which we can remain at the forefront of our fields of activity in a challenging and competitive market place.

Whilst we make every endeavour to provide a first class service to all our clients, we accept that there are rare occasions when a client may consider that we have fallen short of the required standards. If for any reason you wish to make a complaint, the following procedure should be followed.

NCG External Complaints Procedure

1. In the first instance, a client should make a complaint orally or in writing, to their usual contact at NCG – this will in most cases be the account executive who is dealing with the client’s business. Full details should be given of the nature of the complaint, and if they wish to do so, the client should suggest what they consider would be a satisfactory solution to the problem.
2. If a complaint is received orally, it may be possible for the NCG account executive to deal with the complaint immediately and without the need for any further action. The client will be asked in these circumstances if they are satisfied with the response they have received and, if so, the matter will not be taken any further. This does not prejudice a client’s right to make a further complaint of a similar nature if the problem recurs; at which time the client may insist that the matter be dealt with in greater detail or by a more senior member of the NCG staff, such as the Managing Directors or the Compliance Officer.
3. In the event that a complaint cannot be satisfactorily dealt with immediately, the client may be asked to put the complaint in writing. A written complaint should be sent to either of the Managing Directors or the Compliance Officer. NCG will provide a formal acknowledgement to the client within 5 working days of receipt of the full details of the complaint. This acknowledgement will state who at NCG will be handling the matter on the client’s behalf, and also when the client can expect to receive a formal response to the complaint.
4. NCG will endeavour to provide a final response to the client within 20 working days of receiving the complaint. If this is not possible, NCG will write to the client within 20 working days to explain why the complaint is not yet able to be answered, and to advise the client of when it is expected that a final response will be provided.
5. The final response to the client will provide one of the following outcomes:
 - (a) An acceptance of the complaint by NCG and an offer of a form of redress to our client, which may include compensation.

- (b) A rejection of the complaint by NCG, setting out in full the reasons for doing so.
- (c) A part acceptance of the complaint, leading to a combination of (a) and (b) above.

6. If the client is not satisfied that the complaint has been dealt with adequately, they may refer the matter to an approved dispute resolution facility. In respect of complaints relating to general insurance activities, the matter can be referred to the Financial Ombudsman Service (FOS), who can be contacted as follows:

Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR

Telephone: 020 7964 1000
Facsimile: 020 7964 1001
e-mail: complaint.info@financial-ombudsman.org.uk

An explanatory leaflet from the FOS will be provided to the client with the final response letter.

Notes on the Complaints Procedure

- i. A client may make a complaint at any time during the insurance process.
- ii. Nothing in the above procedure affects a client’s right to take advantage of the complaints procedures set out by the relevant regulatory bodies.
- iii. Following NCG’s External Complaints Procedure does not automatically entitle a client to any form of compensation from NCG, regardless of the outcome of the complaint.
- iv. A matter may be referred by a client at any time during the complaints process to the Managing Directors or Compliance Officer at NCG.
- v. Complaints received by NCG which do not relate to insurance related activities may not fall within the scope of our regulator, the Financial Services Authority, and may have to be referred elsewhere if the client is not satisfied with NCG’s response.

Jamie Newell	Neill Cotton	Richard Palmer
Joint Managing Director	Joint Managing Director	Compliance Director