

TERMS OF BUSINESS AGREEMENT

Introduction

It is important to note that no insurance policy will cover every eventuality. All Insurance policies include 'small print' which places obligations upon both parties to ensure that the insurance remains valid and operational. At Terry Osborne Insurance Services Limited we place great importance on ensuring that we take your demands and needs into account when providing you with a quotation and recommending the product that's right for you. As part of this, we would highlight the following terms which can often be overlooked but are critical when making sure your policy meets your expectations.

Changes, Duty of Disclosure & Material Facts

It is important that you understand any information, statements or answers made by you to us, or your insurer, are your responsibility and must be correct.

Any failure to disclose facts material to the insurer or any inaccuracies in your answers may invalidate your insurance cover in part or in whole.

Facts material to the insurance are matters or information which may influence your insurer as to the acceptability or otherwise of your proposal or renewal and must be disclosed immediately. You are advised to keep copies of documentation sent to or received from us for your own protection. Please ensure you consult us if you are in doubt as to whether something is material information or not.

The disclosure of information not only applies at the commencement and renewal of your policy but also at any time during the period of insurance.

Please note that if you fail to disclose any information or change in circumstances to your insurers which could influence the cost of your premium, or their decision to accept your insurance, this could invalidate your insurance cover and could mean that part or all of a claim may be not be paid.

Your insurances are important. Please keep us informed of all changes to your business so that we can give you advice on the Insurance aspect of those alterations. A note of the type of matters to be referred is enclosed which, whilst not being exhaustive, is intended to be a help. Our aim is to ensure that your risks are properly assessed and protected at all times.

Examples

1. Any history of bad debt of any directors, partners or principals whether as an individual or in a company including any IVAs, CVA's, County Court Judgements, bankruptcy, administration orders etc
2. Criminal convictions
3. Any history of censure AND / OR investigation by HMRC or other regulatory body
4. Acquisitions or disposals
5. Changes in process, occupancy, products, materials or operations
6. Purchase, construction, development of new premises.
7. Alterations to premises
8. Increase or decrease to stock, equipment, contents or any other items insured.
9. New contractual liabilities
10. Hiring in, borrowing or leasing of plant
11. Alteration or amendment to services including fire or burglary protective systems or withdrawal of police response services
12. Circumstances which require increased liability limits such as exhibitions, open days, overseas contracts etc.



Description of Business & Activities

It is important to ensure that your business description and activities are kept up to date at all times. Any new activities or alterations to the existing ones should be advised immediately throughout the life of your insurance policy.

Warranties, Policy Conditions & Subjectivities

All policies contain warranties, conditions, exclusions, and exceptions. When a policy is issued, you are strongly advised to read it carefully as it will be this document, the schedule and any certificate of insurance which is the basis of the insurance contract you have purchased.

Where specific warranties apply to your insurance, they must be complied with continually AND strictly word for word. Any breach could result in your policy being cancelled by the insurer.

Remember that the term "WARRANTY" or "ENDORSEMENT" in an insurance policy is not necessarily a benefit

Equally, certain conditions which are not warranties can have a bearing on the operation of cover.

Conditions are most often precedent to liability which means that similar to a warranty, it must be complied with continually. **However, a breach of such a condition allows the insurer to avoid a claim where the claim results from the breach in question.**

Where either warranties or special conditions apply, they are briefly highlighted in the documents we have sent to you; however, we do ask that you refer to your policy documentation for full wordings.

Subjectivity conditions or clauses can also apply to an insurance policy and these can often take the form of actions which must be completed or documents which must be provided to allow cover to continue. Such clauses will carry a deadline upon expiry of which insurers can, at their sole discretion, terminate the cover or amend the terms and conditions of the insurance policy.

Examples

1. This policy is subject to a burglar alarm being installed within 30 days of going on cover or no theft cover will apply
2. Smoke alarms must be fitted within 30 days of going on cover or there will be an increased fire excess of £50,000
3. The policy is subject to a survey being completed within 30 days of going on cover, any requirements being done within 60 days of the survey report being issued, and failure to do the requirements will mean we will come off cover after the 60 days.

If you do not understand or have any doubts about how to comply with any of your policy terms and conditions please seek our advice immediately and we will explain them to you.



Average

The sums insured shown on your insurance schedule and policy are subject to **AVERAGE**.

This means that if you are insured for less than the full value (Underinsured) for any item at the time of a loss, then ANY claim payment may be reduced in accordance with the proportion that the sum insured bears to the full value of the risk. If underinsurance is significant, the insurer can treat this as a misrepresentation of the risk and avoid the policy (cancel from inception) altogether.

As an example, if your buildings are insured for £500,000 but the rebuilding cost of those buildings at the time of the loss is £1,000,000, a claim of say £50,000 to repair a damaged part of the building would result in a payment of £25,000. This is most commonly calculated as follows;

$$\begin{array}{rcl} \text{Value at risk} \times \text{Insured Value} = & \text{Claim to be paid} & \\ \text{£500,000} \times \text{£50,000} & = & \text{£25,000} \\ \text{Actual Value} & & \text{£1,000,000} \end{array}$$

It is your responsibility to ensure that your sums insured represent the full value of the risk/s you are insuring at the inception and duration of your policy allowing for inflation. This is important to ensure that you are fully insured in the event of a claim. If necessary you should seek professional advice on what a full sum insured should be.

Basis of Settlement

There are four basis of settlement for property insurance. These are detailed below starting with the most common basis;

- **Reinstatement**

This is the most common basis of cover and is often referred to as 'New for Old' cover.

Settlements of this type are made based upon the cost of replacement or repair without a deduction for wear and tear provided that reinstatement is actually carried out. Where damage rather than total loss occurs, settlement would be for the cost for restoring the damage with new material, again without any deductions for wear and tear provided the full repair takes place. It is important to note that where this cover is in place, your sums insured must represent the full cost of replacing the item/items as new at the time of the loss or damage.

- **Indemnity**

Similar to Reinstatement, this cover provides settlement for new replacement costs to replace or repair an item but a deduction is made for wear and tear. The principle of Indemnity cover is to place you in the same financial position after a loss as that which you were in immediately before the loss.

- **Agreed Values**

An uncommon, but occasionally available basis of settlement, Agreed Value can apply to items such as antiques or valuables which may be insured on a 'selling price' basis. This value must be agreed (and quantified by valuation or similar) by insurers at the inception of cover and rated accordingly.

- **First Loss**

This can be used to financially restrict cover. For instance, where it would be inconceivable that a large risk could lose the entire property or stock by theft, the insurance may be arranged as a total declared value of £1,000,000 but with a first loss limit of £100,000. This would mean that insurers' liability for any one incident would be restricted to £100,000 maximum regardless of the amount of the loss.



Business Interruption Insurance

Whilst Property Insurance covers the physical assets of a business (i.e. Buildings, Machinery, Stock etc) Business Interruption Insurance covers the loss of earnings and additional expenses incurred following a loss. Choosing the right Sum Insured and Indemnity period when arranging Business Interruption Insurance is critical as incorrect limits could leave you with a settlement which does not reflect your actual losses should a claim have occurred.

The Indemnity Period

The Indemnity Period (IP) selected should always represent the maximum time that can reasonably be anticipated for your business to be financially affected by an insured loss i.e.: the period it will take you to get back to the position you would have been at if the loss had not occurred. Industry experts believe that this should rarely be less than 24 months these days, but you may require more. Factors that can impact the length of an indemnity period can include:

- Demolition of existing buildings and site clearance
- Green issues
- Re-design, planning permission, tendering for new premises
- The Re-construct itself (cranes can take over a year to become available)
- Local bye laws on access are becoming very stringent in built up areas
- Replacement of equipment and specialist machinery
- Replacement of Stock
- Restoration of supplier and customer base to where your business would have been had the loss not occurred

It is important to consider a worst-case scenario when deciding on an adequate Indemnity Period to ensure that your Business Interruption Insurance will provide cover until the business reaches the operational level that it would have achieved had it not been for the loss. Business owners can often underestimate the time it can take to recover from a serious incident.

Subrogation

With regard to claims, Insurers are entitled to take over any rights which you may have against other parties, with regards to making recoveries to minimise their loss. These rights of recourse are known as Subrogation Rights.

Your policy contains provisions that either exclude the Insurers from Liability or allow the insurers to reduce their liability, for example, if you have entered into any agreements that exclude your rights to recover damages from another party in relation to any loss, damage or destruction, which would allow you to sustain a claim under your insurance.

Examples of this are the 'hold harmless' clauses which can often be found in contracts. If you are in doubt you should consult with us.

You may prejudice your rights with regard to a claim if, without prior agreement from your insurer, you make any agreement with a third party (such as the above) which will prevent the insurer from recovering the loss from that or another party.

Your Liability Document

- Your Employers Liability certificate must be displayed in the work place and accessible to all EMPLOYEES
- Expired Employers Liability Certificates of Insurance should be retained for a minimum of 10 years to comply with current legislation, but we recommend you retain them at least 40 years.
- The Employers Liability Trading Office, now retain Employee Reference Numbers (ERN's) for all Employers Liability Insurance placed to ensure that tracing of this type of insurance is easier in the future. You will be asked for and should supply your ERN number when placing this type of cover.



OUR TERMS OF BUSINESS

Regulation

We, Terry Osborne Insurance Services Limited are authorised and regulated by the Financial Conduct Authority (FCA) to sell general insurance products. Our FCA number is 481596 and you can check this on the FCA's register by visiting the FCA's website at www.fcs.org.uk/register or by contacting the FCA on (0800) 1116768. The Laws of England and Wales govern this agreement and any dispute is subject to the jurisdiction of the English courts.

Our Services to You

We are an Independent Intermediary and act on your behalf when arranging your insurance needs to meet your requirements; and helping you with any ongoing changes you have to make. We offer a range of general insurance products and have access to a number of insurers with whom we place your insurance. We give you details of these insurers when we discuss your individual requirements.

Disclosure of Information

It is important that you understand that any information, statements or answers made by you to us, or to your insurer, are your responsibility and must be correct. Any failure to disclose material facts to the insurer or any inaccuracies in your answers may invalidate your insurance cover in part or in full. Material facts to the insurance are matters or information which may influence your insurer as to the acceptability or otherwise of your proposal or renewal and must be disclosed immediately. Material facts could include changes to your business activity, criminal convictions, financial issues such as CCJ's, bankruptcies or insolvencies and should include all incidents/losses that you have to deal with yourself without involving an insurer or have yet to proceed to claim. You are advised to keep copies of documentation sent to or received from us for your own protection. Please do consult us if you are in doubt on any aspect. The disclosure of information not only applies at commencement and renewal of your policy, but also at any time during the period of insurance.

Credit Check and Consent to use your Personal Information

We usually offer advice from a range of insurers, representing a fair analysis of the market however, under certain circumstances we may only deal with a limited panel, or single insurer. We may use providers who will conduct a credit check which will be recorded on your credit record or use information from external providers. **Please contact us if you do NOT consent to a credit check being undertaken**, however this may affect our ability to offer instalment facilities to you. In relation to the provision of credit we offer only the facilities provided by insurers, or those of Close Premium Finance, from whom we may receive commission.

Awareness of Policy Terms

When a policy is issued you are strongly advised to read it carefully as it is the schedule and any certificate of insurance that is the basis of the insurance contract you have purchased. If you are in doubt over any part of the policy terms or conditions, please seek our advice promptly.

Cover may be subject to a qualifying period from start of policy. Please see full policy wordings for details.

What will happen if you cancel?

All consumers have the right to cancel within 14 days and, provided there have been no claims, you will only be charged for the cover you have had and the insurer's administration fees. Any charges we make are separate and will not be refunded. After 14 days any cancellation will be in accordance with the terms of your policy. If you wish to cancel your policy we require written and signed request from the policyholder.

Reporting Claims

All incidents which could lead to a claim must be reported to us in the first instance. Your insurer's claims contact number is shown in your policy documents.



If you have a Complaint

In the first instance speak to us on 01622 745297 or email us at info@terryosborneinsurance.co.uk, or write to us at:

Complaints Officer,
Terry Osborne Insurance Services Limited,
Beaver Lodge, Salts Avenue,
Loose,
Maidstone,
Kent,
ME15 0AY

We make every effort to maintain a high standard of service but if you feel we have let you down we will try to put things right immediately. If, however, we cannot, your complaint may be referred to the Financial Ombudsman Service.

Charges

We reserve the right to make charges in addition to any insurance premiums for the arranging, amending, renewing and cancelling of any insurance policy. Premiums quoted will be inclusive of all charges and insurance premium tax. Full details of any charges, if made, will be declared as a breakdown of your premium in our invoice receipt.

Payment Options

We accept most payment types. You may be able to spread your payments through insurers' instalment schemes or credit schemes which we can arrange with an established insurance premium finance provider, however rates and acceptance may be subject to a credit check. We will give you full information about your payment options and the appropriate finance agreement when we discuss your insurance deal.

Please Note: Your policy cover will cease if you fail to keep up payments on an instalment agreement or premium finance facility related to it and your credit rating may be affected.

Documents, Credit Terms and Direct Debit

Any agreed facilities for payment by instalments through Terry Osborne Insurance Services Limited or third-party finance house will include our right to cancel your policy or policies if full payment is not met or all premiums are not paid in full in agreement with the terms and conditions of the agreed instalment facility. We reserve the right to retain certificates at this office until all payments due under the policy have been made and any uncleared funds will need to clear our bank account. By accepting this agreement you agree that delivery of any certificates to us shall constitute delivery to yourself in accordance with United Kingdom Law.

Protecting your Money

Under our Terms of Business with the insurance companies with whom we place our business, we normally receive any monies you pay to us as Agent of the Insurer, however where this is not the case any insurance premium you pay to us is protected in a Statutory Trust Client Account until we pay insurers. We do not pay any interest on premiums held by us in the course of arranging and administering your insurance.

Financial Services Compensation Scheme (FSCS)

We are covered by the Financial Services Compensation Scheme, (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Further information about the compensation scheme arrangement is available from FSCS. Insurance advising and arranging is covered for 90% of the claim, without an upper limit. For compulsory insurance (for example Employers Liability or Motor insurance this increases to 100%) further information about compensation scheme arrangements is available from FSCS.