

TERMS OF BUSINESS FOR SUB BROKERS

Definition of a Sub Broker – Any person not being a part of Morton Michel who acts on behalf of Morton Michel as an agent or otherwise for introducing and assisting clients in buying insurance.

General - This agreement specifies the terms under which the Sub Broker will introduce to Morton Michel clients which it wishes to be covered for insurance and the terms under which Morton Michel will handle such business for the sub broker. This agreement does not bind Morton Michel to accept any or all proposals for New Business or renewals put to them by the Sub broker nor does it bind or obligate the sub broker to accept on behalf of its client the terms put to it by Morton Michel on any proposal. The sub-broker will not, without Morton Michel's prior written consent assign, transfer, charge or deal in any other manner with this agreement or any of its rights under it, or purport to do any of the same, nor sub contract any or all of its obligations under this agreement.

Regulation - The sub broker shall at all times be registered with the Financial Services Authority and shall maintain the necessary authority to perform its obligations under this agreement. The Sub Broker must inform Morton Michel immediately in the event that the FSA registration is withdrawn, or immediately when the Sub Broker should reasonably have known that the registration was likely to be withdrawn, or immediately if the sub-broker has materially breached any FSA requirements. In such circumstances Morton Michel reserves the right to communicate directly with the client as well as to terminate this agreement. The Sub Broker is required at all times to conduct its business in accordance with all relevant FSA requirements and in accordance with the terms of this agreement and any reasonable instructions from Morton Michel. The Sub Broker warrants and represents to Morton Michel that it has in place appropriate systems of control to meet the Sub Broker's regulatory responsibilities. This includes and is not limited to, appropriate T&C arrangements and a suitable Complaints Management and Treating Customers Fairly Procedure.

Data Protection - The sub-broker must at all times comply with its obligations under the Data Protection Act 1998 (DPA) and assist Morton Michel in meeting its obligations under the Act. Where acting as Morton Michel's data processor, the Sub Broker will only act on instructions from Morton Michel in relation to personal data. The Sub Broker will inform Morton Michel immediately if an enforcement notice under the DPA is served upon it.

Presentation of Risk - The Sub Broker will present information to Morton Michel using the proposal form specified by Morton Michel or any such other manner as may be agreed in writing at the time of presentation and will endeavour to obtain all relevant information and any additional information from the client as Morton Michel may require to assess the risk. Morton Michel reserves the right to refuse to act on behalf of the Sub Broker and his client should it consider the proposal to be inadequate or unsuitable in any way. Morton Michel will not be bound to incept any proposal on behalf of the Sub Broker or his client until written instruction to commence cover is received from the Sub Broker. The Sub Broker is not empowered to issue or confirm cover to the client until such confirmation has been issued by Morton Michel.

All quotations presented by Morton Michel by the Sub Broker should be passed onto the client in the same terms as issued by Morton Michel. All terms and conditions issued by Morton Michel in connection with a presentation must be fully relayed to and explained to the client. Morton Michel will not accept any liability for any negligent act by the Sub Broker.

Maintenance and Renewal - The Sub Broker undertakes to inform Morton Michel immediately and in writing of any material facts or changes during the currency of the insurance which could affect the attitude of the insurers to the nature of the risk or the premium charged and of which the underwriters should be made aware.

Renewal is the responsibility of the sub-broker who must liaise with Morton Michel in good time prior to renewal to ensure that all terms can be agreed with the client prior to inception in order that Contract certainty is achieved. The sub-broker must indicate to Morton Michel prior to the renewal date and using the renewal form specified by Morton Michel or in any such other manner as may be agreed in writing prior to renewal by Morton Michel if renewal is required and failure to do so will cause the policy to lapse with effect from the renewal date. Subject to the above, Morton Michel will despatch renewal invitations without undue delay where no further information is required by the insurer prior to the



renewal date and subject otherwise to the Sub Broker acting in accordance with the terms of this agreement.

Commission - Policies arranged through Morton Michel may be on a commission or a net basis. The Sub Broker will be advised at the time of the inception of the policy the basis of any remuneration allowed by Morton Michel. Any commission allowed by Morton Michel will be subject to the following

- The Sub Broker's appointment as a Sub Broker being in force
- The business has been introduced and completed by the Sub Broker
- The premium for the business has been paid to and received by Morton Michel
- The Sub Broker continues to act for the client.
- Commission is payable as a percentage of the Gross premium payable by the insured before IPT.
- Should any return premiums become due commission paid must be refunded on the return premium due.
- The Sub Broker must hold and continue to hold all monies as either client money or insurer's money subject to risk transfer in accordance with FSA CASS rules.

Claims - The Sub Broker must inform Morton Michel immediately in writing of any event which has or is likely to give rise to a claim. The Sub Broker is not empowered to enter into any negotiations on any claim and Morton Michel and the underwriters will not be bound by the outcome of any such negotiations. Failure to inform Morton Michel could invalidate the policy. The Sub Broker shall assist with any enquiries if so required.

Client Money - The Sub Broker must have a separate bank account for client money clearly labelled as such and have written confirmation from your bank that the money is held by the Sub Broker as trustee. The bank must also confirm that it is not entitled to combine client money with any other account of the firm. Client monies must be paid into the client trust bank account on the day it is received. A client money calculation should be done at least every 25 days and any deficit must be made good on the day of the calculation.

Credit Risk Transfer – our insurers have extended Credit Risk Transfer to Morton Michel and to Morton Michel's appointed sub-brokers, so long as an agency agreement is in force between the Sub Broker and Morton Michel. The Credit Risk Transfer is not extended to any subsequent Sub-Brokers. For all other insurance companies, the Sub Broker must apply in writing to Morton Michel who will then advise whether or not Credit Risk Transfer can be extended. Morton Michel permits the agent to commingle client and Insurer money in the same trust status bank account as allowed under the FSA Rules.

Accounting and Responsibility for Premiums - Morton Michel will issue a debit note/account statement to the Sub Broker. The Sub Broker will pay all premiums debited to it on behalf of the client within 30 days of the inception date of the policy for new business and for renewal business. The Sub Broker will be responsible for any Time on Risk charge if the case does not proceed. The Sub Broker is responsible for the payment of all and any premium which may be outstanding at any time relating to the insurance following receipt by Morton Michel of confirmation from the Sub Broker of the inception, renewal or amendment of the client's insurance.

Where premiums are held in a client money trust account operated in accordance with FSA regulations, the company's interests are subordinated to the interests of the clients of the sub broker.

Errors and Omissions Insurance - The Sub Broker undertakes to maintain cover against errors and omissions in accordance with FSA regulations.

Termination

This agreement will be automatically terminated as follows:-

- On the death of the Sub Broker if a sole trader
- If the Sub Broker ceases to be FSA authorised
- Following the bankruptcy or liquidation of the Sub Broker
- Following the breach of any of the conditions of this agreement by the Sub Broker
- Morton Michel will not be liable to the Sub Broker for any compensation consequential or otherwise arising as a result of the termination of the Agreement.
- Either party may terminate this agreement at any time upon 30 days written notice.

- In the event of termination, nothing in this agreement affects Morton Michel’s rights to recover any premium from the Sub Broker or its clients or to apply any return premiums received from the insurance against any monies which may be owed to it by the Sub Broker or its client.
- Any sums owed to Morton Michel by the Sub Broker must be remitted within 15 days of the issue of any such notice by Morton Michel.
- The Sub Broker shall both during the term of this authority and thereafter safeguard and maintain in confidence all trade secrets and other information relating to Morton Michel and shall not in any manner make use of the same except in the best interests of Morton Michel.
- In the event of termination, the sub broker shall immediately i) cease offering Morton Michel policies for sale; ii)remove any references to Morton Michel and Morton Michel insurance policies in its advertising and promotional material; iii) return to Morton Michel any confidential information or marketing material supplied by Morton Michel.

Variation - Any variation in these terms must be agreed to and confirmed in writing by Morton Michel. Morton Michel prohibits the appointment by the Sub Broker of any further Sub Broker and the Sub Broker cannot assign their obligations to a third party.

Solvency of Insurers - No warranty is given by Morton Michel as to the solvency of the Insurance Company with or through whom the Insurance Policies are placed.

Direct Dealing with Customers - Morton Michel will not in the normal course of business deal direct with the sub-broker’s clients but it may do so in certain circumstances, including but without limitation the following:

- a) Morton Michel need to do so to comply with FSA requirements or its contractual obligations to the client and due to the sub-broker’s default Morton Michel have been initially unable to contact the client through the sub-broker
- b) where the client makes an unsolicited request to Morton Michel to do so either directly or through another intermediary
- c) the termination of this agreement

Indemnity from the Sub Broker to Morton Michel - The Sub Broker hereby agrees to fully indemnify Morton Michel for any loss, damage or liability, whether financial or otherwise, suffered by Morton Michel or those with whom it contracts due to:-

- Any breach of this agreement by the Sub Broker
- Any fraudulent, reckless or negligent acts, errors or omissions of the Sub Broker, their directors, partners or employees.

The Sub Broker is solely responsible for any advice that they may offer to a client and agrees to fully indemnify Morton Michel and those with whom it contracts for any loss suffered as a consequence of that advice howsoever arising.

Applicable Law - This agreement shall be governed and construed in accordance with the laws of England and Wales and both parties submit to the exclusive jurisdiction of the English Courts

Signed by

 For the Sub Broker

Signed by
Nick Beere
 For Morton Michel

Print Name.....
 Broker Name.....
 Date.....

Please sign this form and return one copy to Morton Michel, Alhambra House, 9 St Michaels Road, Croydon, CR9 3DD.