

Terms of Business



Morton Michel

The **Childcare Insurance** Specialist



www.mortonmichel.com

 020 8603 0900

 enquiries@mortonmichel.com

 facebook.com/MortonMichel

 [@MortonMichel](https://twitter.com/MortonMichel)

This document is effective from February 2016 and supersedes all Terms of Business previously issued by us, it sets out the terms upon which we agree to act for our clients and contains details of our regulatory and statutory responsibilities as well as some of your responsibilities. Please read it carefully.

Please contact us immediately if there is anything in these Terms of Business which you do not understand or with which you disagree.

ABOUT OUR COMPANY

Morton Michel Ltd is an independent insurance broker, authorised and regulated by the Financial Conduct Authority (FCA) to transact general insurance business.

Our Financial Services Register number is 527300, you can check this information on the Financial Services Register by visiting the FCA's website at www.fca.org.uk/register/home.uk or by contacting the FCA on 0800 111 6768. We are also members of the British Insurance Brokers' Association (BIBA).

THE PRODUCTS WE PROVIDE

- a. For childminders, out of school clubs, pre-schools, parent and toddler groups, mobile crèches, adult care, toy libraries, nannies, children's activity areas, children's centres and holiday play schemes we offer insurance policies from Covea Insurance plc only.
- b. For nurseries we mainly offer policies from Covea Insurance plc. Should we be unable to obtain terms from Covea Insurance plc due to underwriting considerations, we may offer a policy from Ecclesiastical Insurance Company Ltd. If we are unable to arrange insurance with Ecclesiastical Insurance Company Ltd we will attempt to arrange cover through Lloyd's of London or other underwriters.
- c. For social/voluntary groups we offer policies underwritten by Covea Insurance plc.
- d. For social/voluntary groups where we are unable to obtain terms from Covea Insurance plc due to underwriting considerations, we may offer a policy from a limited number of insurers. In these circumstances, we will advise and make a recommendation to you after we have assessed your needs.
- e. For household insurance for childcare providers we offer policies from a limited number of insurers.
- f. For household insurance for non childcare providers we offer insurance from a range of insurers.
- g. For motor insurance for childcare providers we offer policies from a limited number of insurers.
- h. For motor insurance for non-childcare providers we offer policies from a range of insurers.
- i. For other general commercial insurance products we offer insurance from a range of insurers.

For **d-i** above, a list of insurers whose products will be considered is available on request.

THE SERVICES WE PROVIDE

For policies a-c above we will not make a personal recommendation regarding the product offered and you will need to satisfy yourself that it meets your

requirements. We may ask some questions to narrow down the selection of products that we will provide details of.

For policies **d-i** above we will advise and make a recommendation for you after we have assessed your needs.

In all cases, you will need to make your own choice about how to proceed.

For business insurances we will inform you at inception and at every renewal how we made our product selection and the capacity in which we are acting.

Unless you tell us otherwise we will act on the understanding that we have your authority to agree to insurance policy wordings on your behalf.

METHODS OF COMMUNICATION

We will normally communicate with you by post, telephone and, where available, email. Whenever possible documentation will be sent by email. Hard copies will be sent in the absence of an email address or upon request. Please let us know if you would prefer NOT to receive communications by any particular medium.

INSURER SECURITY

Whilst we monitor the financial strength of the insurers with whom we place business it should be noted that the claims-paying ability of even the strongest insurers could be affected by adverse business conditions. We cannot, therefore guarantee the solvency of any insurer or underwriter. A liability for the premium, whether in full or pro rata, may arise under policies where a participating insurer becomes insolvent.

RISK INFORMATION

The terms of any insurance that we arrange on your behalf will be based upon the information provided by you to us or to your insurers.

If you are a consumer (an individual buying insurance wholly or mainly for purposes unrelated to your trade, business or profession) you must take reasonable care to answer all questions put to you about your proposed insurance fully, honestly and to the best of your knowledge. If you do not understand the meaning of any question, or if you do not know the answer, it is vital that you tell us. Once cover has been arranged, you must immediately notify us or your insurer of any changes to the information that has been previously provided. The most serious consequence of failing to provide full and accurate information before you take out insurance, or when your circumstances change, could be the invalidation of your cover. In that instance it would mean that a claim will be rejected.

If you are a commercial customer (someone buying insurance mainly for purposes related to your trade, business or profession), you must disclose all 'Material Facts' to us or your insurers both at the outset and throughout the period of insurance cover. Material Facts are all the items of information that may influence the insurer's decision over cover or the terms of your insurance. The most serious consequence of failing

to disclose material information before you take out insurance and throughout the period of insurance could be the invalidation of your cover. In that instance it would mean that a claim will be rejected. Therefore, if you are in any doubt as to whether a fact is 'material', it should be disclosed.

You are advised to keep copies of any correspondence you send to us or direct to your insurers.

OUR REMUNERATION

Our remuneration will be either a fee, as agreed with you, and or brokerage, which is a percentage of the insurance premium paid by you and allowed to us by the insurer with whom the insurance policy is placed.

In the ordinary course of our business we sometimes earn income in the form of:

- Management/administrative expenses allowed to us by insurers to cover costs incurred in carrying out work on their behalf.
- Volume, growth or profitability payments.
- Income from providers of premium-financing facilities where, with your agreement, we have made such arrangements on your behalf.
- From claims handling and management companies where your details have been disclosed to them in connection with a claim.

We may sometimes also earn income for the provision of other services to you, which will be agreed with you on an individual basis.

For each insurance policy, including any subsequent renewal, you have a right to request information regarding any remuneration that we have received as a result of placing your insurance business.

CHARGES

- We may charge an administration fee for any policy we arrange on your behalf. Where a fee is charged this will be clearly identified on all quotations, mid-term adjustments and renewals. Any fee charged will be inclusive of tax, if applicable.
- In addition, we make a £5 charge for each of the following: providing replacement schedules and employers' liability certificates, policy documents and renewal documentation, or for dishonoured cheques and upon cancellation of a policy.
- Please note that certain insurance companies may impose additional cancellation charges which we will pass onto you. Where insurance companies charge more than £5 for copy documents we will pass that additional charge onto you.
- Direct debit or standing order charges are variable.
- In the event of a policy being cancelled mid-term, and not replaced by another policy, we reserve the right to retain the commission earned on the original transaction.

CHARGES

We normally accept payments by cheque/credit/debit card or by bank transfer. It is often possible to spread payments through insurers' instalment schemes or a credit facility we

have arranged with specialist premium finance providers.

We will give full information about premium payment options when we provide quotations and when we invite renewal of your policy.

In the absence of your instructions to the contrary before expiry date of your policy, we will automatically renew the policy if payment is usually made direct to the insurer by direct debit.

PERSONAL CREDIT CHECKS

When you ask us to obtain quotations you should be aware that some of the insurers we approach will carry out credit checks as part of the underwriting process. This means they will review information held by a credit reference agency. Whilst a record of the search will be added to your credit record, we are advised this will not have any detrimental effect on your credit rating or history.

To comply with Consumer Credit legislation, providers of credit are required to carry out affordability assessments before making advances of credit. This means that whenever we are asked to arrange premium finance, we will pass your name, address and date of birth to the finance provider, to enable it to carry out an assessment. In assessing your application, the provider may search information held by a credit reference agency. Please note the credit reference agency will add details of the search and your application to their records, whether or not your application proceeds.

SETTLEMENT TERMS

You are responsible for the prompt settlement of insurance premiums so that we can make the necessary payment to your insurers.

We have no obligation to fund any premiums on your behalf and cannot be held responsible for any loss which you may suffer as a result of a policy being lapsed, cancelled or otherwise prejudiced due to the late payment of a premium where the delay is attributable to you.

CREDIT AGREEMENT PAYMENT DEFAULTS

If any direct debit or other payment due in respect of a credit agreement entered into with our suggested provider of premium finance to pay insurance premiums, associated fees and charges is not met when presented for payment, or if you end or do not complete such credit agreement, you acknowledge and agree that it may be necessary for us or the premium finance provider to cancel on your behalf the insurance policies being paid by the said agreement, unless you immediately make other arrangements to pay the remaining balance of the insurance premiums. After cancellation, you agree that you will be responsible for any time on risk charge still outstanding and the finance provider's reasonable costs after application of any refunds allowed by the insurers. You will be responsible for putting in place any alternative insurance arrangements you need, unless you have been able to satisfy the requirements we may have in such a situation to provide an alternative solution.

HANDLING CLIENT AND INSURER MONEY

We collect and hold money as agent of the Insurer in accordance with FCA rules.

CONFIDENTIALITY

All information provided by our clients is treated as confidential and only disclosed in the normal course of negotiating, arranging and administering your insurance, this may include disclosing information to agents and service providers such as loss adjusters and approved contractors.

With a few exceptions, for example, information requested by a court, a regulatory body, or information which is already in the public domain, we will not release information about you to any other party without your consent.

We may also use the data we hold about you to provide information about products and services which we feel are appropriate, this includes lapsed or cancelled policies. You are requested to let us know if you do not want to receive this information.

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

QUOTATIONS

Unless stated otherwise in our documentation, all quotations provided for new insurances are valid only for a period of 30 days from the date of issue.

You should be aware that quotations may change or be withdrawn if the information given to us or your insurers in proposal forms or declarations differs from that provided at the time the quotation was issued.

CHANGES TO YOUR COVER

We will normally deal with any requests to increase or amend cover on the day your instructions are received, or the next working day if a weekend or public holiday. Sometimes changes in cover cannot be processed without obtaining additional information, if this is required we will contact you as quickly as possible.

We will confirm changes to your policy, once agreed, in writing. We will also advise you of any extra premiums you must pay or premiums we must return to you.

RECEIPT OF INSTRUCTIONS

We do not consider instructions to arrange or change cover which are sent to us by post, email or facsimile, or left on voicemail, to have been received until they reach the relevant personnel in our offices.

We do not accept responsibility for instructions which do not reach us at all due to failures in the postal, electronic or telecommunications systems.

DOCUMENTATION

Our aim is to produce documentation and issue correspondence in a clear and understandable format, in

the event of any uncertainty we would ask you to let us know immediately. Our staff are always happy to clarify the cover provided.

You should check all policy documentation to ensure that the details are correct and the cover provided meets with your requirements, any errors should be notified to us immediately.

All policies contain conditions and exclusions and some contain warranties and excesses. It is your responsibility to examine the document to familiarise yourself with these. A breach of a policy condition may result in non-payment of a claim and breach of a warranty may invalidate the cover if it is not complied with precisely.

We recommend that you keep policy documents for as long as a claim is possible under the policy. If your policy includes Employers' Liability insurance, it is prudent to keep a copy of all Employers' Liability certificates issued.

TRANSFERRED BUSINESS

If we take over the servicing of insurance policies which were originally arranged through another insurance broker or intermediary or directly with an insurer, we do not accept liability for any claim arising out of the advice given by that broker, intermediary or insurer, nor for any errors, omissions or gaps in your current insurance protection.

We would ask you to contact us without delay should any aspect of a policy which has been transferred to us cause you concern or if you need an immediate review. Otherwise we will endeavour to review all transferred policies as they fall due for renewal.

MAKING A CLAIM

Many insurers provide a 24-hour Helpline in respect of claims and you should consult your policy documentation for contact details.

Please ensure that you report all incidents that could give rise to a claim as soon as you become aware of them, either by contacting your insurer on their helpline or by telephoning our office. You will be advised if you need to complete a claim form or produce documentation to support your claim. In certain circumstances late notification may result in your claim being rejected.

If the claim involves damage to your property, please do not dispose of damaged items and/or authorise repair work (except in an emergency or to prevent further damage) until we or your insurers advise that you can.

If your claim involves damage to third party property or injury to persons please pass copies of all correspondence, including solicitors' letters, to us or your insurers immediately and unanswered. Any attempt to negotiate or respond to the incident without prior reference to us or your insurers might prejudice your cover.

For motor claims a contact telephone number is provided with your policy documents or can be supplied by us upon request.

You should be aware that a claim arising after renewal of the policy has been invited may affect the assessment and acceptance of renewal by your insurers.

CONFLICT OF INTEREST

As independent insurance brokers we generally act as agent of our client. We are subject to the law of agency which imposes certain duties on us. We also have proper regard for the interests of others, including the insurers for whom we also act.

Where we become aware of any actual or potential conflict of interest we will inform you of the situation, the options available to you and obtain your consent before we carry out your instructions.

COMPLAINTS PROCEDURE

We recognise the importance of service and set ourselves high standards. Should there be an occasion when we do not meet your expectations we are equally committed to dealing with any complaint in a thorough and professional manner.

If you wish to register a complaint or request a copy of our complaints procedures please contact us:-

- In writing addressed to The Compliance Director
- By telephone to **020 8603 0900**

If you cannot settle your complaint with us you may be entitled to refer it to the Financial Ombudsman Service. You can find out more about this by visiting the FOS web site at www.financial-ombudsman.org.uk.

You can request a copy of our procedures for dealing with complaints at any time.

COMPENSATION

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the FSCS if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Insurance advising and arranging is covered for 90% of the claim, without any upper limit. For compulsory classes of insurance, insurance advising and arranging is covered for 100% of the claim, without any upper limit. Further details about compensation scheme arrangements are available from the FSCS.

TERMINATION OF AUTHORITY

You may terminate our authority to act on your behalf with 14 days' written notice or as otherwise agreed. Notice of this termination must be given in writing and will take effect from the date of receipt. Termination is without prejudice to any transactions already initiated unless otherwise agreed in writing. You will be liable to pay for any transactions or adjustments effective prior to termination and we will be entitled to retain any and all fees or brokerage payable in relation to policies placed by us prior to the date of termination.

CANCELLATION RIGHT – CONSUMER INSURANCES ONLY

If you take out a personal policy through us which lasts for more than one calendar month, you may cancel the cover

up to 14 days from the later of:

- The policy start date or the date you receive full policy documentation from us or your insurers.
- The renewal date or the date you receive full renewal documentation from us or your insurers.

You will be informed if you have such a Cancellation Right in separate documentation.

Should you decide to exercise the Cancellation Right you will be entitled to a refund of premium less an appropriate pro rata charge for the period of cover given before the Cancellation Right was invoked. If the premium has not been paid, a charge may be made for the period of cover given prior to the exercise of the Cancellation Right.

Should any claim occur prior to the exercise of the Cancellation Right where the claim terminates the insurance cover, your insurers may not allow a refund of any of the premium paid. If this Cancellation Right is not exercised within the 14-day period as stated, and you decide to cancel the policy at a later date, the amount of any premium refund will depend upon the cancellation terms of your insurance policy.

To exercise the Cancellation Right you should contact us at our normal address or your insurers at the address shown on your policy.

CANCELLATION OF POLICIES

If you require cancellation of your insurance policy mid-term, please advise Morton Michel in writing. Cancellation will not become effective until Morton Michel have received and agreed to the cancellation request. Cancellation may not take effect immediately, for example, it may first be necessary for you to return your certificate of insurance to us or your insurers.

If you are a commercial client, or if you are a private individual and wish to cancel your policy in circumstances other than as described in the section headed Cancellation Right, you may be entitled to a refund of part of your premium as long as no claims have occurred during the time you have been on cover. The refund due may not necessarily be proportionate to the remaining period of cover.

Insurers will not normally allow a refund of premium where:

- A claim has been made.
- A 'minimum and deposit premium' has been charged.
- Cancellation of a direct debit does not necessarily cancel a policy and any balance of premium owing may be requested by the insurers.
- When your policy ends or is cancelled, we will send you any documentation and information to which you are entitled on request.
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LIMITATION OF LIABILITY

If we fail to comply with these Terms of Business, we are responsible for loss or damage you suffer that is a foreseeable result of our breach of the Terms of Business or our negligence, but we are not responsible for any

loss or damage that is not foreseeable. Loss or damage is foreseeable if it was an obvious consequence of our breach or if it was contemplated by you and us at the time we entered into this contract. Unless otherwise agreed in writing between you and us, our liability to you:

- a. Under these terms of Business, and in connection with any services that we provide to you under these Terms of Business; and
- b. For our breach of contract, negligence, breach of statutory duty, breach of professional duty or breach of trust is limited to £5 Million.

We have no liability to you for:

- a. Any losses which are contributed to by your own negligence.
- b. Any losses which arise from your failure to provide information which we have reasonably requested about your insurance risks.
- c. Any losses which are not a reasonably foreseeable consequence of our actions.
- d. Any loss of profit, loss of business, business interruption, or loss of business opportunity.

We do not exclude or limit in any way our liability for:

- a. Death or personal injury caused by our negligence or the negligence of our employees, agents or subcontractors.
- b. Fraud or fraudulent misrepresentation.
- c. Breach of our statutory or regulatory obligations.
- d. Any liability which cannot be excluded or limited under applicable law.

We are not liable or responsible for any failure to perform, or delay in performance of, any of our obligations under these Terms of Business that is caused by an event outside our control. If you are a consumer, nothing in these Terms of Business affects your statutory rights.

LAW AND JURISTITION

These Terms of Business shall be governed by and construed in accordance with English Law. In relation to any legal action or proceedings arising out of or in connection with these Terms of Business we both irrevocably submit to the exclusive jurisdiction of the English courts.

YOU ARE DEEMED TO HAVE ACCEPTED THESE TERMS OF BUSINESS AND GIVE YOUR CONSENT FOR US TO OPERATE IN THE WAYS DESCRIBED, UNLESS YOU ADVISE US OTHERWISE WITHIN 7 DAYS OF RECEIPT.

February 2016