



Commercial Terms of Business

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Important Information and Commercial Terms of Business

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Important Information

1 Who are we regulated by?

The Financial Conduct Authority (“FCA”) is an independent watchdog that regulates financial services. We are authorised and regulated by them and you can check this on the Financial Services Register by visiting the FCA’s website <https://register.fca.org.uk/register/home.do> or by contacting the FCA on 0800 111 6768. Our permitted activities are recommending insurance policies (and in cases where we do not give a recommendation we will tell you); arranging insurance cover; dealing as agent and assisting with the administration and performance of policies – all in connection with general insurance.

2 Are we covered by the Financial Services Compensation Scheme (“FSCS”)?

Yes. You may be entitled to compensation from the scheme if we or your insurer cannot meet our obligations, depending on the circumstances of the claim. The FSCS does not apply to the following types of insurance: aircraft, ships, goods in transit, aircraft liability, ship’s liability and credit. Further information about compensation scheme arrangements is available from the FSCS at www.fscs.org.uk.

3 Complaints

Our objective is to provide a high standard of service to you at all times. However we recognise that things can go wrong occasionally and if this occurs we are committed to resolving matters promptly and fairly. If you wish to register a complaint please contact us:

- in writing, to the Managing Director at the address shown on the letter (or business card) that accompanies this document, or;
- by e-mail, using the email address shown on the letter document (or business card) that accompanies this document, or;
- by telephone, using the number shown on the letter document (or business card) that accompanies this document, or;
- in person, at the address shown on the letter (or business card) that accompanies this document.

In all cases please quote your policy number or other reference we have given you. If you are unhappy with our decision, or if we do not complete our investigation within 8 weeks, you may be entitled to refer your complaint to the Financial Ombudsman Service (FOS). The FOS is an independent service for settling disputes between businesses providing financial services and their customers (www.financial-ombudsman.org.uk). This service is free to customers. Our Complaints Procedure is available upon request.

4 Our remuneration

In good time, before the conclusion of each insurance contract, or upon renewal, we will remind you of your right to be informed of the level of commission we receive from underwriters. You are entitled, at any time, to request information regarding commission and other earnings we have received as a result of placing your insurance business.

5 Our services

Our services may include advising you on your general insurance needs, arranging insurance cover with insurers to meet your requirements, issuing policy documentation to you in a timely manner and helping you with any ongoing changes you wish to make to your insurance. We may also help you make a claim against your policy.

We will endeavour to ensure that the products or services we offer you match your stated requirements. We will seek to identify your insurance needs in reliance upon information which you provide to us. If we cannot match your requirements, we will explain the differences in the product or service we can offer you. If we cannot match all your requirements, we will seek to provide you with enough information so you can make an informed decision about your insurance.

We will explain the main features of the products and services we offer you including details of the insurer, main details of cover and benefits, any unusual restrictions or exclusions, any significant conditions or obligations which you must meet and the period of cover. If you need extra time to consider the products or services we have offered you, we will endeavour to confirm: (a) how long you have to accept the insurance on the terms we have offered, and/or; (b) give you a written quote if you request one, including all the information we believe you need to make an informed decision, and/or; provide you with a sample policy if you ask for one.

Where we are not providing advice or a recommendation we may ask you some questions to narrow down the selection of products we will provide details on. You will then need to make your own choice about how to proceed.

In helping arrange your insurance contract, the Towergate Group acts as an insurance intermediary. The insurance policies are underwritten by insurance companies who are not within the Towergate Group. Much of our work is done on behalf of customers; for instance, helping customers find an insurance policy that meets their needs. In such instances we act as our customers' agent.

As a Group, we also perform a range of services on behalf of insurance companies. These include the administration of insurance policies, the handling of insurance claims and, in some instances, we may agree and issue insurance contracts on behalf of insurance companies. The Towergate Group also includes business units which design and develop insurance policies on behalf of insurance companies. Such products may be marketed as products of the Towergate Group, but will always be underwritten by an insurance company outside of the Towergate Group.

In all situations where we act on behalf of insurance companies, we receive commissions and fees from those insurers. Such commissions and fees may vary depending on the performance and profitability of the underlying insurance products for those insurance companies. We may have performed any of these services on behalf of your insurer in relation to your insurance contract and may therefore receive or have received such commissions or fees directly from your insurer.

6 Charges we make for our services

In addition to commission paid to us by insurers, we may charge a fee for our services (typically when you buy or renew a policy) however you will always be informed of any such charge before

you purchase a policy. **Our fees are non-refundable even if you cancel your policy.** During the term of the policy we may charge up to £50 for issuing duplicate documents and up to £50 for changes to your policy. We may charge a fee for payments made with a credit card, up to £10 for transactions up to and including £500, and up to 4% of the transaction for amounts above £500. All fees are exclusive of any applicable tax that may be levied from time to time.

In certain circumstances your insurer may repay part of your insurance premium(s) to us. This can occur where, for example, the risk covered by your policy is reduced or the policy itself is cancelled. Where the amount of the refunded premium is less than £10 (per policy) we will retain such amount, but where a mid-term adjustment or cancellation charge is made we will set it off against such charge. This paragraph does not affect any cancellation/refund rights which you may have.

7 Which insurance companies do we use to select your insurance?

	Policy Type(s)
For the following insurance(s) that you have/will be quoted for, we have/will select your insurance policy/policies from a range of insurers.	
For the following insurance(s) that you have/will be quoted for, we offer you a policy/policies from a limited number of selected insurance companies. On request, we will give you a list of these.	
For the following insurance(s) that you have/will be quoted for, we have only offered you a policy/policies from one insurance company.	Public Liability & Treatment Risks Insurance
For the following insurance(s) we have used another broker to help us place your cover.	
For the following insurance(s) we have used another part of the Towergate Group of companies	

If you choose to pay your insurance by instalments we may use a scheme operated by the insurer who provides cover or a lender from a limited panel we use to provide finance.

8 The capacity in which we are acting

The following information is in relation to the insurances you have asked us to arrange.

Sourcing a suitable policy	We act as your agent	YES
	We act as agent of the insurance company	
Placing the insurance	We act as your agent	
	We act as agent of the insurance company	YES
In the event of a claim	We act as your agent	YES
	We act as agent of the insurance company	

We act as your agent in the event that you need to make a claim unless indicated above. For those policies arranged through another part of the Towergate Group, which will be identified in Section 4 above if relevant, claims are administered by our Underwriting Division and they will act as agent of

the insurance company.

Terms of Business

1 Terms of Business (“Terms”)

In these Terms references to “we” or “us” are to the firm whose details are set out in the covering letter that accompanies these Terms. We recommend that for your own benefit and protection you should read these Terms carefully. These Terms constitute our standard client agreement upon which we intend to rely and will apply to our appointment by you and the services we will provide. If you do not understand any point please ask for further information. **IN PARTICULAR we draw your attention to Section 4 and Section 8 of these Terms which relate to the amount you will receive if you cancel your policy, and the maximum amount we will be liable for in the event of our negligence.** These Terms supersede all proposals, prior discussions and representations (whether oral or written) between us relating to our appointment as your agent in connection with the arranging and administration of your insurance. These Terms constitute an offer by us to act on your behalf in the arranging and administration of your insurance – in the absence of any specific acceptance communicated to us by you (whether verbal or written) you are deemed to accept our offer to act for you on the basis of these Terms by conduct upon your instructing us to arrange, renew or otherwise act for you in connection with insurance matters. If you do not wish to be bound by these Terms then you should not instruct us to arrange, renew or otherwise deal with your insurance needs.

2 Fees in Lieu of Commission

This paragraph applies where we have, as an alternative to commission, agreed to charge fees in lieu (“FIL”). Where we have agreed to charge a FIL the services which we shall perform shall be set out in a separate service summary (“Service Summary”). Any commission which we receive which is directly connected with the insurances placed by us on your behalf will be retained by us and set off against the FIL and any other amounts from time to time due and payable by you under this Agreement. Unless otherwise agreed by us the FIL will cover the period set out in the Service Summary. The FIL is calculated by reference to the full term of insurance policy or policies arranged for you. Unless we agree otherwise no refund of any FIL or other remuneration shall be payable in the event that (for whatever reason) the actual period of insurance is less than the full term or you terminate this Agreement before the expiry of any policy arranged by us on your behalf. In the event that, as a consequence of any insurance being for less than the full term, or your termination of this Agreement, we are obliged to refund any commission which has been paid to us and retained by us in lieu of all or part of the FIL we reserve the right to charge you for the amount of commission refunded. We reserve the right to charge fees in addition to the FIL where you request services which go beyond those specified in the Service Summary. We will agree these additional charges with you before they are incurred, failing which the additional fee will be calculated by reference to the hourly charge out rate (from time to time) which applies to the staff involved in providing such additional services. The hourly charge out rate for any additional services is subject to any applicable tax which may be levied from time to time and does not include travelling or other expenses where the additional services are performed other than at our offices.

3 Your Duty to Provide a Fair Presentation

It is important that you tell us everything about you and what you want to insure, including any specific concerns that led you to seek cover. To do this you need to answer all questions we ask you accurately and to the best of your knowledge and ability by making specific enquiries of partners, directors and senior management involved in the business and its subsidiaries.

You must tell us of anything that may be relevant or important for insurers to know so that they can make decisions on whether to offer cover, the type of cover to offer, the terms to be applied and the required premium. If you don't do this and a relevant piece of information is missed then you may not be covered correctly, your insurance may be invalid or you may be charged a higher premium. If you are in any doubt/not sure then just tell us. For example you should inform us of any different, special or any unusual aspects of your business activities in comparison to what would be considered 'typical' in the market place for your trade, business or profession.

4 Cancellation and Mid-Term Adjustments

Please note that cancellation rights vary between insurers and you should check their documentation if you are considering cancelling your policy. To exercise your right of cancellation, you should contact the insurance company or contact us either by telephone or by letter in each case in the manner and within the time limits set out in your policy documentation. If you exercise your right to cancel your policy your insurer will, as a minimum, charge you for the period during which you were covered, and other charges may be applied to cover the insurer's and our costs in arranging the cancelled policy.

Be aware that some insurers do not offer any refund of premiums for cancelled policies. Where you cancel your policy or where you request a mid-term adjustment which reduces the cover provided under the policy, we may charge you for our time and costs. This will result in us reducing the amount refunded to you by the FULL amount of the commission and fees we would have received had you not cancelled or amended your policy. The reason for this is that the majority of our costs are incurred either in initially finding and setting up your policy or in the annual renewal process when we might check the ongoing suitability of the cover the policy offers. These costs are recovered through the commission and fees we earn. If you cancel, this does not give us an opportunity to recover the costs we incurred and would often result in us making a loss. However, any charge made will not exceed the cost of the commission and fees we would have earned.

Where you are paying for your insurance by instalments (and an instalment payment is not received by us or the relevant premium finance provider on or before the date when it is due to be paid) you agree that we may on your behalf instruct the insurer to cancel the insurance (or where the first instalment payment has not been received, notify the insurer that the policy has not been taken up) and offset any refund of premium which may be received against any money which you owe to us, the insurer and/or the premium finance provider. In such circumstances you will remain liable for any time on risk or other charge. You will also be responsible for putting in place any alternative insurance.

5 Our right to set off monies you owe us

We shall be entitled (but not obliged) without notice to you to set off any amounts due to us from you against any amounts which we may receive on your behalf (such as claims monies, refunded premiums and other sums).

6 Information on our remuneration

Other companies (including members of our group of companies) may act as underwriting agents, intermediaries for insurers or Lloyd's/London Market placing brokers in connection with your insurance. Where such companies are involved in placing or servicing your business they may charge an administration fee or other payment which will be passed on to you and disclosed separately from the cost of your insurance. Such businesses earn commission in respect of placing such business which is separate from that which we receive.

In addition to commission paid to us by insurers we may earn a "profit-share", management or administrative fees and other payments from insurers for efficiently managing business transacted with them. These payments may be calculated by reference to various criteria such as overall annual profitability of the insurance business transacted, taking into account the total amount of claims arising under policies we place with them. "Profit-share" payments are not directly referable to individual policies and consequently it is not possible to calculate such payments on an individual policy basis, meaning that we are unable to disclose to you how much your policy contributed to any "profit-share" payment we might receive. Ordinarily, and if such a "profit-share" payment is received (which is not guaranteed) it represents a small proportion of the normal commission we receive and will be retained by us.

Depending on the services you have asked us to perform we may earn referral fees from third parties which are incidental to the insurance arranged for you. Examples include arranging premium financing and risk management. In each case we will retain these payments.

From time to time insurers may make loan facilities available to us on commercially advantageous terms as an incentive for us to efficiently and profitably manage business transacted with them. This may involve (for example) reduced or nil interest rates and extended repayment terms which apply to such loans, provided we meet or exceed efficiency and profitability targets set by the insurers in respect of the business we have placed with them.

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

During the course of our appointment we may hold certain monies on your behalf. This may include premiums to be paid to insurers, commissions derived from your insurance, claims monies and other sums. Interest and investment returns are derived from such sums whilst temporarily held on your or your insurer's behalf will belong to and be retained by us in addition to any other remuneration which we may earn in connection with the services which you have asked us to perform.

7 Insurer Solvency

We endeavour to place business with insurers with adequate levels of financial solvency but cannot guarantee the solvency of any insurer.

We do not monitor insurer solvency on an ongoing basis, and shall not be liable for losses suffered by you in the event of the insolvency of an insurer.

8 Limitation/Exclusion of Liability

Your Attention is specifically drawn to this clause which limits or excludes our liability to you.

Our liability for losses suffered by you as a direct consequence of any negligent performance of our services shall be limited in all circumstances to **£10,000,000 per claim**. In respect of any other claim arising out of our performance or non-performance of the services hereunder our liability shall be limited to the amount of commission and fees which we have received for arranging your insurance cover during the 12 months prior to such claim arising. We shall not be liable to you for any economic loss, loss of profit or loss of business, whether directly or indirectly occurring and which arises out of or in connection with these Terms. Nothing in this paragraph shall exclude or limit our liability for death or personal injury caused by our negligence, or for loss caused by our fraud, wilful misrepresentation or breach of regulatory obligations owed to you. You are welcome to contact us to discuss increasing the limitations of our liability and/or varying the exclusions set out above. Please note however that an additional charge and other terms may apply should we agree to amend this clause.

9 How to make a claim

If you wish to report a claim or potential claim, please call the number shown on the headed paper (or business card) that accompanies this document. Please quote your policy number or other reference we have given you. Your insurance documents will also provide details as to how to make a claim and to whom to contact.

For some policies, Insurers give us authority to act on their behalf in settling claims. In these circumstances, and in recognition of a potential conflict of interest, we will seek your permission for us to deal with such a claim.

It is essential you notify us promptly after discovery of all incidents or allegations that may result in a claim against your insurance policy. You must do so whether you believe you are liable or not. Any failure to do so may result in your insurer refusing to accept a claim. Any letter or other communication making allegations which could give rise to a claim which is received by you from any third party must be passed to us immediately, without acknowledgment. Only by providing prompt notification of incidents can your insurance company take steps to protect your interests.

10 Terms of Payment

In the absence of any alternative terms which we agree with you in writing (such as payment by instalments which we can arrange for you) our payment terms are as follows:

- new policies – full payment of premium and fees on or before the inception date of the policy;
- mid-term adjustments to existing policies – full payment of any additional premium and fees on or before the effective date of the change;
- renewals – full payment of premium and fees prior to the renewal date.

We normally accept payment by bank transfer, cheque, debit or credit card or monthly instalment (full details available on request). It is imperative that you comply with all payment terms and due dates set out in this paragraph or any such other terms and dates which we agree can be substituted for any of them. In the event that you fail to pay any premium or other fees due within the payment terms a late payment fee of up to £50 may be charged and you will be liable for any extra costs incurred to recover the outstanding monies owed. Your insurer may cancel your policy from the inception or renewal date and any claims submitted may be rejected.

11 Payment of premium using our approved instalment provider

If you choose to pay for your insurance premium using our approved instalment provider, Premium Credit Limited (PCL) of Premium Credit House, 60 East Street, Epsom, Surrey KT17 1HB, your personal information, including bank details, will be passed to them and they will contact you directly in order to manage your chosen payment plan with them. We primarily use Premium Credit Limited to provide finance for our customers (we occasionally use other providers, where this is the case we will provide you with their details separately and will share your information with them) for the use of funding insurance premiums. We may receive a commission for introducing customers to a finance provider. We will provide you with a breakdown of the costs of your monthly instalments and you will subsequently receive a document outlining key features of the finance provider's credit agreement with you, it is important that you take the time to read all documentation and must contact us if you do not receive this information, as it will start to help you decide if the provider's product is right for you.

If you have any queries or questions either about the service provided by the finance provider or terms and conditions you should in the first instance be directed to them; PCL can be contacted on 0344 736 9836. Where your policy is paid via a finance provider and you choose to renew your cover (or we renew your cover pursuant to clause 12 of this agreement), we'll continue to pass your details onto the finance provider unless you instruct us otherwise. If any direct debit or other payment due in respect of the credit agreement to pay premiums is not met when presented for payment, or if you end the agreement, or if you do not enter into a credit agreement we will be informed of this by the chosen finance provider.

You have the right to cancel the credit agreement with any finance provider within 14 days from the day in which the agreement was made or the day in which you received the terms and conditions, whichever is later. You can do this without reason and by notifying either the finance provider or ourselves by phone, email or in writing. Once you have signed the credit agreement and the cooling off period has ended, any further rights you may have to cancel your credit agreement will be as stated in the provider's credit agreement or documentation with you. If you do not make other arrangements with us to pay your insurance premiums (please see clause 10 of this agreement) you acknowledge and agree that we may instruct on your behalf any relevant insurer to cancel the insurance and to collect any refund of premiums which may be made by the insurer. This may result in additional charges by your finance provider and action may be taken against you to recover the debt (as applicable and stated in their documentation to you).

Upon receiving your strict acceptance to pay for insurance premiums through our finance provider, we will instruct them to proceed with your application for credit. PCL may use a credit reference agency that leaves a record of the search or other information about you to carry out credit and anti-money laundering checks. You are entitled to request details of any credit reference agency consulted should this information be required.

If your application for credit is accepted in full, we would expect you to receive a welcome letter from our finance provider, details of pre-contractual Information and full terms and conditions of their credit agreement with you. It is your responsibility to ensure you take the time to read any documentation sent by the finance provider to ensure it meets your needs and financial circumstances. To account for any adjustments to your policy or future renewal, your agreement may have no fixed duration and so can remain in force until it is cancelled. Your credit agreement may be completed online, or sent to you at a later date to be signed and returned, if the credit agreement is not signed then your policy may be affected. To ensure your cover remains in force, the finance provider may begin collecting your direct debits before you accept and return your signed credit agreement.

We remind you to please read carefully the pre-contractual explanations and the information regarding the cost of credit (including any representative examples). Together this will provide you with important information in relation to the credit facility available from them.

To use PCL's facility you must be resident in the UK, aged 18 years or over and hold a bank or building society current account which can support direct debit payments and have not been declared bankrupt. Credit is available subject to status.

12 Renewal of Policies

Prior to the expiry of your policy where we will be inviting a renewal we (or your insurance company) will endeavour to send you details of the cost and terms to renew your policy.

In order to protect your interests relating to the risks/property you have insured, and in the event that we do not receive your instructions and payment prior to the date of renewal, we reserve the right (but shall have no obligation) to renew your policy and (in the case of direct debit/instalment payments) to continue to accept payment from you unless and until you specifically notify us or your insurance company in writing that you wish to cancel your policy. In circumstances where we have assumed (in the absence of instructions to the contrary) that renewal is required you may be liable to make payment to us and/or your insurance company.

13 How we hold your money

Premium(s) and any other monies we may hold on your behalf (for example refund premiums and claim cheques received from an insurer) will be held in Trust until such time as they are remitted by us to your insurance company/to you. This may be a Statutory or Non-Statutory Trust account operated in accordance with FCA regulations. However, some (but not all) of the insurance companies we deal with have agreed to deem any premiums that you pay to us as having been received directly by themselves.

This improves your protection against financial loss in the event of our insolvency. Please note that this is not the case for all the insurance companies we deal with and where this added protection does apply it may only extend to premiums, and not to any claim payment, refund or other monies that we may from time to time hold on your behalf. Should such an arrangement be agreed with an insurer(s) we may not hold your funds in Trust because of this added protection.

We will take commission earned from insurance companies in connection with your insurances, from the Statutory or Non-Statutory Trust account, only after we have received your premium (or received it from a third party finance provider on your behalf). This may occur before payment of the premium to the insurance company and will take account of the Terms of Business we have agreed with the insurance companies.

Where we hold money in a non-statutory trust we may use the funds in that account as a short term credit facility to fund another client's premium before it is received from that other client and/or to pay claims and premium refunds to another client before we receive the same from an insurer. The total funds held in the non-statutory trust account must always comply with the FCA regulations to ensure you are protected from loss.

Occasionally as part of the process of finding a policy that suits your requirements, we may pass your premium to another insurance intermediary who will also be required to hold your money in Trust until the premium is deemed to have been received by the relevant insurer. Between receiving any money from you and us passing it on to insurers (and vice versa), we may remove it from the Trust account in which it is held to another account in order to earn interest or other investment income from it. In such an event the account in which it is placed will be set-up with the same Trust protection as the account from which it is removed. To improve the efficiency of our business we may wish to transfer your policy between companies within the Towergate Partnership group of companies. In such circumstances we may transfer any money we hold on your behalf to a new bank account with the same trust protections as the existing account to ensure that the protection afforded to your money remains in place at all times. We will retain any interest or income accrued. By accepting these terms you consent to the way we will hold your premium (and/or other insurance related money) in accordance with this paragraph.

14 Confidentiality and Data Protection

All information about you of a sensitive or personal nature will be treated as private and confidential. We will however use and disclose the information we have about you in the course of arranging, placing and administering your insurance. This may involve passing information about you to insurers, other intermediaries, risk management assessors, uninsured loss recovery agencies and other third parties involved (directly or indirectly) in your insurance. We may also pass information about you to credit reference agencies and premium finance providers in connection with the assessment of your financial standing generally and, in particular, where you have requested a premium instalment plan – this may include details of your payment record with us. We may also pass information about you to other companies which are in, or are associated with, our group. We or they may also use the information we hold about you to provide you with information on other products and services we or they can offer and which we or they feel may be of interest to you. If you do not wish to receive marketing information from us or them, or for us to disclose information about you to other parties for marketing purposes, please contact us immediately. In the interests of security and to improve our service, telephone calls may be monitored and/or recorded.

15 No Waiver, Amendments and Our Right to Assign

A failure at any time by us to enforce any right or obligation shall not be deemed to be a continuing waiver of such right or obligation. Without the agreement of the other, neither we nor you may alter these Terms at any time during our appointment (including for the avoidance of doubt during the term of your insurance). We reserve the right to make amendments that are required to reflect a change of applicable law or regulation. Whenever possible we will provide at least one month's written notice to you, before any such changes take effect. We may freely assign or delegate all or any part of these Terms and/or the services to any third party only where such assignment or delegation ensures that your rights under this Agreement will not be prejudiced.

16 Governing Law

These Terms and conditions are governed by English Law and we both agree to submit to the non-exclusive jurisdiction of the English courts.

Information regarding your Insurance Policies - General

1 Companies Insured

If there are any subsidiaries or associated Companies that you intend to be protected by Insurances arranged by Towergate please ensure that these are noted on the documentation and advise us of any changes required.

2 Description of Your Business

We cannot over-emphasise the importance of your business being correctly described in the policy documents. You will appreciate that the policy will only provide indemnity for loss, damage or liability arising out of the business described. If the business description appearing in the documentation is inaccurate or your activities have changed, you must let us know immediately otherwise your cover may be prejudiced.

3 Reasonable Precautions

There is a common law duty on all insurance Policyholders to act as if uninsured and to take all prudent and reasonable steps to both prevent injury or damage of the type covered by the insurance and also, to take all such actions after the event as are sensible to minimise the loss. Failure to act in a reasonable manner may invalidate cover.

4 Remedies for Material Non-Disclosure or Misrepresentation

If a qualifying breach was deliberate or reckless, the insurer:

- (a) may avoid the contract and refuse all claims, and
- (b) need not return any of the premiums paid.

For example, an insured deliberately conceals known and material information from its presentation of the risk and does not even provide sufficient information to put the insurer on enquiry, making it an unfair presentation. This entitles avoidance but with no obligation to return premium.

Proportionate Remedies: non-deliberate or non-reckless breaches, in all other cases even where the mistake is innocent, the following proportionate remedies will apply, all being based on what the insurer would have done had it known the true facts:

1. If the insurer would not have entered into the contract on any terms: the insurer may avoid the contract and refuse all claims but must in that event return the premiums paid.
2. If the insurer would have entered into the contract but on different terms (other than terms relating to the premium): the contract is to be treated as if it had been entered into on those different terms if the insurer so requires, even if the insured would never have accepted such terms.

3. In addition, if the insurer would have entered into the contract but would have charged a higher premium (whether the terms relating to matters other than the premium would have been the same or different): the insurer may reduce proportionately the amount to be paid on a claim.

Property Insurance

1 Material Damage Sums Insured

It is essential that the sums insured selected by you are correct as if they prove inadequate at the time of a loss the claim will be reduced in proportion to the degree of under-insurance by the condition of Average. (Please see a description of Average below). The sum insured for Buildings should represent the cost of rebuilding the premises in their existing form including allowance for site clearance costs and professional fees. The sum insured for Trade Contents other than Stock should represent the cost of replacement with equivalent new items. If you wish to insure any items on a 'current market value' basis please discuss this with us. We do not act as valuers and it is your responsibility to ensure that the sums insured under your policy are what you consider to be adequate. If you are in doubt we recommend that a professional valuation is obtained.

2 Average Clause

The term average means that if the sum insured at the time of a loss is less than the insurable value of the insured property, the amount claimed under the policy will be reduced in proportion to the under insurance.

In these circumstances, the insurer may choose to "apply average" to the claim under an "average clause". This means that where the sum insured is inadequate, the insurer can reduce its liability for a claim by applying a proportionate approach. The sum to be paid out is usually calculated as follows:

$$\frac{\text{sum insured} \times \text{loss}}{\text{true value at risk}} = \text{claim sum paid}$$

3 Professional Valuation Service

If you have not had a professional building reinstatement valuation assessing the cost to reinstate your property within the last 3 years, there is a strong possibility you could be underinsured which could lead to significant financial loss in the event of an insurable loss, such as a fire or flood. You may even be significantly over-insured and paying unnecessary premiums. We recommend a reinstatement cost assessment for insurance purposes is undertaken every 3 years and the Towergate approved insurance valuation service is designed to provide you with complete confidence in your building sum insured and guard you against the impact of being underinsured in the event of a loss. Please contact us immediately should you require a quotation. Please be advised this service is not regulated by the Financial Conduct Authority.

4 Business Interruption Insurance

Whilst Property insurance covers the physical assets of a business (i.e. Buildings, Machinery, Stock, etc.), Business Interruption (BI) insurance covers the loss of earnings and additional expenses incurred following a loss. Two items are critical in ensuring BI insurance is arranged correctly - the "Indemnity Period" and the "Sum Insured".

The Indemnity Period

The Indemnity Period selected should represent the maximum time that can reasonably be anticipated for a business to be financially affected by an insured loss. Factors that can impact the length of Indemnity Period include:

- Demolition of existing buildings and site clearance;
- Re-design, planning permission, tendering for new premises;
- Re-construction itself;
- Replacement of equipment and specialist machinery;
- Replacement of stock;
- Restoration of supplier and customer base.

It is important for a 'worst case scenario' to be envisaged when deciding upon an adequate Indemnity Period to ensure that the BI policy will provide cover until the business reaches the operational level that it would have achieved, had it not been for the loss.

The Sum Insured for many businesses, the basis of the Sum Insured will be the annual Gross Profit figure, which for BI purposes represents: "annual turnover plus closing stock and work-in-progress less opening stock and work-in-progress plus variable expenses".

Variable expenses are those expenses which would reduce, or disappear entirely, in the event of a stoppage to the business. Once an accurate and current Gross Profit figure has been calculated, it must be adjusted upwards to allow for anticipated growth in the business during the period of insurance itself and the Indemnity Period selected, bearing in mind that it is possible for a 'worst case scenario' loss to occur on the last day of the period of insurance. As an example, if the current annual Gross Profit figure is £100,000 the period of insurance is 12 months, the Indemnity Period selected is 24 months and business growth is estimated at 10% per annum, the correct Gross Profit sum insured is £254,100 :

Current Gross Profit = £100,000

Gross Profit during 12 month period of insurance = £100,000 + 10% = £110,000

Gross Profit during 1st year of Indemnity Period = £110,000 + 10% = £121,000

Gross Profit during 2nd year of Indemnity Period = £121,000 + 10% = £133,100

Gross Profit sum insured = £121,000 + £133,100 = £254,100

In the event that the Gross Profit sum insured is not calculated correctly, there is likely to be underinsurance and Average would apply to the settlement of any claim. Other bases of calculating a BI sum insured, depending upon the type of business involved, include Gross Rentals, Gross Revenues or Gross Fees.

If the cover is arranged on a Declaration Linked basis this may well offset the need for projection but the selected indemnity period and any exceptional changes to the business will still need to be taken in to account.

Whilst we are able to provide guidance on Indemnity Periods and Sums Insured, we do not accept any responsibility for the adequacy of your Indemnity Period and Sums Insured – and in some instances, you may need to consider the assistance of a suitable professional service.

Liability Insurance

1 Liability Indemnity Limits

The indemnity limits stated under your Liability policy should be reviewed as court awards and legal costs continue to increase. For Employers Liability claims the indemnity limit applies to all claims arising from any one incident and is inclusive of defence costs.

2 The Employer's Liability (Compulsory Insurance) Regulation 1998

With effect from 1 January 1995 all United Kingdom Employers Liability covers provide a standard limit of indemnity of £10,000,000 (other than for Terrorism and Offshore risks) and therefore the limit is sufficient to meet the terms of the above Regulations. As a result of the Employers Liability (Compulsory Insurance) (Amendment) Regulation 2008 there is no longer a legal requirement for Employers to retain copies of expired Employers Liability Certificates for 40 years. However, we would strongly recommend that you either continue to retain expired Certificates or maintain a detailed record of your Employers Liability Insurance Policies. Should you fail to keep this, you place your business at a risk of having to meet the costs of such claims as you may be unable to prove who the Insurer was at a particular period. Your Certificate of Employer's Liability must be displayed in a visibly prominent place by Law, however, with effect from October 2008, you may display your Certificate in an electronic format provided that all Employees have immediate access to the document at all times.

Motor Insurance

1 The Motor Insurance Database (MID)

The Motor Insurance Database (MID) was established by the Government in 2003 as part of the Motor Vehicles (Compulsory Insurance) Regulations. This legislation places a direct obligation on the Motor Fleet or Motor Trade policyholder to update the Database with accurate details of all road-registered vehicles held for a period of more than 14 days, including temporary vehicles. Failure to supply or maintain vehicle data on the MID may result in prosecution and a fine of up to £5,000. In addition, increasing use of ANPR (automated number plate recognition) technology by the Police has resulted in over 100,000 vehicles being seized each year and over 40,000 crushed (Motor Insurers' Bureau). If your vehicle is not on the Database when the enquiry is made (even if you have a valid 'open' Certificate of Motor Insurance), the Police will assume it is not insured! If your vehicle is impounded, in addition to the inconvenience, you will have to pay the cost of recovery and storage