



Terms of Business – B&M Insurance

1. Status

B&M Insurance is a trading style of Bricks and Motor Insurance Brokers Ltd and are independent insurance broker acting on your behalf as an agent to arrange your insurance cover. We offer a wide range of insurance products, and have access to the leading insurers in the market place. We aim to offer the highest standards of service in establishing appropriate insurance cover against your requirements.

We are authorised and regulated by the Financial Services Authority (FSA). The FSA is the independent watchdog that regulates financial services. Use the information to decide if our services are right for you. Our registration number is 306923. These details can be checked by visiting the FSA website at www.fsa.gov.uk/register or by contacting them on **0845 606 1234**.

2. Service

Our service includes: advising you on your insurance needs; arranging insurance cover with insurers to meet your requirements on the basis of a fair analysis of the market; and helping you with any ongoing changes you wish to make. We will make sure, as far as we are able, that the products or services we offer you match your requirements: A list of all the products we offer along with the list of insurers we use is available on request.

- If it is practical, we will identify your needs by getting relevant information from you.
- We will offer you products and services to meet your needs and any requirements you have.
- If we cannot match your requirements, we will explain the differences in the product or service that we can offer you.
- If it is not practical to match all your requirements, we will give you enough information so that you can make an informed decision about your insurance.

We will explain the main features of the products and services that we offer including who the insurer is, all the important details of cover and benefits, any significant or unusual restrictions or exclusions, any significant conditions or obligation which you must meet and the period of cover.

If you want to consider the products or services we have offered you, we will:

- (i) Confirm how long you have to take up your insurance on the terms we have quoted to you;
- (ii) Give you a written quote if you require one, including all the information you need to make an informed decision; And provide you with a sample policy if you ask for one.

3. Duty of Disclosure

It is your responsibility to provide complete and accurate information to insurers when you take out an insurance policy, throughout the life of the policy, and when you renew your insurance. It is important that you ensure all statements you make on proposal forms, claims forms and other documents are full and accurate. Please note that if you fail to disclose any material information to your insurers, this could invalidate your insurance cover and could mean that part or all of a claim may not be paid. Commercial customers should take particular care to check the accuracy of all information provided.

4. Policy Booklets on Renewal

Upon renewal, policyholders will not always be sent a policy booklet/wording to compliment your policy schedule if you renew with the same insurers. Policyholders have the right to request a policy booklet/wording, which we receive from insurers. You are entitled, at any time, to request a new policy booklet/wording on renewal we may have received as a result of placing your insurance business.

5. Information on costs

We will provide you with details of the costs of each insurance product or service we are offering. In addition to the premiums charged by insurers, we may also make charges to cover the administration of your insurance. If you are a Private customer, full details of our standard charges can be found in our current Tariff of Charges, a copy of which will be provided to you before you make a commitment to buy your insurance. If you are a Commercial Customer, any specific charge and its purpose will always be advised to you in advance. We may earn additional income from insurers for managing their over all account efficiently and profitably. We may also earn an additional income from the provision of independent premium finance facilities, uninsured loss recovery and risk management services.

For Private Customers, we normally accept payment by cash. Subject to status, you may also be able to spread your payments through insurers' instalment schemes or a credit scheme that we have arranged with a finance provider on your behalf. We will give you full information about your payment options when we discuss your insurance in detail. For Commercial Customers, we will agree the method of payment when arranging your insurance. Commercial customer under a FSA ruling have the right to request information about any commission received in relation to their policy, prior to the conclusion of their contract.

Prior to the conclusion of each insurance contract, or upon renewal, you have the right to be advised of the level of commission, which we receive from underwriters. You are entitled, at any time, to request information regarding any commission, which we may have received as a result of placing your insurance business

6. Client Monies

The majority of insurers that we place business with accept risk transfer whereby the insurer accepts at law responsibility for the money held by ourselves. For those insurers who do not accept risk transfer, client monies will be held in a statutory trust account, whereby client money is held on trust in the legal ownership of Bricks and Motor Insurance Brokers Ltd, but remains in the beneficial ownership of the client. We will retain any interest earned on client money held by Bricks and Motor Insurance Brokers Ltd., for our own use.

7. Notification of Incidents

It is essential that you immediately notify us of all incidents that may result in a claim against your insurance policy. You must do so whether you believe you are liable or not. Any letter of claim received by you must be passed to us immediately, without acknowledgement. Only by providing prompt notification of incidents can your insurance company take steps to protect your interests.

8. Terms of payment

Our payment terms are as follows (unless specifically agreed by us in writing to the contrary):

- New policies: immediate payment on the inception date of the policy.
- Alterations to existing policies: immediate payment on the effective date of the change.
- Renewal: due in full by the renewal date. Unless we receive your instructions to lapse a policy before the renewal date we will assume the renewal is required and you will be liable to make payment to us.

In the event that payment is not received from you in accordance with the above terms, we will take whatever steps we see fit to mitigate our position. This may include cancellation of your policy/policies. This could invalidate your insurance cover and could mean that part or all of a claim may not be paid.

Whereas the company incurs legal costs and wasted administrative and management time if customers fail without proper excuse to pay invoices rendered by the company when due for payment, and whereas the firm considers it reasonable and appropriate that any such defaulting customer should contribute to such costs

Accordingly the following cumulative collection charges ("the Collection Charges") shall be payable by the customer in the event of non-payment of fees or charges ("the Fees") due to the company in respect of the company's provision of its services and arranging or procuring insurance:

- i) Solicitor's letter to customer for non-payment of an account due: £47
- ii) Solicitor's fee for issue and conduct of the debt proceedings in the small claims track: £440.63

Total Collection Charges (i) + (ii) = £487.63

The figure under paragraph (ii) above is exclusive of and in addition to all court fees incurred and fixed costs endorsed on any relevant Court Claim Form as may be awarded by the Court.

In the event that the company is registered for VAT at the time any relevant collection charge is levied, the Collection Charges will be reduced by, in the case of i) above £7 and in the case of ii) above £90.63. At the time of first publication of these terms of business, the company was not registered for VAT.

Nothing in the above fee scale is intended to inhibit the rights of any customer to present any complaint about the company's services

9. Commissions

We usually receive a commission from the insurance provider with whom we place your business, and in such a case, the commission will be due to us either when we are in receipt of cleared funds from yourself (or the premium finance company, if one has been used) or, when the insurer has received cleared funds from us in respect of the premium due under your policy.

The individual agreements we have with each insurance provider will determine which of the two methods above is used to make this transfer of commission.

We also receive commission for arranging finance agreements for the payments of insurance premiums and this is usually expressed as a percentage of the individual loan and is paid to us directly by the premium finance provider.

We may also receive a commission or fee for passing introductions to other professional firms

10. Claims

Your policy document will generally give you details on whom to contact in order to make a claim. If this information is not provided, or you require assistance, please contact us. We will then advise you as to what action is required and by whom. You will be required to provide full details of your claim. You will be advised as to how you should do this.

12. Confidentiality

All information about you will be treated as private and confidential. We will only use and disclose the information we have about you in the normal course of arranging and administering your insurance. We may pass information about you to credit reference agencies for the purpose of arranging payments by instalments and may also pass them details of your payment record with us. We may also use the information we hold about you to provide you with information on other products and services we can offer which we feel may be appropriate to you. If you do not wish to receive marketing information from us or for us to disclose information about you to other parties for marketing purposes please write to us at the above address. Under the Data Protection Act 1998 you have the rights of access to any personal information we hold about you in our records. If you have any queries concerning this please contact us at the above address.

13. Complaints

It is our intention to provide you the highest level of customer service at all times. However, if you should feel dissatisfied with your insurance cover in any way, or with the levels of service we have provided, then we operate a comprehensive Complaints Procedure to assist you with your complaint. Should you have a complaint about anything, contact Kevan Haughton at:

**B&M Insurance,
52a Bolton Street,
Bury,
Lancashire,
BL9 0LL
Telephone: 0161 763 8222**

In line with our complaint procedure, we will formally log the complaint and refer the matter to a staff member who is independent from the reason for the complaint. All complaints that are not satisfactorily resolved within 24 hours will be acknowledged in writing promptly within 3 business days of receipt and we will do our best to resolve. You will also be kept informed of any significant developments. If we cannot resolve the problem by the fourth week after the complaint is made, we will let you know when an answer can be expected. If we have not resolved the situation within eight weeks, you may be entitled to refer it to the Financial Ombudsman Service, for an independent assessment and opinion. A copy of our complaints procedure is available on request.

The FOS Consumer Helpline is on **0800 023 4567** or **0300 123 9123** and their address is:
Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR
Version 1.5

14. Are We Covered By The Financial Services Compensation Scheme?

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. Insurance advising and arranging is covered, 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 information about the compensation scheme arrangements is available from the FSCS website www.fscs.org.uk

Tariff of Charges

In line with current trends, we have found it necessary to charge fees for our professional services on the sale of policies and for adjustments made to your cover mid term. Summaries of these are:

<u>Adjustment</u>	<u>Fee Applicable</u>
▪ Change of Vehicle	£15.00
▪ Change of Cover	£15.00
▪ Change of Drivers	£15.00
▪ Change of Use	£15.00
▪ Duplicate Certificate	£15.00
▪ Change of Address	£15.00
▪ Cancellation of policy	£20.00 plus loss of commission amount
<u>Additional Covers</u>	<u>Fee Applicable</u>
▪ Instalment by post dated cheque (<i>per payment</i>)	£ 5.00
▪ Motor Legal Protection	£25.00
▪ Family Legal Protection	£17.50
▪ R.A.C Motor Breakdown Cover	£65.00
▪ New Policies	£25.00 <i>or more dependent on work involved</i>
<u>Payment Card Charges</u>	<u>Fee Applicable</u>
▪ Payment by Credit Card	2% on the amount being collected
▪ Payment by Debit Card	50p
<u>Direct Debit Charges</u>	<u>Fee Applicable</u>
▪ Setting up a direct debit agreement	£12.50
▪ Default on direct debit payment	£10.00 <i>each time after the first time</i> *
▪ Unpaid Cheques	£20.00 **

* *This will be in addition to the £20 charge levied by Premium Credit*

** *You will then only be allowed to pay by cash or card*

Glossary

Material Fact:

is a fact that would influence an underwriter in either accepting or declining a risk, and if accepting at what premium. Basically if you think that by giving an underwriter some information it may increase the premium or prevent them providing insurance then it is probably material and you must advise us of the information.

Non Disclosure:

Failing to advise an insurance company or underwriter of a Material Fact. This could result in your insurance becoming void and an insurer not paying out a claim

Disclosure:

It is your duty to disclose all Material Facts and give an insurance company or underwriter all the facts that will allow him to assess the risk. This is embodied in many legal cases and is known as "utmost good faith".

Warranties:

Warranties are imposed on policies to ensure that a certain "thing" is done and must be complied with word for word. If a warranty is breached then the whole policy becomes void and any claim, even though it may have nothing to do with the warranty, will not be paid.

Implied:

Some warranties are implied. For instance disclosure of all material facts is in effect a warranty. There is an implied warranty in that you must keep a building in a good state of repair and not leave it unoccupied or neglected.

Written:

Most warranties are written and detailed in the policy schedule and the wording will usually start with "It is warranted that...."

Conditions:

Conditions are slightly different to warranties but breaching them will have the same effect as breaching a warranty. The policy may be treated as void from inception and no claims will be paid. Conditions will require you to do something or create a responsibility, but only apply to one section or area of a policy so breaching an unrelated condition will not result in the whole policy becoming void.

Conditions Precedent:

Some conditions do impose a responsibility on you to have done something or completed something before a certain section of the policy will operate.

General Condition of Average:

If you do not insure for the full amount then your claim may well be reduced. If you deliberately under insure then the insurer may have a right to avoid the policy from inception unless you tell them that the sums insured do not represent the full value of something at inception. If that is the case let us know and we may be able to arrange insurance on a special basis.

Average

Normally this is a mathematical term but in an insurance policy it is a **penalty** that reduces your claim if the sum insured is not high enough. It never pays to scrimp on the sum insured. It is your responsibility to choose the sum insured so if you are in any doubt how to do that, ask your broker to explain.

Insurable Interest

In simple terms, if anyone likely to lose money, property or rights in the event of a loss wants to be paid out under the policy, then they must have their names mentioned on the policy. It is no good insuring a property owned by John in a policy owned by Sam unless there is a note in the policy making the ownership clear. If nothing is mentioned then the insurer will assume that everything is owned by the policy holder.

Indemnity Period

This is the period after an insured event which it takes to get back to the position an insured would have been if the loss had not occurred. **IT IS NOT** the period to get back up and going again. In the event of a total loss it is rare indeed that a business other than a professional or office based business could get back to the position it would have been in just 12 months.

Gross Profit

Now more commonly referred to as "insurable gross profit" it is not the gross profit figure from your accounts. As a rough guide your gross profit sum insured should be in the region of turnover less purchases. Remember also to consider the level of turnover you might be experiencing one year from inception plus your chosen indemnity period. It could be much higher than your current turnover or the historical turnover from your accounts.

Duty of Disclosure

It is an onerous responsibility. You have to tell the insurer anything that you know or should know which might affect the way they view the risk you are insuring. That includes the property insured, the area around it, the owners of the property, the insured and what goes on in the property and the business itself whether at the premises or elsewhere.

In short, anything which could increase the risk of a claim or which might influence an underwriter in deciding whether to insure and at what terms. If in doubt, disclose. The duty continues up to the point the policy starts so make sure you notify any changes between proposal, the time your broker gathers information from you and then. The duty arises again at each renewal and may exist at all times if there is an increase of risk clause under your policy.

Excess

This is the first part of a loss that insurer will not pay. You may have a compulsory excess or you may choose one to reduce the premium.