

General Insurance



Always giving you extra

GENERAL INSURANCE INTERMEDIARY TERMS OF BUSINESS

THESE TERMS OF BUSINESS ARE MADE BETWEEN

LBIS, we, us, our	Lloyds Bank Insurance Services Limited (company number 968406), whose registered office is at 25 Gresham Street, London EC3V 7HN
The Intermediary, you, your	The individual(s), company, sole trader, partnership or limited liability partnership submitting General Insurance Business to us in accordance with these Terms of Business (as more particularly identified in the Registration Data)

CONTENTS

1	DEFINITIONS
2	SCOPE, COMMENCEMENT AND DURATION
3	POLICIES
4	YOUR STATUS AND OUR STATUS
5	YOUR GENERAL DUTIES AND WARRANTIES
6	COMMISSION
7	UNEARNED COMMISSION
8	LATE PAYMENT
9	DOCUMENTATION AND INFORMATION
10	INTELLECTUAL PROPERTY RIGHTS
11	CONFIDENTIALITY
12	OUR POLICYHOLDER INFORMATION AND YOUR CLIENT INFORMATION
13	USE OF THE WEBSITE
14	DATA PROTECTION
15	INFORMATION SECURITY
16	MONEY LAUNDERING
17	AUDIT RIGHTS
18	OUR LIABILITY AND YOUR LIABILITY
19	TERMINATION
20	CONSEQUENCES OF TERMINATION
21	NOTICES
22	ENTIRE AGREEMENT
23	AMENDMENTS
24	GENERAL
25	GOVERNING LAW AND JURISDICTION
SCHEDULE 1	COMPLAINTS
SCHEDULE 2	COMMISSION CLAWBACK STRUCTURE
SCHEDULE 3	INTERMEDIARY BUSINESS DETAILS

1 Definitions

1.1 In these Terms of Business the following expressions shall have the meanings defined in this clause, except where the context otherwise requires:

"AML Requirements" all Applicable Requirements relating to anti-money laundering,

	including the European Council Directives on Money Laundering, the UK Money Laundering Regulations and the Prevention of Money Laundering Guidance Notes for the UK Financial Sector (and all Directives, Regulations and Guidance Notes issued in substitution, amendment or addition to these)
"Applicable Requirements"	all laws, regulations and rules, which apply to, or are relevant in connection with, the activities undertaken pursuant to these Terms of Business including the FSMA, the Regulatory Rules and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, as amended or replaced from time to time
"Application"	any application or introduction in relation to General Insurance Business that you send to us
"Applicant"	a person or persons whose Application in relation to any General Insurance Business is sent to us or our Nominated Representative by you
"Associated Company"	has the meaning given to such term in section 416 of the Income and Corporation Taxes Act 1988
"Business Day"	any day on which clearing banks are open for business in London (excluding Saturdays, Sundays and public holidays)
"Brands"	any names, get ups, trading marks, trading names, business names, logos or other indicia which any member of the Lloyds Banking Group owns or uses in its business from time to time
"Cancelled from Outset"	a Policy is deemed to be cancelled from outset if: <ul style="list-style-type: none"> • it never goes on risk; or • it is discontinued as a result of: <ul style="list-style-type: none"> (a) having been mis-sold; or (b) the Client cancelling the Policy during any cooling-off period; or (c) the Client does not pay the first premium or instalment on the Policy for any other reason;
"Client"	a person or persons whose Application is sent to us by you (whether or not their Application is successful)
"Commission Arrangement"	the arrangement as to the form and frequency of payment of Commission pursuant to these Terms of Business

"Commission"	commission payable to you pursuant to clause 6 of these Terms of Business in respect of each Policy taken by a Customer who was introduced to us pursuant to these Terms of Business. For avoidance of doubt commission shall be payable in relation to new Business and renewals
"Commission Paid On Indemnity Terms"	Commission subject to repayment save to the extent it is Earned as the Policyholder pays instalments on Premiums
"Complaint"	has the meaning given to such term in Schedule 1
"Confidential Information"	<p>all information (including Our Policyholder Information and Your Client Information) which consists of:</p> <ul style="list-style-type: none"> • the existence and terms of these Terms of Business; • all information (of whatever nature and however recorded or preserved) disclosed by one party (the "Disclosing Party") to the other party (the "Receiving Party"), which: <ul style="list-style-type: none"> (a) is marked as or has been otherwise indicate to be confidential; (b) derives value to party (or to any Associated Company of that party) from being confidential; (c) would be regarded as confidential by a reasonable business person; or (d) constitutes know how as to the running of the business of a party, including its organisational administrative and management techniques methods and processes, and its skills and experience built up through its business activities
"Control"	has the meaning given to such term in section 416 of the Income and Corporation Taxes Act 1988
"Customer Information"	the names and/or addresses and other information relating to Applicants supplied by, or on behalf of one party to the other for the purposes of this Agreement
"Default"	any breach by us or our obligations under these Terms of Business or any failure by us to discharge any other obligation or duty (whether in contract including under an indemnity or warranty) tort (including negligence), misrepresentation, under

	any Applicable Requirement or otherwise arising in connection with these Terms of Business, save that a breach by us of our obligations under these Terms of Business to pay Commission shall not be termed a "Default" for the purposes of clause 18
"Designated Individuals"	has the meaning given to such term in clause 14.6.10
"Directive"	the EC Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data
"DP Act"	the Data Protection Act 1998
"Effective Date"	either of the date upon which you first submit an Application to us or our Nominated Representative after the Publication Date and upon and from which date you accept the terms and conditions of this Agreement, or the date shown in Schedule 2, whichever is the earlier in time
"Financial Sanctions Legislation"	any Applicable Requirements of any jurisdiction or of the international community as a whole which provide for the levying of sanctions and measures of a financial nature against listed individuals, organisations countries or states
"FCA"	the Financial Conduct Authority or any successor body or bodies
"FSMA"	Financial Services and Markets Act 2000
"General Insurance Business"	all and any Application introduced by you to us pursuant to or in connection with these Terms of Business together with any ancillary or related activity
"Halifax Brand Use Guidance"	any rules of use or guidance as to use of the Brands issued to you from time to time including any provided together with our approval given in accordance with clause 10
"Handbook"	the Handbook of rules and guidance issued by the Financial Conduct Authority and Prudential Regulation Authority, as applicable, in force from time to time
"Indemnity Terms"	Commission paid in advance and which is subject to repayment save to the extent it is subsequently earned as the Policyholder pays instalments on Premiums
"Information Security Breach"	has the meaning given to such term in 15.4

"Intellectual Property Rights"	trade marks, trade names, service marks, design rights, copyrights (including copyrights in databases), know-how and other intellectual property rights of whatever nature (whether or not registered)
"IMD"	the European Parliament and Council Directive of 9 December 2002 on insurance mediation (No 2002/92/EC)
"Intermediary"	an authorised person or authorised professional firm carrying on insurance mediation activity as defined by the IMD
"IPT"	insurance premium tax as provided for in the Finance Act 1994 and the Insurance Premium Tax Regulations 1994 or any similar tax payable in respect of insurance premiums which replaces or supplements it
"Lloyds Banking Group"	us and any Associated Company
"Loss"	any loss, liability, cost, charge, damage, expense (including reasonable legal and professional fees), action, proceeding, claim or demand, in all instances whether incurred directly, indirectly, incidentally or consequentially, including any loss of profit, economic loss, loss of business, anticipated savings, taxation, punitive or special loss, loss of opportunity, loss of reputation or goodwill or any loss of data
"Marketing Material"	any and all communications, promotional or sales literature or materials in respect of a Policy (including Signposting) (in whatever media, whether written, visual or scripts for verbal conversations) but for the avoidance of doubt shall not include any Policy Documents or any outputs from the Website quote system
"Nominated Representative"	a third party appointed by us to carry out our obligations under this Agreement from time to time, including (but not limited to) an Underwriter
"Our Policyholder Information"	any data and/or other information (in whatever medium) held from time to time by or on behalf of LBIS, our Nominated Representative and/or any other member of the Lloyds Banking Group in relation to our Policyholders

"Permission"	a permission (as such expression is defined in the Glossary of the Handbook)
"Personnel"	your directors, officers, employees, representatives, partners, agents and contract staff including any independent contractors engaged to fulfil your duties in connection with these Terms of Business
"Policy"	a Halifax branded general insurance contract (as such expression is defined in the Glossary of the Handbook) underwritten by the Underwriter
"Policy Documentation"	all literature and materials relating to Policies including any policy booklets, policy schedules, certificate of insurance, policy summaries, key features, proposal forms, statements of price, IMD-required information, claim forms and other claims literature and materials
"Policyholder"	a Client who enters into a Policy with an Underwriter as a result of an Application
"PRA"	the Prudential Regulation Authority or any successor body or bodies
"Premium"	the gross selling price of any Policy payable by your Client to us, including any commissions, fees and any IPT
"Registration Data"	all that information provided by you or held by us relating to you, your Personnel and/or your Commission Arrangement(s)
"Regulatory Rules"	the obligations set out in the Handbooks and such other rules, regulations, codes of practice, guidance, practice requirements and appendices issued by the FCA and, to the extent relevant to either of the parties, the PRA from time to time
"Sanctions List"	any list maintained pursuant to any Financial Sanctions Legislation including any list maintained by the Foreign & Commonwealth Office, HM Treasury or the Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury
"Secure Medium"	any means of communication which, as determined by the LBIS and notified to you from time to time, is a secure means of communication, free of the risk of interception by third parties or for which such risk is minimised to a level satisfactory to LBIS, and which, at the date of these Terms of Business, shall be communication by a secure courier or encrypted email

"Signposting"	all and any material on a website run by you or on your behalf that promotes, gives information about or otherwise relates to any of the Policies or us, which material may include graphic representations, buttons, banners, text and hypertext links, application terms and terms and conditions
"Terms of Business"	the terms set out in this document, together with the Registration Data and the Website Terms of Use, as may be amended by us from time to time
"Website"	the website available at " www.halifax-intermediaries.co.uk " any successor website or any other such other URL or electronic address notified to you by LBIS from time to time and the term "Website" shall also cover all facilities provided in connection with the aforesaid website, including email and any third party electronic facilities
"Website Terms of Use"	the terms in force from time to time and governing your and your Personnel's use of the Website referred to as such and set out on the Website and as amended from time to time by us or our Nominated Representative
"Your Client Information"	any data and/or other information (in whatever medium) held from time to time by you or on your behalf in relation to your Clients
"Underwriter"	Legal & General Insurance Limited or such other underwriter (which may include part of the Lloyds Banking Group) as we shall notify you from time to time

1.2 In these Terms of Business the headings are for reference only and shall not affect the interpretation of any provision.

1.3 A reference in these Terms of Business to:

1.3.1 the singular shall include the plural and vice versa;

1.3.2 a gender shall include all genders;

1.3.3 a person shall mean a natural or legal person, company, limited liability partnerships, unincorporated association or partnership;

1.3.4 a party shall be to either of the parties to this Agreement and their lawful assigns and successors in title;

- 1.3.5 a directive, statute, order, regulation or other similar instrument shall include any amendment, extension or subsequent re-enactment of it and any subordinate instrument enacted pursuant to it; and
- 1.3.6 the expression "including" shall mean including without limitation to the generality of any description, definition, word or phrase preceding it and the word "include" and its derivatives shall be construed accordingly.
- 1.4 In these Terms of Business words and expressions which are not defined in clause 1.1 above but which appear in these Terms of Business as defined terms will have the same meanings as they have for the purposes of the Glossary to the Handbook as amended from time to time.
- 1.5 The expressions "**data controller**", "**data processor**", "**data subject**" and "**personal data**" shall bear the meanings given to such terms in the DP Act and the "**data protection principles**" shall be the principles set out in Part I of Schedule 1 of the DP Act.

2 Scope, commencement and duration

- 2.1 These Terms of Business set out the basis on which you are permitted to submit Applications to us, or at our discretion, directly to our Nominated Representative. Any reference, in these Terms of Business to an Application submitted to us shall be deemed to include any Application submitted to our Nominated Representative under these Terms of Business.
- 2.2 These Terms of Business supersede any previously issued Terms of Business relating to Application of Customers to us. Any Terms of Business issued by you shall not be binding on us and we will not accept Applications from you on any basis other than these Terms of Business.
- 2.3 However, these Terms of Business do not apply to your dealings with any other part of the Lloyds Banking Group (where other terms and conditions may apply). For the avoidance of doubt these Terms of Business do not apply to any Lloyds-, Scottish Widows-, Birmingham Midshires- or Intelligent Finance-branded General Insurance Business, save that where a Halifax branded General Insurance product is rebranded with another Lloyds Banking Group branding these Terms of Business may continue to apply to that product with the parties' agreement.
- 2.4 Where you have agreed separate terms of business with a company or division within the Lloyds Banking Group other than us and there is an apparent conflict between those terms and these Terms of Business, the former will take precedence to the extent that they relate to your relationship with the relevant

Lloyds Banking Group company and to the extent necessary to resolve such conflict and these Terms of Business will take precedence to the extent that they relate to General Insurance products and your dealings with us.

2.5 These Terms of Business will bind you and us with effect from the first occasion of your submitting a Application to us after **[1st October 2013]** and will apply to all General Insurance Business introduced by you from that time until such time as these Terms of Business are terminated or superseded.

2.6 In entering these Terms of Business, we do not undertake to accept any Applications submitted by you and you understand that we, or the Underwriter, may refuse to accept, or otherwise no follow up, any Application for any reason whatsoever.

3 Policies

We or our Nominated Representative may change the Policies or their terms from time to time. Changes can be made for any reason but usually they are made to reflect a change to Applicable Requirements, underwriting pressures or reinsurance arrangements. Without prejudice to clause 2.6, we may reject any Application for a Policy which is no longer available or for which the terms have changed.

4 Your status and our status

4.1 In referring General Insurance Business to us or any Nominated Representative, you shall act as the agent of your Client. Before submitting any Application to us you will obtain your Client's authorisation to be their agent for such purpose and you may not submit any Application to us otherwise. In circumstances in which you owe (or would be deemed to owe) fiduciary duties to your Client, you will make all appropriate disclosures to and obtain all necessary consents from your Client as are necessary to discharge your duties and you will indemnify us and keep us indemnified from any Losses we, any of our Associated Companies and our Nominated Representative may incur as a result of any failure to comply with such obligations. In particular, if you receive Commission, or if you waive your right to receive Commission, you accept that you are solely responsible for advising your Client of all financial matters associated with the General Insurance Business you submit to us for that Client.

4.2 You are not and may not hold yourself out as being an agent, partner or employee of ours or any other member of the Lloyds Banking Group (including but not limited to "HALIFAX") or our Nominated Representative in any respect.

- 4.3 You shall not have any authority to collect or handle Premiums, issue receipts for Premium, handle or process claims monies, refunds of Premiums or any other Client monies **on our behalf or on behalf of any of our Nominated Representatives** or otherwise.

5 Your general duties and warranties

- 5.1 You warrant and undertake that you:
- 5.1.1 have provided Registration Data which is accurate, complete and otherwise not misleading and that you will correct any errors and otherwise maintain the accuracy and completeness of the Registration Data throughout the term of these Terms of Business;
 - 5.1.2 are a directly authorised intermediary; and
 - 5.1.3 have applied for, have obtained and will maintain any necessary Permissions from the FCA, or if relevant the PRA, to allow you to undertake all your activities and obligations pursuant to or in connection with these Terms of Business in accordance with all Applicable Requirements.
- 5.2 You will at all times:
- 5.2.1 comply with all Applicable Requirements;
 - 5.2.2 conduct all activity pursuant to or in connection with these Terms of Business with reasonable skill and care, ethically and with the utmost integrity;
 - 5.2.3 be responsible for all legal and regulatory requirements applicable to these Terms of Business up to the point of sale of a Policy, including but not limited to marketing, promoting, advising on and selling the Policies;
 - 5.2.4 only submit Applications to us in compliance with Applicable Requirements;
 - 5.2.5 ensure that you hold all necessary licences, consents and permission in order to undertake the activities under these Terms of Business and upon request immediately supply to us written evidence of your Permissions;
 - 5.2.6 treat each of your Clients as a Consumer (as such term is defined in the Glossary to the Handbook);
 - 5.2.7 have due regard to the interests of your Client and shall treat them fairly and assist us and our Nominated Representative in treating your Client fairly;

- 5.2.8 ensure all Personnel are competent and adequately trained in all matter relating to the Policies and products and their sale and the associated legal and regulatory environment;
- 5.2.9 ensure that all sales activities are conducted in accordance with best industry practice including ensuring that the Policy is suitable for the Policyholder and that any eligibility criteria relating to the Policy are established and the Customer's responses accurately recorded;
- 5.2.10 ensure that all disclosures made by a Customer relating to the subject matter of the Policy are fully and accurately reported to us and our Nominated Representatives;
- 5.2.11 give us such information as required by the sales platform contained upon the website, you shall, unless we require otherwise, only use the Website to provide quotation in respect of a Policy;
- 5.2.12 give us such information and assistance as we may reasonably request from time to time including, but not limited to, any information relating to a Complaint from any Policyholder, accurately record all information provided by the Customer and communicate it to us and our Nominated Representative in the format and via encrypted secure data transfer, the encryption shall be in accordance with good industry standards and comply with any minimum standard we notify you of from time to time;
- 5.2.13 comply with all reasonable instructions given by us to you;
- 5.2.14 promptly report to us and/or our Nominated Representative any and all claims arising under or in connection with any Policy relating to these Terms of Business which comes to your attention and you shall cooperate fully in the investigation and settlement of all such claims if requested to do so but shall have no authority to accept, settle, negotiate or handle claims on behalf of the Underwriter and you shall not alter any receipt or document or commit us, the Underwriter or our Nominated Representative in any way;
- 5.2.15 promptly notify us and our Nominated Representative of all material information which would influence the Underwriter's acceptance or underwriting of their risk in relation to a Policy that a Policyholder notified to you pursuant to a Policy. Once a Policy is On-Risk, you will ensure that any disclosure made by a Policyholder to you which includes material information you will promptly notify us and our Nominated Representative of such material information.

- 5.2.16 maintain professional indemnity insurance cover with a reputable insurer for an amount of cover in excess of the minimum amount of cover you are required to have by the FCA (and if relevant PRA) and provide us with evidence of such cover upon demand;
- 5.2.17 provide all such reasonable assistance and access as are required to allow us to comply with our obligations under the Financial Sanctions Legislation;
- 5.2.18 market, promote, advise on or sell the Policies in accordance with all Applicable Requirements;
- 5.2.19 not make any statement or representation to any Policyholder or Potential Policyholder which is inconsistent with the relevant Policy Documents, Marketing Materials or other documentation provided to you relating to Policies;
- 5.2.20 comply with all legal and regulatory requirements applicable to these Terms of Business up to the point of sale of a Policy, including but not limited to marketing, promoting advising on, selling the Policies and carrying out any customer fact find checking or other customer due diligence in relation to Customer as required by the Regulatory Requirements;
- 5.2.21 comply with DISP;
- 5.2.22 not directly or indirectly take any action which will or is intended to cause or contribute to the termination or cancellation of any Policy On Risk except where such action is necessary to enable you, us or our Nominated Representative to comply with Applicable Requirements.
- 5.2.23 handle all Complaints in accordance with the procedure set out in Schedule 1;
- 5.2.24 not provide quotations in respect of the Policies other than those produced via the Website;
- 5.2.25 communicate all information to Policyholders and Potential Policyholders in a way that is clear, fair and not misleading;
- 5.2.26 you shall have in place and comply with all agreements necessary to operate the systems, procedures, checks and controls required under the terms of this Agreement and any/all Applicable Requirements;

- 5.2.27 you shall not issue any quotation, application form, cover, cover note, Policy documents, endorsements, renewal receipt, renewal notice or other document;
 - 5.2.28 provide such information in relation to your Clients as we, or our Nominated Representative, require or request; and
 - 5.2.29 shall obtain all consents necessary (in accordance with Applicable Law including but not limited to the Data Protection Act) from Your Client for their details (including name, address and any other information relating to a Policy) to be passed to us, any of our Nominated Representatives including the Underwriter.
- 5.3 You will promptly notify us:
- 5.3.1 of any change in any of your business details or Registration Data;
 - 5.3.2 if there are any material changes to the legal constitution of your business;
 - 5.3.3 if you, or any of your Personnel, have been charged with or convicted of any offence involving fraud or dishonesty;
 - 5.3.4 if you, or any of your Personnel, is likely or preparing to be subject to any of the events listed in clause 19.2;
 - 5.3.5 if you are in breach of any Applicable Requirements;
 - 5.3.6 if you, or any of your Personnel, are investigated by the FCA, PRA or any other body which regulates you, whether or not that investigation proceeds and provide us with details of the reasons for the investigation;
 - 5.3.7 if you, or any of your Personnel incur or are notified of any possible enforcement action by the FCA, PRA or any other body which regulates you;
 - 5.3.8 if a person proposes to take a step which would result in a change of Control over you;
 - 5.3.9 if you anticipate being unable to comply with any part of these Terms of Business; and
 - 5.3.10 if you cease to be an Intermediary or if there are any changes to the Permissions held by you.
- 5.4 You will not:

- 5.4.1 deal in relation to any Policy whether directly or indirectly with a third party who acts in contravention of the General Prohibition;
- 5.4.2 issue any quotation, application form, cover, cover note, Policy documents, endorsement, renewal receipt, renewal notice or other document;
- 5.4.3 bind us or any Nominated Representative by contract or otherwise or impose any liability upon us or any Nominated Representative by any statement whether oral or written or by conduct save as expressly set out in these Terms of Business or otherwise as previously instructed in specific terms in writing; or
- 5.4.4 handle, accept, negotiate, adjust, compromise, settle or commit us or any of Nominated Representatives to any liability in respect to any claim or suit.

6 Commission

- 6.1 Subject to clause 7 and you discharging your obligations under these Terms of Business, we will pay to you Commission for each Policy entered into with a Policyholder on the terms of the remaining provisions of this clause 6. Commission will be regarded as sufficient and adequate payment for all services performed by you under these Terms of Business in respect of such Application and is full and final settlement of any Application introduced by you.
- 6.2 [Subject to clause 7 and the provisions of Schedule 2, any payment of Commission pursuant to these Terms of Business will be paid according to the Commission Arrangement chosen by you or otherwise determined (for example by a Third Party) from the options available and notified to us via the Website, in accordance with these Terms of Business and subject to the provisions from time to time applicable to such chosen Commission Arrangement as are set out on the Website. If no option is made, the Website will set out any default Arrangement which will apply. You may only choose a Commission Arrangement in respect of any General Insurance Business if that Commission Arrangement is available at that time in respect of that General Insurance Business.]
- 6.3 Our statement of account as to the Commission payable to you shall, save in the event of our manifest error, be the conclusive record of Commission due to you.
- 6.4 In accordance with clause 23, we may amend the terms of the Commission Arrangement available to you at any time by notice to you.

- 6.5 Unless otherwise specifically agreed with you, subject to clause 6.9, Commission is due and payable in relation to any Policy concluded with a Policyholder at the end of the calendar month following (i) validation of the Policyholder's payment details by their bank or building society and (ii) receipt by us or our Nominated Representative (as applicable) of, as the case may be, the annual Premium, or the first instalment of annual Premium (such Premium shall be as me or our Nominates Representative notified to the Policyholder).
- 6.6 If commission is claimed by both you and another person in respect of the same Application, our decision as to entitlement to such commission or any proportion of it shall be final.
- 6.7 If after Commission has been paid to you it is subsequently found that such Commission has been calculated to you incorrectly, we reserve the right to amend any error to reflect the correct Commission and, in circumstances where there has been an overpayment of Commission, to require you by notice to repay or otherwise account to us for such an overpayment by way of clause 7 (Unearned Commission).
- 6.8 We will pay Commission via BACS to your bank account notified to us as part of the Registration Data or as notified to us by you provided that you follow all processes notified to you and subject to any notice periods. We may introduce or operate practices in relation to the frequency or minimum size of payments and may defer payments in accordance with these practices.
- 6.9 You shall not be entitled to Commission in the following circumstances:
- 6.9.1 if, at the time of the proposed payment, the Policy to which the Commission relates has been cancelled,
 - 6.9.2 if there is a reasonable suspicion that a Policy has been mis-sold by you;
 - 6.9.3 you have failed to properly ask or establish the eligibility criteria in relation to the Policy to which the Commission relates and, in the event that any investigation by us raises concerns about your sales process, any other Policies were we reasonably suspect that the eligibility criteria may not have been properly established;
 - 6.9.4 if you cease to act as an Intermediary for any reason;
 - 6.9.5 cease to have appropriate licences, authorisations, permissions, approvals or consents to carry on the activities envisaged by these Terms of Business;

- 6.9.6 if you are suspended by the FCA, PRA or other relevant authority from undertaking Insurance Mediation Activity;
 - 6.9.7 if any of your Permissions which are required in respect of your activities under these Terms of Business are withdrawn or otherwise cease;
 - 6.9.8 go into liquidation or receivership or becomes subject to an administration order;
 - 6.9.9 if any of the events listed in clause 19.2 occurs;
 - 6.9.10 if you fail or refuse to repay Unearned Commission upon demand;
 - 6.9.11 where we are notified or otherwise become aware that you are no longer to be the agent for the relevant Client;
 - 6.9.12 where we reasonably determine that you are no longer providing an ongoing financial advisory service to the relevant Client; or
 - 6.9.13 where we become aware of a dispute concerning your agency and have reasonable concerns about the authority of an individual to redirect payment of Commission.
- 6.10 Any arrangement you reach with your Client regarding the payment of a fee, charge, commission or other such amount is a matter entirely between you and your Client and not an issue for negotiation with us. You shall ensure that you comply with all Applicable Requirements in relation to the disclosure of commission payments.
- 6.11 In the event that we have reasonable suspicions that any of the events listed in clause 6.9 have occurred or are reasonably likely to occur or you are being investigated by the FCA or PRA, we shall be entitled to suspend payments to you until our investigations have been completed. Any payment made following a suspension under this clause may still be subject to the provisions of clause 7 if found to be Unearned Commission.

7 Unearned Commission

- 7.1 If all or part of the Commission paid to you is unearned for whatever reason ("**Unearned Commission**") such Unearned Commission shall be repayable to us as a debt due on demand in accordance with this clause 7.
- 7.2 The circumstances in which Commission shall be deemed to be unearned shall include, but are not limited to, where we or our Nominated Representative allows a refund of any Premium (or part thereof) to a Policyholder for any reason whether during or after termination of this Agreement, including where a Policy is

Cancelled from Outset or cancelled or terminated for any reason (including through the exercise of the statutory "cooling-off" rights or otherwise), the non-payment of premiums, an overpayment of Commission, any Premium written-off by us or our Nominated Representative as a result of a failure or potential failure in the sales process an instruction by a regulatory or government body, where any of the events listed in clause 6.9 occur or otherwise.

- 7.3 We may, at our absolute discretion, pay Commission to you on Indemnity Terms, such Commission paid on Indemnity Terms constitutes an advance payment by us to you, such Commission may be clawed-back and declared as Unearned Commission. Commission paid on Indemnity Terms constitutes an advance payment by us to you. Commission paid on Indemnity Terms shall become immediately repayable to us as a debt due at the point it is declared to be Unearned Commission.
- 7.4 As and when any Commission constitutes Unearned Commission we will apply the clawback, repayment or refund formula as is applicable (as detailed in Schedule 2) [to the Commission Arrangement in force in respect of the General Insurance Business] to which the Unearned Commission relates to calculate the amount of such clawback, repayment or refund.
- 7.5 Any Unearned Commission may be deducted from any Commission we owe to you. You authorise us to debit or set-off the amount of any Unearned Commission from or against any Commission due as payable to you. In the event that insufficient Commission has been earned by you or we otherwise deem it appropriate, then you shall repay to us such Unearned Commission as a debt due on demand by the method we specify.
- 7.6 Your liability to us for any Unearned Commission in respect of General Insurance Business submitted to us by you shall survive termination of these Terms of Business.
- 7.7 You may not transfer any actual or contingent liability in respect of Unearned Commission to any third party. If you purport to do so all Unearned Commission shall become immediately repayable by you.

8 Late Payment

If you fail to pay on the due date any amount which is payable to the other party under these Terms of Business then that amount shall bear interest from the due date until payment is made in full, both before and after any judgment, at 3 per cent per annum over the Bank of England's base rate from time to time. We agree that this clause 8 is a substantial remedy for late payment of any sum

payable under these Terms of Business for the purposes of section 8(2) Late Payment of Commercial Debts (Interest) Act 1998 (as amended).

9 Documentation and Information

9.1 In your capacity as your Client's agent, you will pass on to:

9.1.1 your Client: all relevant documentation relating to their Policy including all relevant Policy Documentation; and

9.1.2 us: all completed Application documentation relating to their Policy including any proposal forms (whether on line via the Website or otherwise) and, without amendment, any relevant information provided by the Client in relation to any Application including (but not limited) any relevant claims history.

9.2 You shall not under any circumstances amend, vary or otherwise alter or purport to amend, vary or otherwise alter any of the terms or conditions of any Policy, the benefits of any product offered by us or any Premiums and shall not supply Policy Documentation in relation to a Policy to your Client unless such Policy Documentation has been provided by us (or our Nominated Representative) or approved by us in advance. Only Policy Documents made available to you on the Website shall be issued to Policyholders.

9.3 The form and content of all Marketing Material produced under or in connection with these Terms of Business or a Policy shall require written approval from us and the Underwriter before it is issued. You may not issue or promote any Marketing Material which has not been so approved. Notwithstanding the preceding provisions of this clause 9.3, you acknowledge and agree that you are responsible for all Marketing Material and you shall ensure that it complies with all Applicable Requirements. We shall have no responsibility for ensuring that any Marketing Material produced under or in connection with these Terms of Business complies with all Applicable Requirements (including those provisions of the FSMA and the Handbook relating to financial promotions).

9.4 You shall ensure that only that Marketing Material which we have approved is used at all times and will promptly destroy out of date stocks. Any destruction shall be conducted in a manner which ensures that the materials to be destroyed are no longer capable of being deciphered by any person.

9.5 All books, documents and computer software (including any Marketing Material and Policy Documentation) provided by us or our Nominated Representative and in your possession must at all times be available to us (or our Nominated

- Representative) for inspection and be returned to us or our Nominated Representative if we request you to do so.
- 9.6 Where you request that we provide you with data relating to your Clients, including for the purposes of reconciling the data we hold with the data you hold, we reserve the right to charge you for administration costs incurred or our Nominated Representative in providing such data.
- 9.7 You will provide at your cost such management information relating to the General Insurance Business introduced under these Terms of Business as we may reasonably require from time to time, including, but not limited to, any such management information which relates to Complaints from Policyholders from time to time.

10 Intellectual Property Rights

- 10.1 Any Intellectual Property Rights in any Policy Documentation and any of the Brands shall belong to us, Bank of Scotland plc or another member of the Lloyds Banking Group or their Nominated Representatives and, subject to clause 10.3; you shall have no rights to any of the same.
- 10.2 You will not produce or distribute any documentation (unless supplied by us for distribution) containing any Brand without our prior written consent.
- 10.3 If we give our consent to you using any Brand in Marketing Material such consent is provided subject to:
- 10.3.1 such Marketing Material, and the context and use of such Brands, being wholly consistent with Halifax Brand Use Guidance; and
- 10.3.2 you only using such Brand for the purposes of you discharging your obligations under these Terms of Business.
- 10.4 We grant to you without additional charge for the term of these Terms of Business, and only to the extent and for such period as is strictly necessary for you to undertake your obligations under and activities properly carried out pursuant to these Terms of Business, a non-exclusive, non-transferable, licence to use, reproduce and apply the Intellectual Property Rights owned by the Lloyds Banking Group in any Brand. Any use of the Brand licensed to you pursuant to this clause 10.4 shall be subject to and shall comply with the provisions set out in any Halifax Brand Use Guidance. It is further agreed that the relevant Associated Company in the Lloyds Banking Group shall have a third party right under the Contracts (Rights of Third Parties) Act 1999 to enforce compliance by you (as if, for the avoidance of doubt, the obligations owed to us are owed to

such Associated Company) but subject in all respects otherwise to these Terms of Business.

- 10.5 On the date of termination of these Terms of Business, the rights granted to you under this clause 10 shall immediately cease. You shall upon termination immediately destroy all documents and materials displaying the Brand.

11 Confidentiality

- 11.1 Subject to clauses 11.3, 11.5 and 11.7 each party (as a Receiving Party) undertakes in relation to another party (as the Disclosing Party) to treat as strictly confidential any Confidential Information the Receiving Party receives from the Disclosing Party.

- 11.2 Each party undertakes to each other party:

11.2.1 to use the Confidential Information only for the purposes of these Terms of Business and for no other purpose and in particular, not to make any commercial use of it or use it for the benefit of itself or of any third party other than further to these Terms of Business;

11.2.2 not to copy, reproduce or reduce to writing any part of the Confidential Information except as may be reasonably necessary for the aforesaid purposes and that any copies, reproductions or reductions to writing so made shall be the property of the Disclosing Party;

11.2.3 not to disclose the same except in confidence to such of its employees, agents, directors, partners or executive officers who need to know the same for the aforesaid purposes and provided that:

(a) such employees, agents, directors, partners or executive officers are obliged by their contracts of employment or service not to disclose the same; and

(b) the Receiving Party shall enforce such obligations at its expense and at the request of the Disclosing Party insofar as breach thereof relates to the Disclosing Party's Confidential Information;

11.2.4 to be responsible for the performance of clauses 11.2.1, 11.2.2 and 11.2.3 on the part of its employees, agents, directors, partners or executive officers to whom the same is disclosed pursuant to clause 11.2.3; and

11.2.5 to apply to such Confidential Information no lesser security measures and degree of care than those which the Receiving Party applies to its own confidential or proprietary information and which the Receiving Party

warrants as providing adequate protection of such information from unauthorised disclosure, copying and/or use.

11.3 We may disclose your Confidential Information to any third party who (in our reasonable opinion) has a legitimate interest in the performance of your obligations under these Terms of Business, for example a network or club who you are, have been or have applied to become a member of, provided that the third party has first entered into appropriate terms of confidentiality

11.4 A party may disclose or use Confidential Information of another party if and to the extent that:

11.4.1 such disclosure is required by Applicable Requirement

11.4.2 it is disclosed to the professional advisors or auditors of that party under terms of confidentiality;

11.4.3 such disclosure or use is in accordance with the terms of these Terms of Business;

11.4.4 it was already known to it before its receipt from the Disclosing Party;

11.4.5 it has been independently developed by the relevant party;

11.4.6 it has been acquired lawfully from a third party who did not obtain the same (whether directly or indirectly) from the Disclosing Party and to the extent that it is acquired with the right to use or disclose the same;

11.4.7 it was in the public domain at the time of receipt by the Receiving Party or subsequently entered into the public domain other than by reason of the breach of these Terms of Business or of any obligation of confidence owed by the Receiving Party or its agents or its sub-contractors to the Disclosing Party; or

11.4.8 the party to which such information relates has given its prior written consent to the disclosure.

11.5 The permissions granted under clauses 11.4.4 to 11.4.7 inclusive shall not apply to Our Policyholder Information.

11.6 We may disclose Confidential Information to:

11.6.1 any Nominated Representative, any member of the Lloyds Banking Group and any sub-contractor to us to enable us to carry out our obligations under these Terms of Business including any activities incidental to such obligations;

11.6.2 any person who has or takes regulatory responsibility for you; and

- 11.6.3 in the event of a breach of these Terms of Business or in the event you incur a FCA reportable debt, to other financial institutions, the FCA, PRA and any other relevant regulatory authorities.
- 11.7 Upon termination of these Terms of Business you will delete all of our Confidential Information.
- 11.8 For the avoidance of doubt, this clause 11 shall apply to any of Your Client Information which we receive from you or any of Our Policyholder Information which you receive from us.
- 11.9 The obligations contained in this clause 11 shall endure, even after the termination of these Terms of Business without limit in point of time except and until such Confidential Information enters the public domain as set out above.

12 Our Policyholder Information and Your Client Information

- 12.1 As between you and us:
- 12.1.1 we and members of the Lloyds Banking Group (and any of such parties' representative or sub-contractors including any Nominated Representative) shall be free to use and disclose Our Policyholder Information as we see fit and for the avoidance of doubt we may market any financial products to our Policyholders at any time and in any manner; and
- 12.1.2 you shall be free to use and disclose Your Client Information as you see fit and for the avoidance of doubt you may market any financial products to your Clients at any time and in any manner.
- 12.2
- 12.2.1 For the purposes of this clause 12.2, "**Opt Out Customer**" means a Client who tells you in his capacity as a Client or us or our Nominated Representative in his capacity as a Policyholder that he does not wish to receive marketing and/or promotional materials.
- 12.2.2 If any Opt Out Customer tells either of us he wishes to opt out as per clause 12.2.1 then you or us (as the case may be) shall inform the other party of the same. You shall not send any marketing or promotional materials to any Opt Out Customers.

13 Use of the Website

- 13.1 You agree that your and your Personnel's use of the Website shall be subject to the Website Terms of Use as well as this document. By accessing the Website

you are deemed to have accepted the Websites Terms of Use as amended from time to time. You will ensure your Personnel comply at all times in full with the Website Terms of Use and you shall indemnify us for any Losses arising from failure by you or your Personnel to comply with the Website Terms of Use.

13.2 It is a condition of your Personnel's use of the Website that any identifier, security mechanism or password issued for the purpose of gaining access to the Website including access to information on products and services held on third party software will be used appropriately prudently and kept secure. In particular, such passwords, identifiers and security mechanisms must not be made known or disclosed to any person other than your authorised Personnel whatever. If at any time the security of your password or identifier or security mechanism is compromised, you must immediately notify us. You will indemnify us against any Loss sustained by us arising from your or your Personnel's failure to safeguard the password, identifier or security mechanism.

13.3 Notwithstanding clause 12 (but subject to clause 18.9), you acknowledge and agree that in no event shall we be held liable for any Losses arising out of or in any way connected with the use or performance of the Website, or with the delay or inability to use the Website, or the provision of or failure of any company or third party to provide or facilitate the Website.

13.4 You agree that:

13.4.1 if you provide information to the Website we may, but shall not be required to, use any information so submitted to update our relevant records including the Registration Data; and

13.4.2 we and our Nominated Representative may monitor or record telephone conversations and electronic communications with you or your Personnel for the purposes of regulatory compliance and monitoring, additional security, complaint resolution, improved service standards and staff training.

13.5 You may not set up hypertext links from any website (including any intranet used by your Personnel for the purposes of introducing General Insurance Business to us) to the Website except that you may hypertext link from any such of your intranets to the Website subject to the following:

13.5.1 no logos, signs, images, trademarks, tradenames or other intellectual property belonging to or registered to us or any of our Associated Companies may be used unless expressly agreed in writing;

13.5.2 we may at our absolute discretion and at any time without giving prior notice and without giving any reason, require you by notice in writing to remove the link from your Website. Upon receipt of such notice, you shall promptly remove such link from your Website. The cost of any such removal shall be borne by you; and

13.5.3 you shall adhere to our technical guidelines regarding the establishment and maintenance of hypertext links as communicated to you from time to time.

14 Data Protection

14.1 The Parties shall comply at all times with the DP Act and all Statutory Instruments and regulations made under it from time to time.

14.2 You shall procure that you obtain consent from Your Client to transferring personal data prior to making any Application to us and/or any of our Nominated Representatives to allow them to carry out activities relating to these Terms of Business including transferring them to any third party. You shall indemnify, hold harmless, and release us, our Associated Companies and our Nominated Representative (including, in each case, their respective directors, officers, employees, agents, representatives and sub-contractors) from and against any and all Loss arising from any personal (or associated) data (including name, dates of birth, telephone number sex and address) provided by you pursuant to these Terms of Business being incomplete or incorrect.

14.3 You will co-operate with use and/or our Nominated Representative in respect of requests for subject access that relate to personal data which it holds and has received under or in connection with these Terms of Business.

14.4 We do not anticipate that we will be processing Your Client Information nor that you will be processing Our Policyholder Information. However, if any such processing does occur, this clause 14 sets out the terms on which such process shall occur.

14.5 The parties acknowledge and agree that for the purposes of these Terms of Business:

14.5.1 we (or our Nominated Representative) shall be the data controller and you a data processor of Our Policyholder Information; and

14.5.2 you shall be the data controller and we a data processor of Your Client Information.

14.6 If, in the course of undertaking activity pursuant to these Terms of Business, you process Our Policyholder Information, the parties agree that you shall do so on behalf of us only, and you warrant, represent and undertake that you shall:

14.6.1 process Our Policyholder Information:

14.6.1.1 solely for the purpose of undertaking your obligations in accordance with these Terms of Business;

14.6.1.2 lawfully and fairly and otherwise in accordance with the data protection principles and any other Applicable Requirements;

14.6.1.3 only on instructions from or our Nominate Representative;

14.6.1.4 only after having taken, and in continuing to take, appropriate technical and organisational measures to:

14.6.1.4.1 guard against unauthorised or unlawful processing of Our Policyholder Information and against accidental corruption, loss or destruction of, or damage to, Our Policyholder Information; and

14.6.1.4.2 provide a level of security appropriate to the harm that might result from any unauthorised or unlawful processing or accidental loss, destruction or damage to Our Policyholder Information and also the nature of Our Policyholder Information being protected. Accordingly, but without prejudice to the foregoing:

- (i) in respect of portable and mobile devices used to store, transport and/or (as the case may be) transmit Our Policyholder Information (including paper records and magnetic and other electronic media to store and transmit personal data (including laptop computers, mobile phones, memory sticks, PDAs, Blackberries, compact discs, external hard drives, magnetic disks and magnetic tapes) ("**Mobile Media**"), the loss of which could cause damage or distress to individuals, such measures will include the use of

a Secure Medium and the encryption of all Our Policyholder Information stored on, transported by or transmitted by such Mobile Media and/or (as the case may be) the encryption of such Mobile Media itself, in all instances:

α before and at all times during the storing, transport and/or (as the case may be) transmission of the relevant Our Policyholder Information; and

β to a standard, and using means of encryption which is acceptable to us;

(ii) in respect of transmission of Our Policyholder Information by means of an electronic medium of communication (including email, FTP or sFTP, SMS text messaging, voicemail, VOIP, website access or fax) ("**Electronic Transmission Method**"), such measures will include the use of a Secure Medium and the encryption of all of Our Policyholder Information stored on, transported by or transmitted by such Electronic Transmission Method or the encryption of such Electronic Transmission Method itself, in all instances:

α before and at all times during the storing, transport and/or (as the case may be) transmission of the relevant Our Policyholder Information; and

β to a standard, and using means of encryption which is acceptable to us;

14.6.2 ensure that only such of your Personnel who may be required to assist you in meeting your obligations under these Terms of Business shall have access to Our Policyholder Information;

14.6.3 take reasonable steps to ensure the reliability of Personnel who have access to Our Policyholder Information, such steps to include such

employees undergoing such training in data protection law and the care and handling of personal data as is deemed requisite and appropriate;

14.6.4 make, subject to the overriding obligation to comply with clause 14.6.1.2, any corrections, deletions or updates to any of Our Policyholder Information as we may require;

14.6.5 inform us (with as much detail as is reasonably required to inform us as to the material facts) as soon as reasonably practicable and, at the latest, within 48 hours of:

14.6.5.1 any particular risk to the security of the personal data of which it becomes aware and the categories of personal data and individuals that may be affected.

14.6.5.2 receiving any subject access request or any complaint received by you from a data subject about the processing of their personal data;

14.6.5.3 any notice (including any information notice, special information notice or enforcement notice) received or any enquiry made by, or investigation or assessment received from, the Information Commissioner, in each case concerning Our Policyholder Information; or

14.6.5.4 any legally-binding demand or order for disclosure of any personal data validly made by a law enforcement authority with valid authority and power to make such demand or order save to the extent that such order or demand prohibits or restricts any such notification (such as a prohibition under criminal law to preserve the confidentiality of a law enforcement investigation) in which case you shall comply with the requirement to notify concerning us in accordance with this clause 14.6.5 to the extent permitted by such order or demand

(in all cases, a "**Notifiable Event**");

14.6.6 comply with any directions which we give to you in respect of the Notifiable Event, to the extent permitted by any demand or order of a law enforcement

authority in the instance of a Notifiable Event as described in clause 14.6.5 and otherwise;

14.6.7 co-operate with us in complying with or otherwise responding to the Notifiable Event to the extent permitted by any demand or order of a law enforcement authority in the instance of a Notifiable Event as described in clause 14.6.5;

14.6.8 comply with any directions of, and otherwise co-operate with, the Information Commissioner in the valid exercise by the Information Commissioner of his powers of entry and inspection; and

14.6.9 on termination of these Terms of Business and at the option of us:

14.6.9.1 transfer by Secure Medium all Our Policyholder Information to us, or to a third party nominated by us, without keeping any copies (except to the extent required by Applicable Requirements); or

14.6.9.2 delete or otherwise destroy all or some (as we shall dictate in its absolute discretion) Our Policyholder Information

and shall, in either case, ensure that its permitted Sub-Contractors do likewise;

14.6.10 maintain at all times a list of individuals authorised by you to transfer, transmit, transport, receive and have access to personal data on behalf of you (whether such individuals are employed, engaged or appointed by you, a Sub-Contractor or otherwise) pursuant to your obligations under these Terms of Business ("**Designated Individuals**")

14.6.11 ensure that each Designated Individual is at all times:

14.6.11.1 vetted in accordance with a high level of skill, care and diligence both before engagement and at all times during the period in which they undertake activity pursuant to your obligations under these Terms of Business, such vetting to include the carrying out of checks of credit records, criminal records, financial sanctions lists and the CIFAS Staff Fraud Database; and

14.6.11.2 fully trained in and conversant with:

- 14.6.11.2.1 the DP Act including the data protection principles and the requirements of data protection in general
 - 14.6.11.2.2 other Applicable Requirements which relate to data protection (including any guidance from the FCA on data security)
 - 14.6.11.2.3 the requirements of these Terms of Business
- 14.6.12 only transfer, transmit, transport or receive personal data via:
- 14.6.12.1 a Designated Individual;
 - 14.6.12.2 the Secure Medium which we have directed you to use (if any) it being acknowledged that the notification of the use of a particular Secure Medium shall not discharge you from your general obligations under clause 14.6;
- 14.6.13 provide on demand a copy of the list of Designated Individuals maintained pursuant to clause 14.6.10 to us
- 14.7 You acknowledge and agree that your obligations of data protection and information security in the transfer, transmission or transport of information contained in this clause 14 shall only be fully discharged in respect of any particular transfer of information upon the safe and secure receipt of such information so transferred by us.
- 14.8 You represent, warrant and undertake that you shall not:
- 14.8.1 process Our Policyholder Information outside of the European Economic Area (or any country deemed adequate by the European Commission pursuant to Article 25(6) of the Directive) without obtaining the prior written consent from us;
 - 14.8.2 save as expressly set out in clause 14.11, disclose, pass on, make known or allow access to the whole or any part of Our Policyholder Information (directly or indirectly) to a third party (including any Sub-Contractor) without obtaining the prior written consent from us;
 - 14.8.3 appoint or allow any third party to process (whether expressly or by implication) Our Policyholder Information unless and until such person has entered into a written contract (on terms satisfactory to us) with you in terms of which such

person in its capacity as the data processor of Our Policyholder Information agrees to be governed by data protection requirements no less equivalent in strength and scope as those set out in these Terms of Business as binding you.

14.9 You shall:

14.9.1 maintain and retain all accounts and records (on a true, full, unedited and accurate basis) as shall be reasonably necessary to provide evidence of your compliance with the foregoing provisions of this clause 14 and to provide access to such documents as is reasonable;

14.9.2 ensure that all personal data transferred by you to us or our Nominated Representative is transferred by a Secure Medium; and

14.9.3 comply with any directions of us or otherwise co-operate with us, in each case as we reasonably considers to be necessary to enable us ensure your compliance with the foregoing provisions of this clause 14 from time to time.

14.10 Without prejudice to the generality of the foregoing, such co-operation shall include:

14.10.1 carrying out (or assisting in the carrying out of) risk assessments of your data processing operations (the "**Operations**"), in particular providing information about, and permitting us to inspect, those operations; and

14.10.2 implementing any change to the Operations that is identified by us as being necessary for you to comply with its foregoing obligations in this clause 14.

14.11 Notwithstanding anything else contained in these Terms of Business, you may disclose to a third party, and the restriction contained in clause 14.8.2 shall not apply to, any of Our Policyholder Information that is required by any Applicable Requirement to be so disclosed (but only to the extent that disclosure of such of Our Policyholder's Information is so required) provided always that:

14.11.1 this clause 14.11 shall only release you from the requirements of clause 14.8.2 to the extent required by Applicable Requirement;

14.11.2 you shall, to the extent reasonably practicable and to the extent permitted by Applicable Requirement, give us notice of its having to make such a disclosure; and as soon as reasonably practicable after the disclosure is made give us a copy of the disclosure so made;

14.11.3 you to the extent reasonably practicable and to the extent permitted by Applicable Requirement, consults with us as to such disclosure before such disclosure takes place and in any event shall, to the extent permitted by the Applicable Requirement, inform us of such disclosure at the earliest possible opportunity.

15 Information Security

15.1 You acknowledge that it is critical to the interests of our Policyholders and the goodwill and reputation of the Lloyds Banking Group that all information (whether personal data or not) be maintained in a secure manner and, accordingly, you agree to comply with clauses 15.2 to 15.7 inclusive.

15.2 You shall comply with all of our reasonable directions, guidance, or requests pertaining to information security which obligation shall include compliance with any elements of the LBG Group's Group Information Security Policy (and any replacements of and supplements to such policy) in force from time to time.

15.3 Without prejudice to clause 15.2, you shall not transport or transmit any personal data, any of Our Policyholder Information, any Confidential Information or any other sensitive information without our consent and at all times in compliance with:

15.3.1 the instructions or directions of our authorised representatives;

15.3.2 the policies and procedures relating to information security of LBIS as notified to you from time to time;

15.3.3 any Applicable Requirement; and

15.3.4 a high level of skill, care and diligence.

15.4 You will notify the us by Secure Medium of any occurrence of a breach of information security by you or any Personnel (an "**Information Security Breach**") immediately upon you becoming aware of any such incident or immediately upon you becoming aware of circumstances which are reasonably likely to lead to such an incident with sufficient detail as to allow us to ascertain in reasonable detail the magnitude and likely consequences of the Information Security Breach.

15.5 You will co-operate with us and any appropriate third party in respect of an Information Security Breach and will take all action which we or any such third party requires you to take to deal with such Information Security Breach.

- 15.6 Without prejudice to clause 15.5, you will at all times after an Information Security Breach has occurred seek to mitigate the liabilities accruing from such Information Security Breach.
- 15.7 You will indemnify us for all and any Liabilities arising out of an Information Security Breach and shall ensure that the risks arising from or otherwise associated with a breach of this clause 15 are covered by an appropriate insurance policy with a reputable insurer and shall provide us with a copy of such insurance cover upon demand.

16 Money Laundering

- 16.1 In relation to all Application that you submit to us, you will ensure that:
- 16.1.1 evidence of the identity of all Clients in respect of which you have introduced a Application to us will have been obtained and such evidence of identity shall be recorded in accordance with AML Requirements and any of our requirements in respect of anti-money laundering from time to time notified to you;
- 16.1.2 you will identify the Clients and will, without detracting from your obligations referred to above, forward to us and the Underwriter with the documents for the transaction such duly completed documentation relating to verification of the third party's identity as we or our Nominated Representative shall require from time to time; and
- 16.1.3 upon demand, in the interests of investigating or preventing financial crime, you will provide information in respect of any third party for whom you have acted, you will use reasonable endeavours to do so.

17 Audit Rights

- 17.1 You shall and shall procure that each of your permitted sub-contractors shall in relation to the sale and administration of the Policies, maintain (under your care and control) proper and adequate records of all matters for which you are responsible under these Terms of Business. Without limitation, such records shall:
- 17.1.1 verify and demonstrate compliance with your obligations under these Terms of Business;
- 17.1.2 verify the sales made under these Terms of Business including the process followed and information provided by any Policyholder;
- 17.1.3 be sufficient to investigate any Complaint; and

- 17.1.4 verify and demonstrate compliance with any Applicable Laws including but not limited to FSMA, DP Act and AML Requirements.
- 17.2 We may audit your compliance with this these Terms of Business (including audits of your premises and systems) on reasonable notice at any time between 9.00am and 5.30pm on any Business Day.
- 17.3 You shall be prepared to grant to the FCA, and if relevant the PRA, the same rights of audit as those you have granted to us, to the extent that the FCA or PRA may lawfully require.
- 17.4 You shall be prepared to grant to the Underwriter the same rights of audit as those you have granted to us.
- 17.5 You shall provide all assistance reasonably requested by us in relation to any audit, including access to personnel, systems, records and premises.
- 17.6 All information, records, data and other documentation necessary for compliance with Applicable Law shall, save where prohibited by any Applicable Law, be held for seven years from the date on which the records were made or received or, if longer, such period as necessary for compliance with Applicable Law.
- 17.7 Your obligations under this clause 17 shall survive termination of these Terms of Business.

18 Our Liability and Your Liability

- 18.1 If you fail to comply with any of your obligations under these Terms of Business and, because of this we, any member of the Lloyds Banking Group or our Nominated Representative suffers Loss, you will make good such Loss immediately we ask you to do so.
- 18.2 You acknowledge that we may add to the amount of any such Loss any costs we incur in trying to recover such Loss, including the cost of instructing debt recovery agents.
- 18.3 We may deduct or set off any Loss we incur from or against any sum payable (or which may become payable) to you by us or any other member of the Lloyds Banking Group for any reason whatsoever.
- 18.4 Where you are (or are a member of) a group, alliance or network of Intermediaries that has more than one account with us, we may at our discretion

- deduct or set off a Loss in any one account in that group, alliance or network from or against any sum payable (or which may become payable) by us to any other account in that group, alliance or network.
- 18.5 Notwithstanding any other provision of these Terms of Business our entire liability for any Default shall be as set out in this clause 18.
- 18.6 Subject to clause 18.9 but otherwise notwithstanding any other provision of these Terms of Business, we shall not be liable to you for any:
- 18.6.1 loss of profit, loss of business, anticipated savings, loss of opportunity, economic loss or loss of reputation or goodwill whether direct or indirect, incidental, consequential or however arising;
- 18.6.2 any loss for which we have not expressly undertaken responsibility under the terms of these Terms of Business;
- 18.6.3 any punitive or special loss; or
- 18.6.4 any indirect, incidental or consequential loss
- however arising under or in connection with these Terms of Business (together **"Unaccepted Loss"**)
- 18.7 Subject to clause 18.9 we shall not have any liability for any Default unless the amount of our liability under these Terms of Business in respect of such Default exceeds one-tenth of the value of the Commission paid to date to you (in which event it will be liable for the whole amount of that liability not merely for the excess). We shall not have any liability for any series of connected Defaults which individually do not give rise to liability in excess of one-tenth of the value of the Commissions paid to date to you except where the aggregate liability arising in respect of that series of connected Defaults exceeds one-tenth of the value of the Commissions paid to date to you (in which event we will be liable for the whole amount of that liability not merely for the excess).
- 18.8 Subject to clause 18.9 and to the maximum extent permitted by law, our entire and aggregate liability for all Defaults shall be limited to, in total, the value of the Commissions paid and payable to date to you.
- 18.9 No provision of these Terms of Business shall limit our liability to you in respect of:
- 18.9.1 liability for death or personal injury resulting from our negligence;
- 18.9.2 liability for fraud or fraudulent misrepresentation; or

- 18.9.3 any obligation to pay any Commission expressly stated to be paid under these Terms of Business.
- 18.10 The exclusion from and limitations of liability set out in these Terms of Business apply after as well as before the date of termination or expiry of these Terms of Business.
- 18.11 The exclusions of liability set out in this clause 18 shall be considered severally. The validity or unenforceability of any one clause shall not affect the validity or enforceability of any other clause.
- 18.12 For the avoidance of doubt the exclusions and the limitations of liability contained in this clause 18 shall apply to any person to whom we sub-contract any of our obligations pursuant to these Terms of Business as well as to us, and the exclusions and limitations of liability contained in this clause 18 shall, for the avoidance of doubt, represent the maximum aggregate liability of the Lloyds Banking Group and the Underwriter in relation to these Terms of Business.

19 Termination

- 19.1 Either party may terminate these Terms of Business by giving one month's written notice to the other.
- 19.2 These Terms of Business will terminate immediately:
- 19.2.1 if you cease, or you appear, in our reasonable opinion likely to cease trading;
- 19.2.2 if you have any distraint, execution or other process levied or enforced on any of your property
- 19.2.3 if you are a company, immediately upon any of the following events occurring:
- (a) you are dissolved;
 - (b) a meeting of your creditors is summoned;
 - (c) you make a proposal for or become subject to a voluntary arrangement;
 - (d) are unable to pay your debts within the meaning of section 123 Insolvency Act 1986;
 - (e) a receiver, manager or administrative receiver is appointed over any of your assets, undertakings or income;
 - (f) a resolution for your winding-up is proposed or passed;

- (g) you become subject to a petition presented to any court for your winding-up;
- (h) a provisional liquidator is appointed;
- (i) a proposal is made for a scheme of arrangement under Part 26 of the Companies Act 2006;
- (j) an administrator is appointed in respect of you or you are the subject of an application for administration filed at any court or a notice of appointment of an administrator filed at any court or a notice of intention to appoint an administrator is given by any person; or
- (k) you are struck off the register of companies at Companies House or you are the subject of a notice to be struck off the register at Companies House;

19.2.4 if you are an individual or a partnership, immediately upon any of the following events occurring:

- (a) your dissolution (if you are a partnership);
- (b) you being declared bankrupt;
- (c) you enter into any composition or arrangement with your creditors;
- (d) a bankruptcy order is made against you;
- (e) a petition is presented for your bankruptcy;
- (f) you have applied to court for an interim order under section 253 Insolvency Act 1986;
- (g) you have submitted a proposal for a voluntary arrangement to a nominee under section 256A Insolvency Act 1986;
- (h) a petition is presented for an Administration Order under Part III of the Insolvent Partnerships Order 1994 (“**the Order**”), or you have a petition presented for winding up as an unregistered company under Parts IV or V of the Order;
- (i) you have an interim receiver of your property appointed under section 286 of the Insolvency Act 1986;
- (j) you are unable to pay your debts within the meaning of section 267 and 268 Insolvency Act 1986;

(k) you have a receiver or manager appointed over any of your assets,

(l) you have a receiver appointed under the Mental Health Act 1983;
or

19.2.5 if you are an individual immediately upon your death; or

19.2.6 if you breach any of the following obligations: 4.2, 5, 9.2, 10.2, 11, 13.1, 13.2;

19.2.7 if there is a material breach of any of clause 14, clause 15 or clause 16;

19.2.8 if you fail in a material way to comply with clause 17; or

19.2.9 upon any of the events in clause 5.3.3 or clause 5.3.7 occurring.

19.3 We may terminate these Terms of Business immediately on written notice to you if you or any Associated Company of yours experiences a change of Control.

19.4 We may terminate these Terms of Business immediately on written notice to you if:

19.4.1 the number of Complaints from Policyholders; or

19.4.2 there are reasonable suspicions or concerns in relation to your sales process; or

19.4.3 the rate of cancellations of Policies introduced by you

reaches an unacceptable level and in each case it shall be at our discretion as to whether an 'unacceptable level' has been reached.

19.5 We may terminate these Terms of Business immediately on written notice to you if:

19.5.1 your name, or the name of any of your Personnel or any of your Clients appears on any Sanctions List; or

19.5.2 it is reasonably evident to us that you, any of your Personnel or any of your Clients are permanently resident in a country or state which is listed on any Sanctions List.

20 Consequences of Termination

20.1 Notwithstanding termination, these Terms of Business will continue to bind you in respect of all General Insurance Business referred by you before termination and your and our rights and obligations subject to the terms of these Terms of Business will not be affected by any such termination.

- 20.2 Following termination of these Terms of Business we may, at our absolute discretion refuse to take any action in relation to your account.
- 20.3 Provision of these Terms of Business which are expressly stated to survive termination of the Agreement shall so survive together with such provisions as are implicitly expected, required or intended to survive.
- 20.4 Upon termination of these Terms of Business you shall immediately cease to market and sell the Policies, submit Applications, refer leads to us in relation to the Policies and will cease to represent to any person that you are permitted to do so.
- 20.5 Any Termination of these Terms of Business is without prejudice to the rights, duties and liabilities of any Party accrued prior to termination.
- 20.6 Any provision which expressly or by implication is intended to remain in force following termination will do so to the extent necessary to give fullest effect to its terms and intent.
- 20.7 Following termination you shall immediately cease to access the Website and you shall indemnify us against any loss or damage caused as a result of your access codes being used to access the Website.
- 20.8 On termination, you shall at your own cost promptly return to us or, if required, our Nominated Representative:
- 20.8.1 all property of ours or our Nominated Representative which is in your possession, custody or control; and
- 20.8.2 any documentation, including without limitation advertising and marketing material bearing any trade name or trademark owned by us, our Nominated Representative or any member of the Lloyds Banking Group.
- 20.8.3 You shall, without request, provide written confirmation signed by a duly authorised office that you have complied with this clause.
- 20.9 Following termination we shall not be obliged to carry out any administration activities in relation to your account.

21 Notices

Unless these Terms of Business provides otherwise, any notice or communication to be given under or in connection with these Terms of Business will be in writing sent by first class post or recorded delivery and will be considered validly given if delivered to:

21.1 in our case: Head of Corporate Partnerships, Lloyds Banking Group, Tredegar Park, Newport NP10 8SB

and

21.2 in your case: to any relevant business address of yours (and/or as we may determine the address and contact name as more particularly set out in the Registration Data).

22 Entire Agreement

These Terms of Business (including, for the avoidance of doubt, the Registration Data and the Website Terms of Use) constitute the entire agreement and understanding between you and us with respect to the matters dealt with in these Terms of Business and supersedes any previous oral or written agreement or understanding between you and us in relation to such matters. You acknowledge that in entering into these Terms of Business you have not relied on any representation or warranty save as expressly set out in these Terms of Business provided that this shall not exclude any liability which we would otherwise have to you in respect of any statements made fraudulently before the date of these Terms of Business.

23 Amendments

23.1 For the purposes of these Terms of Business, a "**Product-related Change**" shall mean any amendment, modification or supplement which pertains to a general insurance product offered by us or our Underwriter and in respect of which General Insurance Business has been introduced pursuant to these Terms of Business (including, without limitation any change as to the price of such product, its terms and conditions, the marketing literature and policy documentation relating to it and the commission payable in respect of it). Any other change which is not a Product-related Change (a "**Non Product-related Change**").

23.2 We may amend these Terms of Business at any time.

23.3 In respect of any Product-related Change, such amendment will bind you with effect from the time we tell you about such change which notice can be served by notice on the Website or otherwise.

23.4 Any change which is a Non Product-related Change will take effect [two weeks] after the time at which we issue a notice on the Website or otherwise unless the notice itself stipulates a longer period of notice in which case such longer notice period shall prevail. Upon receipt of a notice relating to a Non Product-related Change, you will be required to implement such change in the required timescale

unless before the expiry of such period, you notify us in writing that such Non Product-related Change would have a material adverse effect on the viability of your business (a "**Response Notice**"). Upon receipt of any Response Notice, we will engage in discussions with you as to a resolution of the issue and you agree to discuss in good faith the nature of the effect of the change on your business and to provide all documents and information to support the case that the change would have a material adverse effect on the viability of your business. Such discussions will determine among other things whether the change ought to be implemented even if on a provisional basis, our decision will be final. If it becomes evident that you are not discussing matters in good faith and/or that the change would not be reasonably viewed as giving rise to a material adverse effect on the viability of your business, we reserve the right to issue you a notice requiring you to implement the change, upon receipt of which notice, you will implement the change as previously requested.

24 General

- 24.1 A failure or delay by either party to enforce any right under these Terms of Business shall not be deemed to be a waiver of that right, or of any other right, at that time or in the future.
- 24.2 If any provision in these Terms of Business is held or made invalid by a court, statute or rule or otherwise, the remainder of these Terms Business will not be affected.
- 24.3 You may not assign or delegate any of your rights or obligations under these Terms of Business to any third party. We reserve the right to refuse any request from you to us to transfer your agency and/or the right to Commission under these Terms of Business; such action shall be at our absolute discretion. We reserve the right to assign or delegate any of our rights or obligations under these Terms of Business to any of our Associated Companies.
- 24.4 Save as provided in clause 24.5, the parties to these Terms of Business do not intend that any of its terms will be enforceable by virtue of The Contracts (Rights of Third Parties) Act 1999 by any person not a part to it.
- 24.5 Any Nominated Representative and any person to whom we delegate our responsibilities under these Terms of Business from time to time may enforce clauses 4.1, 4.2, 4.3, 5, 7, 8, 9.1, 9.2, 10.1, 11, 13.1, 14, 15, 16, 17 or 18 pursuant to The Contracts (Rights of Third Parties) Act 1999. The parties may amend or terminate these Terms of Business without the consent of any such Underwriter, Nominated Representative or sub-contractor.

25 Governing Law and Jurisdiction

Governing Law

- 25.1 The formation, existence, construction, performance, validity and all aspects whatsoever of these Terms of Business or of any term of these Terms of Business will be governed by the law of England and Wales.

Jurisdiction

- 25.2 Each party to these Terms of Business irrevocably agrees that the courts of England shall have exclusive jurisdiction to hear and decide any suit, action or proceedings, and/or settle any disputes, which may arise out of or in any way relate to these Terms of Business or their formation and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of England. We may seek injunctive relief in any court of competent jurisdiction.

SCHEDULE 1

Complaints

For the purposes of this Schedule 1, a "**Complaint**" shall be any complaint raised by a Client of whatever nature.

1. Complaint regarding the Halifax or the Policy – Complaint received by you from your Client

You shall:

- 1.1. no later than one working day after receipt of any Complaint received by you which relates to the Halifax or your Client's Policy, whether such Complaint is made by phone or in writing refer the Complaint to the Halifax by telephoning the Halifax's Customer Care & Analysis Team or such successor team(s) as we advise you from time to time on a number to be advised to you by the Halifax from time to time;
- 1.2. provide to the Halifax's Customer Care Team, such details of the Complaint as is reasonably necessary to furnish the Halifax with sufficient knowledge of the Complaint to allow the Halifax to understand the Complaint and to make initial contact with your Client;
- 1.3. co-operate fully and openly with us in dealing with any Complaint and provide to us any information relating to that Complaint as we may reasonably require from time to time;
- 1.4. take or shall procure to be taken any action or procedure that the Halifax may reasonably request to handle, avoid, dispute, resist, appeal, compromise or defend that Complaint.

2. Complaint regarding you or the provision of the services you provide your Client – Complaint received by Halifax from your Client

Upon receipt of a Complaint by the Halifax which relates to you or the provision of the services you provide your Client, you shall provide all such assistance as is necessary for the Halifax to comply with its obligations under the Handbook in respect of such Complaints.

3. In the event that a Customer calls the Halifax's Customer Care Team for an update which is dependent on information from you the following process will be applied.

SCHEDULE 2

Commission Clawback Structure

AMENDED SCHEDULE –

COMMISSION AND CLAWBACK Effective 1st July 2012

1.1 Agreed Commission Levels

All sales of Home Insurance will be paid on the Commission Structure below:-

Effective date of commission levels:-

Effective date of commission levels		
Type of business	Gross commission payable to	
New Business	25%	
Renewal	25%	

All sales of Buy to Let Home Insurance will be paid on the Commission Structure below (if applicable):-

Effective date of commission levels		
Type of business	Gross commission payable to	
New Business	25%	
Renewal	25%	

1.2 Agreed Commission Structure

Commission is calculated when the policy is underwritten with payment details and a policy inception date. Commission payments are calculated monthly, based on basic premium (excluding IPT and any service charge).

Commission is released at the end of the month following collection of payment (or part there of) from the policyholder.

Commission payments are made on an indemnity basis during the week following the last day of the month.

Commission will then be released annually on an indemnity basis from year 2 (month 13) and annually thereafter whilst the policy remains on risk.

AMENDED SCHEDULE - UNEARNED COMMISSION Effective ...th ... 2013

1.3 Agreed Formula for Unearned Commission

Year 1 Policy cancels in:	Unearned Commission in 12ths applied:
Month 1	11/12
Month 2	10/12
Month 3	9/12
Month 4	8/12
Month 5	7/12
Month 6	6/12
Month 7	5/12
Month 8	4/12
Month 9	3/12
Month 10	2/12
Month 11	1/12
Month 12	0

Year 2 Policy cancels in:	Unearned Commission in 12ths applied:
Month 13	11/12
Month 14	10/12
Month 15	9/12
Month 16	8/12
Month 17	7/12
Month 18	6/12
Month 19	5/12
Month 20	4/12
Month 21	3/12
Month 22	2/12
Month 23	1/12
Month 24	0
Subsequent Months and Years	As per Year 1 and 2

SCHEDULE 3

Intermediary Business Details

Company Details	
Company Name	
Company Address	
Registered company number (if applicable)	
FCA Number	
Bank Details	
Name of bank	
Address	
Sort Code	
Account Number	
General Correspondence Details	
Contact Name	
Telephone Number	
Fax Number	
Email Address	

IN WITNESS WHEREOF these Terms of Business have been signed by the Parties:

Signature:	 for and on behalf of Lloyds Bank Insurance Services Limited
Name:	
Position:	
Date:	

Signature:	 For and on behalf of
Name:	
Position:	
Date:	