

# Terms of Business Agreement

An agreement dated \_\_\_\_\_ governing the conduct of Insurance Business between:

**Lutine Assurance Services Limited** a company incorporated in England and Wales (registered number 2340151) whose registered office is at 50 Fenchurch Street, London EC3M 3JY (“**Lutine**”)

and

(the “**Agent**”)

(each a “**Party**” and collectively the “**Parties**”)

under Agency Number \_\_\_\_\_

## 1. Definitions

**1.1 Assured:** Any party, not being a party to this Agreement, entering into a contract of insurance that is subject to this Agreement.

**1.2 Insurance Business:** Any business whether new or renewal transacted between the Parties including contracts of long term insurance, which expression shall have the meaning assigned to it by Part II to Schedule I of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

**1.3 Group:** Any Company which is a holding company of the Parties or a subsidiary of any holding company of the Parties where “holding company” and “subsidiary” shall have the same meaning as given by sections 736 and 736A of the Companies Act 1985.

**1.4 Commencement Date:**  
Means [DD/MM/YYYY]

## 2. Scope

2.1 The Parties agree that from the Commencement Date the terms of this Agreement shall apply to the conduct of any Insurance Business transacted between them.

2.2 Nothing in this Agreement shall override the duty of the Agent to place the interests of its client before all other considerations nor shall this Agreement override any legal or regulatory requirements that may apply to Lutine, the Agent, or the placing of any Insurance Business.

2.3 Each proposal for Insurance Business, renewal of existing Insurance Business or continuation of cover in respect of any existing Insurance Business shall be accepted or declined by Lutine at its sole discretion, except where such cover contains an automatic guaranteed renewable right.

### **3. Authority**

3.1 For the purpose of this Agreement the Agent shall, at all material times, be considered the agent of the Assured.

3.2 The Agent undertakes to pass to Lutine promptly any information provided by the Assured in accordance with the terms of the insurance contract and shall ensure that the Assured understands the need for full, complete and accurate disclosure of all material information including, but not necessarily limited to, medical information.

3.3 The Agent shall pass promptly to Lutine all proposal forms and documentation required to enable Lutine to confirm the acceptability of a risk. Lutine shall endeavour to issue the policy and other relevant documentation promptly upon receipt of all necessary information and documents, and all such documentation shall be passed immediately to the Assured by the Agent.

3.4 The Agent shall not appoint any sub-agent to deal with the Insurance Business without the prior written authority of Lutine. In the case of such appointment the Agent shall:

3.4.1 ensure that such sub-agent is appropriately appointed and authorised by law or regulation to perform its obligations;

3.4.2 confirm in writing to Lutine the fact of such authorisation before any appointment; and

3.4.3 be responsible for the acts or omissions of such sub-agent as if the acts or omissions of such sub-agent were the acts or omissions of the Agent itself.

3.5 The Agent shall immediately notify Lutine of all material changes in the Agent, including but not necessarily limited to all changes to the directors, the name or trading name of the Agent, and shareholding in the Agent.

3.6 The Agent shall not broadcast, publish or distribute any advertisements or other matter referring to Lutine, its Group or to its contracts of insurance without Lutine's prior written approval.

3.7 The Agent shall, on acceptance and signature of this Agreement, provide the details and complete the sections set out in Schedule B to this Agreement.

### **4. Commission**

4.1 Lutine agrees to pay the Agent commission on Insurance Business placed with Lutine in accordance with and at the rates set out in

Schedule A attached hereto. Lutine shall be entitled to alter the commission, including commission repayment terms, by giving reasonable notice to the Agent, which shall not be less than 7 days notice in writing, in which case the new rates shall be set out in a schedule which shall replace all previous schedules and which shall take effect on expiry of the period specified in the notice from Lutine.

- 4.2 No commission becomes payable until the first premium payment is received by Lutine and the total commission owing to the Agent is at least £25.
- 4.3 Indemnity commission can only be paid if the Agent keeps Lutine indemnified against loss until the end of the indemnified period in Schedule A and has supplied bank details so that commission payments may be made by electronic transfer. An application for indemnity commission must be made by the Agent in Schedule B.
- 4.4 The Agent shall repay all unearned commission received promptly in the event that a contract of insurance is cancelled for whatever reason.
- 4.5 The Agent shall repay all commission received, at the sole discretion of Lutine, in the event that a contract of insurance becomes void by reason of default, misrepresentation or non-disclosure by the Assured.
- 4.6 In the event of indebtedness to Lutine from the Agent:
  - 4.6.1 any commission which would otherwise accrue to the Agent will accrue to Lutine;
  - 4.6.2 Lutine may set off any monies due to the Agent against sums owed;
  - 4.6.3 Lutine will notify the Agent of any indebtedness at least once a month;
  - 4.6.4 if the Agent is indebted for 3 consecutive months, interest compound will be charged at 3% over the Bank of England base rate per annum from the date it arose; and
  - 4.6.5 the Agent will pay all costs for reclaiming monies due.
- 4.7 Unless otherwise agreed, Lutine shall be responsible for preparation of a commission statement and this statement shall be the basis of accounting transactions between Lutine and the Agent.
- 4.8 If individual contracts are transferred from the Agent at the Assured's request:
  - 4.8.1 the Agent will remain liable for any indemnity commission received; and
  - 4.8.2 the Agent shall be entitled only to initial commission earned.
- 4.9 If individual contracts are transferred to the Agent at the Assured's request, only earned renewal commission shall become due.

## **5. Premiums and Claims**

- 5.1 All premiums relating to Insurance Business shall be paid direct to Lutine by the Assured.
- 5.2 Lutine shall notify the Agent and the Assured where an Assured fails to pay the premium in accordance with the contract of insurance and shall inform the Agent and the Assured either that it will remain on risk for a further period or that the relevant contract of insurance shall be cancelled in accordance with any right of cancellation. Lutine shall at the same time inform the Agent and the Assured of the premium due (if any) for the period of risk covered.
- 5.3 In those circumstances where the Agent is entitled by regulation or law to hold client money and receives premiums and/or other monies directly from an Assured in connection with the Insurance Business, they shall be held by the Agent in trust for, and on behalf of, Lutine. The Agent shall provide Lutine with such evidence as it shall reasonably require to confirm that such monies are held in a trust account. The Agent shall ensure that such premiums and/or monies are submitted to Lutine promptly without deduction or set-off whatsoever, unless otherwise agreed between the Parties.
- 5.4 In those circumstances where a contract of insurance is concluded and it is not possible to finalise immediately the premium to be levied, the Agent shall be responsible for collecting a provisional premium from the Assured, where it is entitled by regulation or law to hold client money, representing an approximation of the full premium to be charged. The provisional amount will be agreed and advised by Lutine and paid by the Agent within a period specified by Lutine.
- 5.5 The Agent shall advise Lutine immediately when notification of a claim or circumstances is received from an Assured.

## **6. Compliance**

- 6.1 The Agent shall comply fully with its respective current and future legal, licensing and regulatory requirements applicable to the subject matter of this Agreement including, but not necessarily limited to, the laws and regulations relating to:
  - 6.1.1 complaints from Assureds;
  - 6.1.2 money laundering;
  - 6.1.3 data protection laws including the Data Protection Act 1998; and
  - 6.1.4 the maintenance of professional indemnity insurance where required by the Financial Services Authority.
- 6.2 The Agent shall promptly notify Lutine in writing giving full details if the Agent has failed to comply with such legal, licensing or regulatory requirements or is notified of such, or where its legal ability or authorisation to fulfil its obligations under this Agreement or in

relation to the Insurance Business is suspended, terminated or otherwise comes to an end.

## **7. Termination**

7.1 This Agreement may be terminated:

7.1.1 by mutual agreement or by either Party at any time by giving written notice by registered or recorded delivery post to the other Party at the latter's last known place of business, and the notice shall be effective at the expiration of 72 hours after the time of posting; or

7.1.2 by either Party immediately if it has reason to suspect dishonesty or fraud, or the administration of the Insurance Business is such as to prejudice the interests of the Assureds; or

7.1.3 by either Party immediately if the other Party has failed to remedy a breach of the terms of this Agreement within 7 days of a written request from the Party not in breach to do so, or where the other Party has committed an irredeemable breach of this Agreement; or

7.1.4 by either Party immediately upon bankruptcy, insolvency, receivership or where one Party enters into a composition with creditors or upon winding-up which ever may be appropriate, or in the case of the Agent upon death where the Agent is a sole trader or upon dissolution of the partnership where the Agent is a partnership; or

7.1.5 by either Party immediately where the other Party fails to maintain in effect any licence or authorisation which it may require by law or regulation for the performance of its obligations under this Agreement or is prohibited by law or regulation from carrying on its business, or a substantial part thereof; or

7.1.6 by Lutine immediately where the Agent has failed to pay monies due within the agreed timescales as set out herein.

7.2 Following termination:

7.2.1 the Agent (or its legal representative) shall immediately remit all monies due to Lutine (whether or not included in the statement of account) and shall cease to promote the products of Lutine;

7.2.2 any monies due to Lutine shall become a debt to Lutine; interest compound will be charged at 3% over the Bank of England base rate per annum from the date it arose and the Agent (or its legal representative) will pay all costs of reclaiming; and

7.2.3 the Agent (or its legal representatives) shall immediately return to Lutine all materials and documents relating to the Insurance Business including, but not necessarily limited to, policy and renewal documentation, cover note books, all other books, documents, stationery, computer software and hardware together with any other copies thereof and any other items belonging to Lutine.

## **8. Non-solicitation**

8.1 Insofar as any client of the Agent has appointed the Agent to arrange their insurance Lutine acknowledges that the client remains the client of the Agent and Lutine shall not directly or knowingly solicit such client away from the Agent during the period of this Agreement or for 12 months following its termination except where this Agreement has been terminated by Lutine in accordance with any one or more of sub-clauses 7.1.2, 7.1.3, 7.1.4, 7.1.5 or 7.1.6 of the Termination clause.

8.2 Nothing in this Agreement shall prohibit or restrict Lutine's legal or regulatory obligation to send any documentation relating to the Insurance Business or Lutine's performance under this Agreement directly to the Assured.

## **9. Access to Records**

9.1 The Agent agrees to allow Lutine, its agents and regulators, on reasonable notice, to inspect, audit and to take copies of the following:-

9.1.1 the accounting records pertinent to the Insurance Business including information relating to the receipt and payment of premiums and claims and any other documentation such as any insurance contract, addenda or bordereaux in the possession of the Agent; and

9.1.2 any documents and records of the Agent relating to the Insurance Business including, but not necessarily limited to, documentation relating to the proposal for the Insurance Business, the placing thereof (including endorsements and reinstatements) and any claims thereunder.

9.2 The Agent shall take reasonable steps to retain, maintain and safeguard any of Lutine's documents in the Agent's possession in accordance with any regulatory or legal requirements. Such documentation shall at all times be available for inspection by Lutine or its agents or regulators and on termination of this Agreement for whatever reason the Agent shall immediately deliver up to Lutine such documentation if so requested.

## **10. Confidentiality**

Each of the Parties will treat information received from the other relating to this Agreement and to the Insurance Business as confidential and will not disclose it to any other person not entitled to receive such information except as may be necessary to fulfil their respective obligations in the conduct of the Insurance Business and except as may be required by law or regulatory authority. For the avoidance of doubt, each Party shall be entitled to disclose

such information where necessary to its insurers or reinsurers, actuaries, auditors, professional agents and advisers and other Group companies. This clause will not apply to information which was rightfully in the possession of such Party prior to this Agreement, which is already public knowledge or becomes so at a future date (otherwise than as a result of a breach of this clause).

**11. Variation and Assignment**

This Agreement may be assigned by one Party only with the prior written consent of the other Party, which shall not be unreasonably withheld or delayed. This Agreement may only be varied by the Parties in writing, signed by a duly authorised representative of each Party.

**12. Rights of Third Parties**

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement. This clause shall not affect any right or remedy of a third party which exists or is available apart from that Act.

**13. Dispute Resolution**

13.1 The Parties to this Agreement are committed to resolving all disputes arising under it (and whether such dispute arises before or after termination of this Agreement) without the need for litigation and to allow as far as possible for commercial relationships to remain unaffected by disputes and therefore the Parties:

13.1.1 will attempt in good faith to resolve any dispute or claim promptly through negotiations between the senior executives of the Parties who have authority to settle;

13.1.2 will attempt in good faith, if the matter is not resolved through negotiation within one calendar month of the dispute arising, to resolve the dispute or claim through mediation with the assistance of a mediator agreed between the Parties or as recommended to the Parties by the Centre for Dispute Resolution or such similar organisation as the Parties may agree; or

13.1.3 if the matter has not been resolved by mediation within three months of the dispute arising, or if either Party will not participate in a mediation procedure, the Parties will refer the dispute in accordance with clause 14 below.

13.2 Notwithstanding the above, either Party may seek the immediate protection or assistance of the High Court of England and Wales if appropriate.

**14. Jurisdiction and Choice of Law**

This Agreement shall be construed according to English law and any disputes, controversy or claim arising under it shall, subject to the provisions of clause 13 above, be determined in the English Courts.

**15. Enforceability Clause**

In the event any portion of this Agreement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

**16. Entire Agreement**

This Agreement constitutes the entire agreement between the Parties relating to the subject matter of this Agreement and supersedes all previous such agreements.

**17. General Interpretation of this Agreement**

In this Agreement, words importing the singular shall include the plural and vice versa. Headings are included for ease of reference and convenience only and shall not affect the interpretation of the Agreement.

**Signed for and on behalf of**

**Lutine**

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By

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Position

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**The Agent**

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By

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Position

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# NON PTA Products

## Schedule A: Rates of Commission

<b>1. Indemnity commission – life insurance policy greater than 10 years.</b>	
Commission Percentage	Indemnified Period (Months)
170%	48

Indemnity commission at the above rates will be paid once the first premium has been collected based on the first year's premium. Clawback of indemnity commission is calculated on a pro rata basis over the indemnified period.

After the indemnified period (as stated above) renewal commission is paid of 2.5% of each premium paid.

**All commission paid on a non-indemnity basis is at the same frequency as the premium payment.**

<b>2. Non-indemnity commission for individual regular premium life assurance and life plus permanent total disability benefit of up to 10 years.</b>					
Premium payment term	Year 1	Year 2	Year 3	Year 4	Years 5–10
1 Year	20.00%	N/a	N/a	N/a	N/a
2 Years	26.90%	2.50%	N/a	N/a	N/a
3 Years	35.00%	5.20%	2.50%	N/a	N/a
4 Years	35.00%	16.00%	2.50%	2.50%	N/a
5 Years	35.00%	29.60%	2.50%	2.50%	2.50%
6 Years	35.00%	35.00%	7.90%	2.50%	2.50%
7 Years	35.00%	35.00%	18.80%	2.50%	2.50%
8 Years	35.00%	35.00%	29.60%	2.50%	2.50%
9 Years	35.00%	35.00%	35.00%	10.60%	2.50%
10 Years	35.00%	35.00%	35.00%	21.50%	2.50%

### **3. REGULAR PREMIUM INDIVIDUAL INCREASING TERM POLICIES DESCRIBED AS LLOYD'S COMMISSION**

20% in Year 1 and 15% of each and every premium thereafter.

### **4. ALL TYPES OF INDIVIDUAL SINGLE PREMIUM PLANS**

Term of cover up to 2 years (including STOPGAP); 20% of the single premium paid.

Term of cover 2–10 years; 15% of the single premium paid.

### **5. SINGLE PREMIUM COSTED GROUP LIFE PLANS**

Commission is agreed on each proposal up to a maximum level of 30% of the single premium.

### **6. ACCIDENT, SICKNESS & UNEMPLOYMENT POLICIES**

20% commission of premiums collected on all mortgages (less the IPT element of the premium).

# PTA Products

## Schedule A: Rates of Commission

<b>1. INDEMNITY COMMISSION FOR INDIVIDUAL REGULAR PREMIUM PENSION TERM ASSURANCE UP TO 25 YEARS.</b>		
Premium payment term	Commission Percentage	Indemnified Period (months)
1 Year	30.00%	12
2 Years	37.85%	12
3 Years	53.61%	12
4 Years	68.78%	24
5 Years	86.88%	24
6 Years	100.74%	24
7 Years	114.03%	36
8 Years	126.84%	36
9 Years	142.13%	48
10 Years and over	170.00%	48

Indemnity commission at the above rates will be paid once the first premium has been collected based on the first year's premium. Clawback of indemnity commission is calculated on a pro rata basis over the indemnified period.  
 After the indemnified period (as stated above) renewal commission is paid of 2.5% of each premium paid.

### **2. LIFE ASSURANCE INCLUDING RELIEF DEDUCTION (LAIRD)**

Indemnity commission is paid on LAIRD.  
 Indemnity commission is 90% of the first year's gross premiums.  
 After the indemnified period of 48 months renewal commission is paid of 2.5% of each gross premium paid.

## Schedule B: Registration Document

Lutine Assurance Services Limited terms of business are set out in the attached document. In order that we may construct adequate intermediary records, will you please complete and return the details below. This form is designed to give us clear instructions regarding correspondence, mailing list and commission addresses etc.

Company Name	
FSA (or other number)	
Please state Regulator	
Network and membership number (if applicable)	
Do you have more than one office that might submit business to Lutine Assurance ?	
Yes	<input type="checkbox"/>
No	<input type="checkbox"/>
If yes, please photocopy this sheet and complete details for each office on a separate sheet. This will enable us to correctly meet your requirements regarding correspondence, communications, and the dispatch of commission statements.	
Business Address:	
Postcode:	
Tel No:	
Fax No:	
Email:	
Website:	
	<u>Head Office</u> <u>Branch</u>
Is the above address your Head Office or a Branch?	<input type="checkbox"/> <input type="checkbox"/>
If it is your sole office or fulfils both functions please tick both boxes.	
Is business emanates from this location to which office should we send subsequent correspondence?	<input type="checkbox"/> <input type="checkbox"/>
Where should we send commission statements in respect of business that is received from this location?	<input type="checkbox"/> <input type="checkbox"/>

Please provide key contact persons at the above location. Please tick the last box if this person is to be separately added to our mailing list for new product details, information etc (otherwise we will send only one bulletin to this office)

Name	Title	Individual Reg No.	Mailing list?
			<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>
<p>Commission will be paid directly into your bank account by direct credit. A commission statement will be posted to the office location you have selected above. This reduces our costs, minimises error and delay, avoids you having to bank cheques, and ensures that commission is promptly and accurately paid. Please provide the bank details for the above office. Please check the relevant box below if you wish to receive indemnity commission. Note: if you have centralised commission payment requirements this information need not be repeated on any supplementary address sheets that you may have completed.</p>			
<b>Name of Bank:</b>			
<b>Address:</b>			
<b>Account number:</b>		<input type="text"/>	<input type="text"/>
<b>Sort Code:</b>		<input type="text"/>	<input type="text"/>
<b>Account Title:</b>			
<b>Have you submitted your bank details and do you wish to receive indemnity commission?</b>			<input type="checkbox"/>

**Please return to:**  
 Lutine Assurance Services Limited  
 3rd Floor  
 154 Great Charles Street  
 Birmingham  
 B3 3HN

## **FSA REGULATION AND CLIENT MONEY**

This notice contains important information relevant to all insurance intermediaries who introduce business to us and forms part of the terms of business between you and us.

This notice is intended to advise about resultant changes in the rules concerning the way we handle your client monies. This includes return premiums and claim settlements.

Under the rules when we receive money from you or for payment to your client we will hold such monies as agent of the relevant Underwriter at Lloyd's or Insurer.

### **Risk Transfer**

Where we receive money from you (or the Underwriter at Lloyd's or Insurer) it will become (or remain) the property of the Underwriter at Lloyd's or Insurer whilst we hold it.

Therefore if you pay a premium to us it will be treated as having been received by the Lloyd's Underwriter or Insurer. Similarly, the Lloyd's Underwriter or Insurer will bear the risk if return premiums or claims settlements they have paid to us are not then paid by us to your clients.