



HEPBURNS INSURANCE – BUSINESS PROTOCOLS

INTRODUCTION

Hepburns Insurance Limited is an independent insurance and reinsurance intermediary, with companies registered in Jersey, Guernsey and the UK. The Companies are regulated by the Jersey and Guernsey Financial Services Commissions (JFSC) / (GFSC) and In the UK by the Financial Services Authority (FSA). These Business Protocols apply only to the Jersey and Guernsey companies separate Terms of Business, issued in accordance with specific FSA requirements apply to the UK company.

Our intention in issuing these Business Protocols is to establish clearly and concisely with you the basis on and extent to which we will provide you with placing services in relation to each insurance that we arrange on your behalf, unless there is a more specific agreement in writing between us. This document also highlights certain important insurance practices and procedures that apply when arranging insurance and provides you with more general information on our services.

We would therefore urge you to read this document carefully, particularly the section entitled Placing Services, as it sets out the basis upon which we will act as your agent in relation to each insurance policy that we arrange on your behalf. If you do not wish our relationship to be governed in such a manner, you need to advise us in writing before we proceed to arrange the insurance.

SERVICE STANDARDS

Quality & Standard of Service

In providing you with insurance placing services, we will be acting as your agent, in accordance with your instructions and in a professional and expeditious manner, maintaining quality and standards.

Under the terms of The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 we are required to adopt the specific Codes and Practice requirements issued by the GFSC in relation to the operation of our business and the services that we provide in Guernsey.

In Jersey Under Article 8 of the Financial Services (Jersey) Law, 1998 we are registered by the JFSC to carry on general insurance mediation business as prescribed by Article 2 of the Financial Services (General Insurance Mediation Business) Order 2005.

Managing Your Requirements

We will assign one or more Account Manager to take responsibility for the provision of the insurance placing and claims related services that are described in this document. Such person(s) will be your primary point(s) of contact in relation to insurance that we arrange on your behalf and will ensure, in so far as is reasonably possible, continuity of and accountability for those services.

PLACING SERVICES

Establishing Your Needs

In good time before negotiations with the insurer(s) commence, we wish to establish a proper understanding of your requirements. We will assist where necessary in the gathering and collation of material risk information and in its preparation for submission to the insurer(s) who we consider to be appropriate. In that regard, we would draw your attention to the section of this document entitled Duty of Disclosure.

Quoting & Placing

We will seek on your behalf from the insurer(s) competitive indications for insurance and coverage which are, in our opinion, as efficient as possible to protect against the proposed risk(s), advising you of the terms indicated by the insurer(s) in such a manner as to enable an informed decision to be made on whether to proceed with the insurance.

We will take diligent and timely steps to implement your instructions and, subject to the available insurance market, place all of the required insurance before its intended date of inception, renewal or extension, confirming to you prior to such date the coverage which is in place. If any inability to fulfil your instructions becomes clear to us, we will bring this to your immediate attention.

Documentation

We will advise you by facsimile, letter or other agreed communication medium of the completion of the insurance arrangement(s). We will then arrange for appropriate documentation to be forwarded to you, which will provide you with formal evidence of the insurance and the amount of premium payable in respect thereof.

Insurance Summary / Cover Note

Is a confirmatory letter that provides a summary of the main terms of the insurance and identifies the insurer(s) with whom it has been placed. You should check the document and satisfy yourself that it is entirely in accordance with your understanding and instructions. Any variance should be advised to us immediately and any correspondence should quote our reference.

Where a certificate, policy or other evidence or confirmation of insurance is issued in a timely fashion after completion of the insurance arrangements, we will not issue a cover note unless one is specifically requested by you.

Premium Debit Note / Invoice

A premium debit note or invoice indicates the premium charged by the insurer(s) for the insurance, the amount of any rebate or discounts to you and the net amount of premium payable to us. Where the insurer(s) requires premium to be paid directly to them, this will normally be indicated on the premium debit note or invoice.



Insurance Policy / Certificate

We will seek to obtain and, subject to any lien which we may be legally entitled to exercise, issue to you as soon as practicable any insurance policy or certificate documents which may be required in relation to the insurance. The policy or certificate document will set out comprehensively the terms of the insurance and replaces earlier documentation.

Taxes, Duties & other Charges (Not applicable to insurance policies covering risks located in Jersey and Guernsey).

Any insurance premium tax, duty or other charge which is payable in addition to the premium and which needs to be remitted to the appropriate authority by the insurer(s), or which is allowed by the insurer(s) to be deducted from the premium payable, will be indicated on the premium debit note or invoice. If a tax, duty or other charge is allowed to be deducted by you from the premium payable, it is your responsibility to ensure that it is remitted to the appropriate authority.

Amendments

If you require a subsequent amendment to the terms of the insurance, you should advise us in writing at the earliest opportunity, specifying the required changes(s) and enclosing any relevant supporting information. As noted under the section of this document entitled Duty of Disclosure, the duty to disclose material information resurrects itself when amendments to the insurance are proposed.

We will then seek the necessary agreement(s) from the insurer(s) and advise you in writing when the amendment has been effected, or of any inability to effect the required amendment.

An addendum to the cover note, or endorsement to the policy or certificate of insurance, together with a debit note or credit note indicating respectively any additional or return premium due, will be issued to you unless such amendment is reflected within the already issued documentation.

Premium Payment Terms

In order for us to meet the premium payment terms of the insurer(s), premiums must be settled to us as specified in each premium debit note or invoice. In certain circumstances, the insurer(s) will stipulate special premium payment terms or warranties, which, if not met, may affect the validity of the insurance. We will advise you when these special payment terms or warranties apply to the insurance.

Use of Sub-Agents / Overseas Support

Where we consider it to be appropriate and for your benefit, it may be necessary for us to request or recommend another more localised or specialist insurance broker or intermediary to act as our sub-agent and assist in the placement or servicing of the insurance, for example, accessing the Lloyds of London insurance market. In such cases, we will provide specific instructions to meet your insurance requirements. We are obliged by law to advise you that:

- (a) insurance money may be passed to another insurance intermediary outside Jersey; and
- (b) if the money is so passed, the legal and regulatory regime applying to the insurance intermediary with which the insurance money will be held will be different from that of an insurance intermediary located within Jersey and in the event of the failure of the insurance intermediary the insurance money may be treated differently than it would be if the insurance money were held by an insurance intermediary in Jersey.

COMPLAINTS

If you have a complaint regarding our practices or performance, which you are unable to resolve to your satisfaction, please contact either:

The Managing Director
Hepburns Insurance Limited
Normandie House
Rue a Chiens
St. Sampson's
Guernsey
GY2 4AE

or

The Compliance Officer
Hepburns Insurance Limited
PO Box 732
6/7 Mulcaster Street
St. Helier
Jersey
JE4 0QJ

detailing the nature and underlying circumstances of your complaint.

The Managing Director in Guernsey and the Compliance Officer in Jersey are responsible for monitoring the quality of our services and compliance with the laws and regulatory practice codes applying to us in Guernsey and Jersey. They will acknowledge receipt of your complaint within five business days, detailing who is dealing with your complaint and give you our response to your complaint at that time if possible. If investigations take longer you will be provided with a full written response within 20 business days, or the current position of your complaint will be explained and you will be provided with an indication as to when we expect to provide our final response.

Alternatively, if your complaint remains unsolved following the review and our response you can request from us details of regulatory bodies, ombudsmen or other independent dispute remediation bodies to whom complaints can be forwarded to directly.

Making a complaint against us is in addition to and does not replace your right to seek legal redress against us.

DUTY OF DISCLOSURE

We wish to ensure that all of our clients are aware or reminded of the duty of disclosure in relation to insurance and the consequences of its breach.

Insurance contracts are contracts of utmost good faith. This means that a proposer for insurance must disclose to the insurer(s) all material information relating to the risk under consideration. "Material" in this context refers to all information which a prudent insurer (not necessarily the insurer in question) would wish to take account of when considering whether or not to accept the risk and, if so, upon what terms and at what price. Material information does not necessarily have to actually increase the risk.

The duty of disclosure continues up until the policy has been concluded and continues during the period of the policy contract. It may also be that the terms of the policy include specific ongoing disclosure conditions or warranties.



In completing a proposal or claim form or any other material document relating to an insurance policy, the accuracy of all answers, statements and/or information is the insured's own responsibility.

In the event that there is a breach of the duty of disclosure, the insurer may have the right to avoid the insurance from its commencement. Under such circumstance, the insurer(s) would be entitled to seek recovery of any claims already paid by them under the insurance, although at the same time the insurer(s) would generally be obliged to return paid premiums.

CONFIDENTIALITY AND SECURITY OF INFORMATION

Hepburns Insurance Limited is notified under the Data Protection (Bailiwick of Guernsey) Law 2001 and registered as a Data User with the States Data Protection Registrar in accordance with the Data Protection (Jersey) Law, 1987. Any information which you provide to us will not be used or intentionally disclosed by us to other parties except in the normal course of negotiating, maintaining or renewing the insurance, or for handling any claims thereunder, unless your written consent has been obtained beforehand or disclosure of the information is required in the public interest or is compelled by law.

We will take appropriate steps to provide adequate security, taking into account the nature of the data, and the harm to you, which could arise, from disclosure or loss of your confidential documents and / or any information in our possession. Certain categories of sensitive personal data, as defined in Law, may require your explicit consent in order to be processed, this will be obtained and we will take appropriate steps to ensure the adequacy of our security of such sensitive personal data.

CLAIMS PROCEDURES

Claims should be notified either directly to Hepburns Insurance Limited or should you prefer, direct to your insurer(s) without delay.

Negotiation & Settlement

We will diligently pursue the settlement and, where applicable, the collection of any claim under the insurance and seek to secure as full and as reasonable a recovery as we are able within the terms, conditions and limitations of the policy. We will not compromise the amount of any claim settlement without your prior approval. Where applicable, we will provide you with written confirmation of the acceptance of the claim and the amount of settlement agreed by the insurer(s).

Maintenance of Records

We will make, maintain and keep a record of all material particulars relating to the notification, processing and resolution of claims under the insurance for which we provide claims related services. Such records may be kept in paper based, electronic or such other medium as we consider appropriate provided that they are either in a legible form or capable of being reproduced in a legible form.

Services for Insurer(s)

In relation to the claims process, we may provide and may be separately remunerated for limited services to the insurer(s), including but not limited to, claims handling and record retention for the insurer(s) and, in relation to surveyors, adjusters, lawyers, recovery agents and other third parties appointed by the insurer(s), by relaying instructions from the insurer(s), disseminating reports and collecting fees or other disbursements. These latter services may also be provided to the insurer(s) during the placing process.

In the event of us not being retained as your appointed advisor, the claims service we promote will be automatically terminated.

Subject to any lien, which we may be legally entitled to exercise, we will fully co-operate in the transfer of files and other documents to which you are legally entitled and which are reasonably necessary for either yourself or another insurance intermediary to assume appropriate responsibility.

Conflicts of Interests

In performing our services, there are two main situations where we may have conflicting interests and we wish to highlight our normal procedures in relation thereto.

Firstly, in providing the limited services to the insurer(s) as described above, where a conflict arises, we will simply refrain from performing any further services of a like nature for the insurer(s) unless you have agreed otherwise in writing.

Secondly, where we act as agent for two or more clients involved in the same or a related loss situation, we will advise the clients involved of our conflicting interests (if any) and take immediate steps to segregate the claim servicing functions proved to each of the involved clients. These steps will normally include the assignment of different staff to represent the claim interests of each involved client and the establishment of direct communication procedures.

We recognise for conflicting interest situations that you may wish to secure the services of another intermediary to assist you with matters.

REMUNERATION AND OTHER INCOME

Our principle remuneration for arranging the insurance will be either by way of brokerage commission, being the proportion of the premium paid which is allowed to us by the Insurer(s) for introducing the insurance to them, or a fee agreed with you.

In addition to the above, you should be aware that as a result of arranging the insurance, we may receive additional income from the following sources:

- Interest earned on monies passing through our insurance broker accounts.
- Income derived from arranging premium financing.
- Expense allowances from Insurer(s) for managing and administering certain lineslips, covers, bindings authorities and other similar facilities, including claims which may arise thereunder. All of which we believe enable more efficient service and competitive terms to be provided to those clients for whom we consider the use of such facilities appropriate.
- Contingent commissions (some-times referenced as "incentive" commissions) which can be based on profitability, premium income volume and/or growth, or payable to reflect our processing efficiencies, across a portfolio of business placed with a particular insurer(s).



Notwithstanding the existence of contingent commission agreements, we recognise that our overriding responsibility is to promote the best interests of the policyholder in the selection of the insurer(s).

METHODS OF PAYMENT

Premiums should be settled on an individual debit note or credit note basis unless we have agreed otherwise with you. Statements of Account are issued periodically where there are monies due for payment to us and we may have monies on account that are owing to you.

All payments should be made in the same currency in which they have been invoiced to you.

Cheques / Bankers Drafts

A cheque or bankers draft should be made payable to Hepburns Insurance Limited, unless otherwise advised. (If you wish to remit by wire transfer, please contact your Account Manager for details of the appropriate account number).

E-MAIL

We recognise that communicating by e-mail on a “desk-to-desk” basis is a very desirable method of conducting business and that e-mail is fast replacing facsimile as the preferred method of communication. However, if you choose to communicate with us by e-mail, we do have some concerns specific to its use in placing and servicing insurance that we would like to share with you:

Integrity & Receipt:

There is no certainty of the completeness, accuracy or even the receipt of a message or data file sent by e-mail. As an insurance intermediary, we are concerned that using e-mail as part of a contractual process creates an exposure for our clients and ourselves as their agent or professional advisor. We are particularly concerned with misrepresentation or non-disclosure of information, where corruption of data during transmission or missing data file attachments may not be immediately obvious to the recipient. This could create a situation, which subsequently affects the legality of the insurance contract.

For important messages we may ask for a confirmation of receipt and we will acknowledge or respond to those that we receive. Hard copies of messages may also be requested or sent where considered appropriate.

Confidentiality

By unavoidably having to use third party service providers to “deliver” e-mails, confidentiality may be outside of the sender’s control.

Appropriateness

Where receipt of a message by a given time/date is critical or the subject matter is of an important nature, such message should be communicated by facsimile or courier to ensure that it is received and can then be acted upon. Many contracts of insurance have provisions which require notice in writing in order to ensure compliance, particularly in relation to claims advices. The use of e-mail in such circumstances may be inappropriate.

Legality

In the absence of any formal contract setting out the terms of communicating by e-mail, it may be questioned in certain jurisdictions as to whether such communications are or will be legally admissible as evidence in any dispute, without considerable supporting evidence as to checks having been made on receipt, security and integrity of the communication.

Viruses

With knowledge of the potential damage which computer viruses can cause, e-mail users should use their best endeavours to ensure that they do not transmit harmful viruses to other parties.

E-COMMERCE

We will seek to place and service insurance business in the most efficient manner, which increasingly is by means of electronic trading. Therefore, where we consider it appropriate, we will exchange data and text with you, the insurer(s) and other parties connected with the insurance using e-mail, through private insurance market networks and through web-enabled systems accessed via the internet. The exchange of data between Intermediaries and insurer(s) by electronic means has long been a feature of the Insurance Market, principally in relation to accounting and insurance claim processes.

PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM

Hepburns Insurance Limited is required to comply with all appropriate legislation, regulations and guidance notes. Our compliance arrangements are contained within a compliance manual and all staff are required to fully discharge their responsibilities as contained therein. These responsibilities primarily concern verification of customer identity.

It may well be that we will request personal or corporate details from you and ask for proof of identity in a prescribed format, for example to see your passport or driving licence. Evidence of residence may be required in the form of an original utility bill.

We would very much appreciate your assistance in this respect. We will only request such details and verifying documentation from you in circumstances where it is a strict legal requirement and as such are obliged to do so.

We would confirm that all licensed insurance intermediaries are similarly required to adopt verification procedures in such circumstances.