

Client Terms Of Business and Status Disclosure

Aon Limited is a company incorporated in England and Wales (registered number 0210725) with its registered office at 8 Devonshire Square, London EC2M 4PL ("we/ us/our/Aon Limited").

PAX Insurance is part of Aon Limited which is authorised and regulated by the Financial Services Authority ("FSA") in respect of insurance mediation activities only. Aon Limited's FSA register number is 310451.

These are our terms of business which together with any schedules, shall govern our appointment by you. These terms of business apply to all Services (defined under the section below headed "Our Services") that we provide to you after these terms of business come into force, including any further Services provided in connection with insurance contracts that were placed by us, or any subsidiary of Aon Corporation ("Aon Group Member"), for you before these terms came into force. If you have any questions about these terms of business please raise them with us immediately, otherwise we will assume you are in agreement with them.

Our permitted business is advising customers on insurance contracts (recommending specific insurance policies to customers); arranging (bringing about) deals in insurance contracts (e.g. introducing a customer to an insurer); making arrangements with a view to transactions in insurance contracts (e.g. helping a customer to fill in a proposal form); dealing as agent in insurance contracts (entering into a contract of insurance with a customer on behalf of an insurer); assisting in the administration and performance of an insurance contract (e.g. notifying insurance claims to an insurer and negotiating settlement of the claim on a customer's behalf.); and agreeing to carry on any of the above regulated activities.

You can check this on the FSA's Register by visiting the FSA's website www.fsa.gov.uk/register, or by contacting the FSA on 0845 606 1234.

1. Client

These terms of business shall apply to you and all other persons named as policyholders in any insurance contract we arrange on your behalf ("you/your"). You warrant that you have authority to enter into these terms of business on your own behalf and on behalf of the said policyholders (each a "Beneficiary"). If we place reinsurance for you, then where we refer in these terms of business to "insurance contract" and "insurer", these phrases shall also, where appropriate, refer to "reinsurance contract" and "reinsurer", respectively.

2. Our Services

Kit & Home Contents Insurance
Buildings Insurance
Travel Insurance
Let Property Legal Expenses Insurance

2.1 We will provide insurance and reinsurance broking services ("Services"). We will not provide you with advice or a recommendation, but we might ask you some questions to narrow down the selection of products that we will provide details on. You will then need to make your own decision how to proceed.

2.2 At your request we may also make representations about the insurance we have arranged for you to other interested third parties provided that you pay us an additional fee and we are able to either disclaim or limit our liability to such third parties in a way that is satisfactory to us.

2.3 If we carry out any other insurance broking related services for you, such services will also be subject to these terms of business, subject to the remuneration clause below.

2.4 You understand and agree that we are not the insurer of any risk and that we do not guarantee either the availability of a insurance contract or the financial security or solvency of an insurer. Whenever we offer you the opportunity to select from products offered by more than one insurer, the final selection of insurer remains with you. If at any time the cover you require can only be provided by an insurer that is not on our list of approved insurers, we will advise you of such. If during the period of the insurance contract which we have placed for you, we become aware that an insurer of that risk ceases to be on our list of approved insurers for new business, then we will advise you of that fact. Unless we agree otherwise in writing, we will not have any further obligation to take any other steps to advise you of the ongoing security afforded by your insurers.

2.5 We are committed to meeting your needs and requirements. If at any time during the term we determine that services offered by an Aon Group Member may be of interest to you, we may recommend these to you and your decisions to use them shall not be dependant upon your purchase or utilisation of any product or Services provided to you under these terms of business. If you decide to take up such services you will be asked to enter into separate terms of business.

Aon Group Members hold equity and loan stock in a number of other companies as part of its investment portfolio and we may recommend the goods and/or services of those companies as part of the Services we provide to you. In addition, some of these companies may

have an interest in Aon. You are able to view details of all these holdings on our website at www.aon.com. For those Services involving a company in which an Aon Group Member has a material interest, we will disclose this to you at the time of the quotation.

2.6 We can only offer you the product of one insurer which will be named in our policy documentation.

2.7 Where relevant, prior to the end of the insurance contract period, you will be advised by us of the terms on which the insurer of that insurance contract may be willing to renew the insurance contract for a further period. In the event that either the insurer is not willing to renew the insurance contract or we no longer arrange such an insurance contract with that insurer, we will notify you and, unless you tell us otherwise, may advise you of the terms of any alternative insurance contract offered by another insurer.

2.8 Evidence of cover will take a form set out in the Contract Certainty Code of Practice Principles & Guidance (issued by the Society of Lloyds of London and others in June 2007) as amended from time to time, which form will include, in our discretion, a copy of the complete slip stamped by the insurer, or any electronic version of the slip (such as Form R13K) having the same effect.

3. Remuneration

3.1 In consideration of us providing the Services to you we will be entitled to a fee and/or brokerage of up to £15 detailed in the Statement of Price, an a fee and/or brokerage of up to £15 for any mid term adjustments involving an amendment to your premium. You will receive a quotation, which will tell you about any other fees relating to any particular insurance contract. Subject to any regulatory requirements placed on us, brokerage and fees are earned at the time of the placement of the relevant insurance contract and we will be entitled to retain all fees and brokerage in respect of the full insurance contract period in relation to the insurance contracts placed by us (even if you cancel the insurance contract and/or terminate our appointment).

3.2 If in addition to the Services you wish us to perform any services for you requiring additional resource, these will be subject to an additional fee and/or brokerage. In the case of an additional fee payable by you this will be discussed with you prior to an invoice being issued. If time permits, we will try to agree the additional fee before the services are commenced. If we cannot agree the amount of the additional fee, you will pay us a reasonable fee for the services carried out this will normally

be based on our standard hourly rate for the staff involved.

3.3 Occasionally, when placing insurance with a number of insurers, we shall obtain subscriptions by insurers which are in excess of 100% of the cover required (for example, to ensure the risk is placed more evenly with a variety of insurers). In such circumstances, we shall sign down each insurer's share on a pro rata basis or on a basis that provides the most beneficial premium to you to provide a 100% subscription of the cover required. However, where such signing down is not possible or appropriate, we shall disclose this to you prior to obtaining your instructions to proceed with the placement.

3.4 We are committed to transparency in our relationship with you. In addition to fees from you and/or brokerage, we carry out some of the administration associated with your insurance on behalf of, or for the benefit of, insurers and may receive additional remuneration from the insurers for this activity. We may also act as reinsurance broker to insurers with whom we have placed your insurance or reinsurance and your insurers or their reinsurers may also remunerate us. Please contact us if you wish to know more.

4. Our Obligations and Liability to You

4.1 We shall exercise reasonable skill and care in the performance of our Services.

5. Taxes

We will endeavour to ensure that all relevant premium taxes and or other parafiscal charges attaching to insurance contracts we have placed are identified. This is based on our knowledge and experience as insurance brokers and risk consultants. However, you or the relevant (re)insurer(s) on risk are responsible for accounting for these taxes. We are not responsible for accounting for any premium taxes or parafiscal charges on behalf of you or the (re)insurer(s) unless there is a legal requirement for us to do so in a specific jurisdiction and this is agreed in writing in advance with you or the (re)insurer(s) as appropriate. We recommend that you obtain specialist advice from your own tax advisors as regards the calculation and payment of premium taxes and parafiscal changes on (re)insurance contracts we have placed on your behalf.

Any fee and/ or brokerage payable to us in consideration of us providing the Services to you is expressed exclusive of any applicable value added tax or equivalent tax, duty, impost or levy performing a similar fiscal function.

You may withhold from sums otherwise due to us in respect of the Services any taxes or amounts required by applicable law to be withheld and paid to the appropriate taxing authorities, and you shall increase sums payable to us to ensure that we receive and retain a net sum equal to that which we would have received and retained were no deduction or withholding made. If we subsequently receive a tax credit which is referable to the increased payment and which enhances our position, then we will reimburse you sufficient to redress

the position up to the amount received so long as by doing so it does not prejudice receipt of retention of the tax credit. You shall provide us with copies of all receipts evidencing payment to such authorities of the taxes or amounts withheld.

6. Duration and Termination

6.1 These terms of business and our appointment shall take effect immediately and shall continue with full force and effect until completion of the Services or until replaced by new terms of business.

6.2 These terms of business may be terminated at any time by mutual agreement, or by either you or us if:

- i the other is in material breach of a term of these terms of business, and if such breach is capable of remedy, fails to remedy the breach within 30 calendar days of receiving notice specifying the breach to be remedied; or
- ii the other shall become insolvent, or enter into receivership, liquidation, provisional liquidation or a voluntary arrangement with its creditors, if a party ceases or threatens to cease to carry on business or has an encumbrancer take possession of, or a receiver, or administrative receiver appointed over all or any part of its assets; or
- iii either you or we serves the other not less than 30 calendar days notice of termination on the other party ("Termination for Convenience").

6.3 With effect from termination (whatever the reason for termination)

- i we shall have no further obligation to perform any of the Services and all sums payable by you shall become due and payable. If we choose to Terminate for convenience, we will at our option refund any remuneration which we have specifically received for Services which have not been provided to you. Where a Service for which we have specifically been remunerated has been partly provided, we will refund a pro-rata share of our remuneration for that Service.
- ii We will consider continuing to handle claims on insurance contracts we have placed for you at your request but only if we are able to do so and can agree an appropriate remuneration

6.4 After termination (whatever the reason for termination) we will retain appropriate documents relating to the Services we have carried out on your behalf in electronic or paper form for at least seven years after expiry of the insurance contract. It is your responsibility to obtain or retain such documents for after expiry of the insurance contract. It is your responsibility to obtain or retain such documents for use after this seven year period. We strongly recommend that you retain your own copies of any evidence of coverage we send you, if for some reason the records we retain are lost or destroyed.

7. Your Responsibilities

7.1 You agree:

7.1.1 To pay our fee (if applicable) immediately. Brokerage is due and payable on receipt of the premium.

7.1.2 to pay all premiums and any other charges on or before the due date as set out in our debit note, renewal invitation or new business quotation, as applicable. We will advise you if insurers have imposed a premium payment warranty or condition in which case you will pay the premium within the time specified by insurers. Failure by you to comply with a premium payment warranty or condition may give the insurer the right to cancel your insurance contract. Please contact us immediately if you may not be, or are not, able to comply with a premium payment warranty or condition:

7.1.3 to provide accurate, complete and timely information to enable us to fulfil our obligations under these terms of business and our obligation to your insurers to make a fair presentation of the risk. It is understood and agreed by you that it is your responsibility to provide all such information both before and after inception of cover (for example, where there is a change or variation in cover) and on renewals. This responsibility applies whether or not the information is available elsewhere within Aon Limit or the Aon Group Members;

7.1.4 that we shall provide the Services in reliance on the information and data provided by you. Any answers or statements given on a proposal or claim form or any other material document completed by you are your responsibility and should therefore be checked carefully. Unless agreed otherwise in writing, we are under no obligation to investigate or verify the accuracy or completeness of any information or data provided by you and no liability shall arise for any errors or deficiencies in the Services arising out of or based on any such inaccurate or incomplete information or data;

7.1.5 to advise us immediately if any documentation supplied by us does not appear to be in accordance with your instructions or requirements;

7.1.6 to hold harmless, indemnify and keep indemnified Aon and any Aon Group Member against all liability that may arise from time to time and against all claims, demands, actions, proceedings, damages, losses, costs (including all legal costs) and expenses whatsoever arising which are made or brought against Aon Limited and/or any Aon Group Member in connection with our appointment hereunder; and

7.1.7 to promptly notify us or insurers of all claims in accordance with the insurance contract conditions and procedures and to disclose all material information.

- 7.2 Your Duty to Disclose Material Information
- 7.2.1 Material information is information that would influence an insurer in deciding whether a risk is acceptable and, if so the premium, terms and conditions to be applied. Under English law, failure to disclose to the insurer all such information or misrepresentation could result in the insurance contract being rendered void, so that claims would not be paid.

Before inception of cover

All material information must be disclosed to insurers to enable terms to be negotiated and cover arranged. This is not limited to answering specific questions that may be asked by us or the insurer. If you become aware that material information that you have supplied prior to the placement of your policy of insurance was incorrect you should tell us immediately.

After inception of cover

The duty of disclosure is reimposed when there are changes or variations in cover and when the insurance contract is renewed or extended. In addition, changes which substantially increase the risk, or relate to compliance with a warranty or condition in the insurance contract must be notified at once. Some insurance contracts contain an express obligation to notify any change in risk.

- 7.2.2 Please contact us immediately if you are in any doubt as to whether or not information might be material or if you have any concerns that we might not be aware of all material information.

- 7.3 You agree that you are not undertaking regulated activity. If at any time you are undertaking regulated activity you will immediately notify us.

8. Data Protection

- 8.1 We both warrant that we will duly observe all the requirements of the Data Protection Act 1998 which relate to the processing of data relating to individuals living in European Union countries.
- 8.2 You warrant that you shall duly observe all the requirements of the Data Protection Act 1998 which relate to the processing of data relating to individuals living in European Union countries.
- 8.3 You understand and give explicit consent that the information provided, including any sensitive information such as criminal convictions or medical conditions, will be passed to or used by PAX Insurance, its agents, carefully selected suppliers, authorised bodies and insurance companies for the underwriting, claims handling and processing of you insurance, and to prevent fraud. Information may be passed to insurers or reinsurers in the United Kingdom or any other country, including those with limited data protection laws.

9. Confidentiality

- 9.1 Except as set out below, we agree to keep all information received from you confidential and to use it solely for the purpose of providing the Services.
- 9.2 This obligation of confidentiality will not apply where: you have given written permission otherwise; disclosure is required to satisfy legal obligations or regulatory requirements; disclosure is normal to broking industry practice (for example to insurers or prospective insurers); we have assigned, novated or sub-contracted the Services (of any part thereof) in which case we will make the recipient aware that the information is confidential; such information is in the public domain; or the information is rightfully in our possession other than as a result of a breach of any obligation of confidentiality.
- 9.3 You agree that information given by you can be used by us for compiling data and statistics for use by the Aon Group Members. If such data or statistics are circulated outside the Aon Group Members, it will not be done in a way that identifies you.
- 9.4 This obligation of confidentiality shall cease to apply three years from termination of these terms of business or termination or our appointment.

10. Intellectual Property

We shall retain all title, copyright, patents and other intellectual property rights to all Aon developed computer programmes models and tools and to their output and to all Aon developed methodologies and documents used in the performance of the Services.

11. Waiver

A failure at any time by either of us to enforce any right or obligation shall not be deemed to be a continuing waiver of such right or obligation.

12. Assignment

You may not assign your rights or obligations without our prior written consent. We may assign, novate or sub-contract any of the Services or any other insurance brokering, insurance administration and/or insurance consulting services without prior consent.

13. Entire Agreement and Conflict

These terms of business including for the avoidance of doubt any schedules, constitute the entire agreement between both you and us with regard to our appointment and supersedes all proposals, prior discussions and representations, oral or written between both you and us relating to the subject matter. In the event of any conflict between the terms of business and any schedules the terms of business shall prevail in the order listed.

14. Severability and variation

If any term of these terms of business is or becomes or is found by a court or other competent authority to be illegal, invalid or unenforceable, in whole or in part, under any

law, such term or provision or part will to that extent be deemed not to form part of these terms of business and the legality, validity and enforceability of the remainder of these terms of business will not be affected or impaired. These terms of business may only be amended or varied if agreed by both of us in writing.

15. Partnership

Nothing in these terms of business and no action taken by either you and us pursuant to these terms of business will create or be construed as creating a partnership association, joint venture or other co-operative entity between you and us.

16. Third Party Rights

A person who is not a party to these terms of business has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of these terms of business, other than in the case of a Provider and/or respective directors, officers, employees and representatives.

17. Force Majeure

We shall not be liable in any way for failure to perform, or delay in performing our obligations under these terms of business if the failure or delay is due to causes outside our reasonable control including, but not limited to, act of God or governmental act, fire, explosion, flood, accident, civil commotion or industrial dispute ("Force Majeure"). In the event of a Force Majeure arising we will notify you as soon as reasonably practicable.

18. Notices

Notice of termination given by either you or us will be in writing and will be delivered personally or sent by first class recorded delivery post to the other's registered address. In the absence of evidence of earlier receipt, any notice or other communication will be deemed to have been duly given if delivered personally, when left at the registered address of the relevant party and signed for (in acknowledgement of receipt) on behalf of the relevant party; and if sent by first class recorded delivery post, three clear business days after posting.

19. Governing Law and Jurisdiction

These terms of business shall be governed by and construed in accordance with English Law and any dispute arising out of or in connection with it shall be submitted to the exclusive jurisdiction of the English courts.

20. Conflicts of Interest

- 20.1 These terms of business will not prevent us from acting for other clients, who may be your competitors or with whom you may have business dealings. You acknowledge and agree that this may prevent us from advising you of information which has come into our possession by virtue of our acting for another client.
- 20.2 In the event that we identify a conflict of

interest in our providing any of the Services to you we will immediately notify you and seek to agree how to continue to provide those Services.

21. Safeguarding Your Money

(From 14th January 2005, the following terms will apply to "Client Money" held by Aon Limited.)

21.1 Where we act on your behalf we shall hold premiums due to insurers, any claims payments and/or premium refunds due to you as client money ("Client Money"). During the provision of the Services to you, we and any of our Appointed Representatives (as defined by regulations set down by the FSA) will deposit all payments received in respect of Client Money in a bank account governed by a trust deed that complies with standard regulations set down by the FSA ("Non-Statutory Trust Account"). These regulations seek to protect clients against any inability of an insurance broker to transfer premiums to an insurer or to transfer claims payments and/or premium refunds to the client. Client Money subject to Scottish Law will be held by us acting as your agent.

21.2 Where we act on insurers' behalf we shall hold money as insurer money ("Insurer Money"). Premiums received by us will be treated as having been received by insurers whereas claims payments and/or premium refunds will only be treated as having been received by you when they are actually paid to you. We may co-mingle Insurer Money with Client Money under the terms of the same trust deed when permitted by the FSA to do so.

21.3 Where we act on your behalf in respect of activities other than insurance mediation activities that are regulated by the FSA we may not be permitted by the FSA to hold Client Money in the same Non-Statutory Trust Account as we use for regulated activities. In this case we have established a separate Trust Account in order to provide an equivalent degree of protection for your money.

21.4 The terms of the Non-Statutory Trust Account(s) permit us, in line with standard industry practice, to use the money held in the trust ("Trust Monies") on behalf of one client to pay another client's premium before the premium is received from that client and to make claims payments and/or premium refunds to another client before we receive payment from the insurer. However, we are not permitted to use Client Money for any other purpose.

21.5 In the normal course of business and within the standard terms of our Non-Statutory Trust Account(s) arrangements, we may place part of the Trust Monies into money market funds. We shall retain sole rights to all interest and earnings received on Trust Monies rather than pay them to you. Under the terms of the Non-Statutory Trust Account(s) we are responsible for meeting any trust fund shortfalls arising from this.

21.6 We will pay premiums directly to insurers and receive premium refunds and/or claim

payments directly from insurers or their representatives except where we have engaged the services of another intermediary in which case settlements may then be transferred between us and the other intermediary. Should such an intermediary be located outside of the United Kingdom, payments will be made to and from their jurisdiction and will be subject to a legal and regulatory regime different from that of the United Kingdom. In the event of a failure of the intermediary, the Client Money may be treated differently from the treatment which would have applied if it were held by an intermediary in the United Kingdom.

21.7 We believe the above arrangements provide you with significant and effective protection for Client Money. Your agreement to all aspects of these arrangements will be assumed unless an objection is registered with us or where applicable our appointed representative prior to your first remittance being received by us.

22. Complaints

In the event that you are unhappy with our Services under these terms of business and approaching your usual Aon contact has failed to alleviate your concerns please register a complaint with:

The Service Recovery Co-ordinator
PAX Insurance
Somerset House
47-49 London Road
Redhill, Surrey
RH1 1LU

Tel: 0800 212480
(+44 (0) 1737 50 5064 outside UK)

Copies of our internal complaint handling procedures are available on request. If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service.

23. Claims

Where we handle claims on your behalf we will do so fairly and promptly. Once insurers have agreed a claim, and payment of the claim has been collected by us, we will promptly arrange settlement with you. If requested by you, in the event of a large claim, we will attempt to agree a payment of the claim on account with the insurers in advance of insurers settling the claim.

24. Financial Services Compensation Scheme ("FSCS")

We are covered by the FSCS. You may be entitled to compensation from the FSCS if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Insurance advising and arranging is covered for 100% of the first £2,000 and 90% of the remainder of the claim, without any upper limit.

For compulsory classes of insurance (e.g employer's liability insurance), insurance advising and arranging is covered for 100% of the claim, without any upper limits.

Further information about compensation scheme arrangements is available from the FSCS.