

Professional Indemnity Insurance Initiative



Exclusive to Members



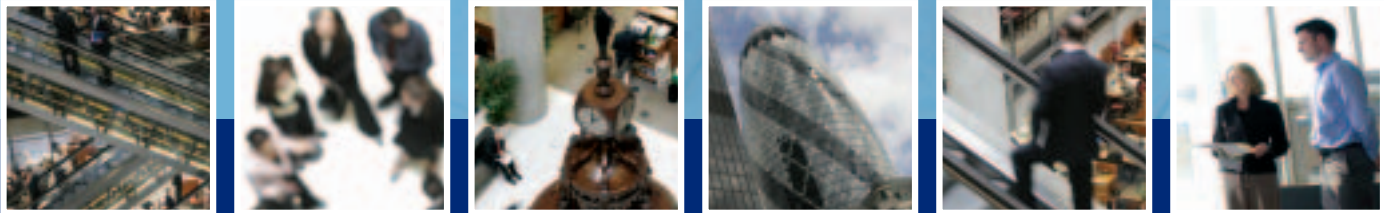
B | I | B | A



Alexander Forbes
PROFESSIONS

FirstCity

 towergate professional indemnity



THE LINK YOU NEED

For more information on the PI Initiative,
please contact Graeme Trudgill on 020 7397 0218

Issue 1, 2006

Contents

- 03 Introduction by Eric Galbraith
- 04 The BIBA PI Insurance Initiative
- 05 Examples of typical losses and claims against brokers
- 06 Regulation, Compliance and Duty of care
- 08 FSA Broker PI requirements
- 10 Accredited Brokers and Benchmark Policy Wording
- 11 Financial Ombudsman Service
- 12 Getting the best terms – What insurers' look for
- 14 Notification of claims and circumstances

Introduction by Eric Galbraith

Dear Member,

We are all now in a regulated environment where the impact of the Financial Services Authority (FSA), Financial Ombudsman Service (FOS) and Financial Services Compensation Scheme (FSCS) on professional indemnity insurance has, as yet, to be fully understood or felt. I therefore felt that it was important for BIBA to undertake an initiative to look at all the issues around professional indemnity insurance protection for brokers and intermediaries and, at the end of 2004, BIBA began this initiative.

One of your priorities will be to obtain your compulsory professional indemnity insurance at the lowest cost. Balancing price and value is a matter for each member to decide and so we have given Accredited Broker status to three experienced professional indemnity insurance brokers in the knowledge that together they represent the available insurance market for broker PI insurance, thereby creating the optimum competition amongst insurers, for your business.

We have already made progress in a number of areas, having met with many leading stakeholders including professional indemnity underwriters, the FSA and FOS.

This document is the first to be issued as part of what is a major and long term initiative by BIBA and I look forward to communicating further developments in due course. I hope you will find it interesting.

Eric Galbraith

BIBA Chief Executive



The BIBA PI Insurance Initiative

Objectives:-

- To help members attain optimum protection from the insurance market in relation to insurance coverage for professional liability risks.
- To help members become more aware of the risks associated with being an insurance broker.
- To assist members in avoiding breaches of regulation and claims of negligence.
- To offer members support in the notification, management and negotiation of complaints or claims.
- To offer members advice in connection with management of risk.
- To help members understand their role, duties and obligations as a broker, and to assist them in achieving high standards of competence and practice.

The recent introduction of the FSA regulatory regime brings with it new implications for legal liability and the management of risk.

This handbook is intended to help members reduce risk to themselves as well as to their customers and clients.



NB

This document is intended to bring to the attention of the reader the principal issues concerning professional liability risk and insurance. It is not intended to be a definitive statement of the Regulations or the Law relating to brokers' obligations or legal liability and must not be relied upon as such. Brokers should always seek their own legal or regulatory advice. The expression "broker" includes all authorised insurance intermediaries.

Examples of typical losses and claims against brokers

1. Failure to effect insurance cover.
2. Failure to effect appropriate insurance cover.
3. Failure to execute client instructions.
4. Failure to take account of changes in clients' business and insurance requirements.
5. Failure to disclose material information.
6. Failure to present information as provided by the proposer.
7. Failure to issue policy documentation.
8. Failure to issue policy documentation correctly.
9. Failure to comply with regulations.
10. Failure of the policy to pay claims.
11. Failure to disclose conflicts of interest.
12. Failure to properly advise.
13. Failure to convey policy warranties or conditions to the insured leading to breach of policy terms and conditions.
14. Failure to appreciate clients' needs and expectations.
15. Failure to clarify ambiguities in policy terms and conditions.
16. Failure to advise client of options and choices in selection of insurance terms and conditions.
17. Failure to advise client of the consequences of non-compliance with terms and conditions.
18. Failure to properly and fairly communicate information between client and insurer.
19. Failure to notify claims or circumstances on behalf of the insured.
20. Failure to communicate material information to insurers on behalf of the insured.
21. Errors in terms and conditions quoted prior to inception of contract.
22. Documentation drafting errors.
23. Unreasonable delay in provision of services.
24. Breach of confidentiality.
25. Breach of fiduciary duty.
26. Breach of contract.
27. Missed time limits (renewals, mid policy period alterations etc).
28. Errors in drafting, computation or other clerical and administrative errors leading to incorrect or incomplete execution of the insurance.
29. Inadvertent mis-selling.
30. Deliberate mis-selling.
31. Reckless mis-selling.
32. Giving incorrect advice.
33. Ambiguous or misleading advice.

NB. This is not a definitive list.

Regulation, Compliance and Duty of Care

The Duty of Care

Brokers must now also take into account the duty of care implications of the FSA's Principles for Businesses including Treating Customers Fairly (TCF) and the Demands & Needs of the buyer/client.

Treating Customers Fairly

There is no definition of what constitutes Treating Customers Fairly but the implication is that the existence of the FSA principle of TCF will, in itself, imply a duty of care to the customer in matters that were not so clear cut in the past.

As customer awareness of the FSA principle of TCF becomes more widely known it can be expected that, where solicitors act for the customer, they will use the FSA principle as an additional benchmark by which to allege a breach of duty of care. This presents a heightened risk because the broker will be required to demonstrate that they have exercised good judgement in dealing with these matters.

Demands & Needs

The extent to which a broker must assess the client's requirements for insurance and offer a product that is suited to those requirements in order to satisfy the regulation will become clear in time. The requirement, as set out below, is onerous because it imposes a high level of advisory commitment upon the broker.

It is important to recognise that a breach of the FSA Insurance Conduct of Business (ICOB) requirements may lead to a claim in civil law, for damages. The breach of the regulation will likely assist the claimant in establishing their liability claim.

ICOB 4.3.2

In assessing the customer's demands and needs, the insurance intermediary must:

1. *seek such information about the customer's circumstances and objectives as might reasonably*

be expected to be relevant in enabling the insurance brokers to identify the customer's requirements. This must include any facts that would affect the type of insurance recommended, such as any relevant existing insurance;

The duty is an onerous one. ".....to seek such information about the customer's circumstances and objectives as might reasonably be expected to be relevant....."

This requires more than a casual enquiry and is a standard that lawyers will be able to use when seeking to prove a breach of duty of care.

2. *have regard to any relevant details about the customer that are readily available and accessible to the insurance broker, for example, in respect of other contracts of insurance on which the insurance broker has provided advice or information; and*

".....have regard to any relevant details about the customer that are readily available and accessible....."

What is readily available and accessible will be a matter that will vary in each case but the broker should not underestimate the ability of a complainant, with the benefit of hindsight, to say that information was available but not sought.

3. *explain to the customer his duty to disclose all circumstances material to the insurance and the consequences of any failure to make such a disclosure, both before the non-investment insurance contract commences and throughout the duration of the contract; and take account of the information that the customer discloses.*

".....explain to the customer his duty to disclose all circumstances material to the insurance....."

To explain to the customer all circumstances material to the insurance is a very onerous obligation.

Service Standards

Brokers have regularly reminded their clients of the



importance of having a contract for services with their client but, until recently, have rarely had a written contract with their own. This is a weakness for the broker in the event of a claim because without evidence of what the broker agreed to do it is not easy to defend them against what they are alleged to have failed to do. The role of the broker as agent of the insured is a clearly understood principle in English law but it does not, in itself, describe the nature or extent of services expected by the client or intended by the broker.

Whilst the FSA does not require the use of written Terms of Business, it does however require that you make the client aware of certain information, such as where they act as agent for the insurer or hold money in a non-statutory trust. Some brokers have recently introduced Service Standard agreements with their clients. This is to be encouraged because it is likely that the broker's roles and responsibilities will be required to be set out in writing, in due course. This will be a logical extension of the FSA's TCF principle. For the time being the FSA requires every broker to now have, as a minimum requirement, an initial disclosure document (IDD). A properly worded Terms of Business document (an advance on Service Standards) can incorporate the IDD requirements, any other information deemed necessary by the FSA and, under Treating Customers Fairly (TCF), any other information that would help the client understand both the product and the broker's relationship with them; for example, the client's duty of disclosure.

With TCF and conflicts of interest currently being high on the FSA's agenda, the Terms of Business document is an obvious method of disclosing to the client any potential for conflicts of interest; for example, in claims handling roles.

Sub Brokers and Appointed Representatives

A Broker to Client agreement is invaluable in the event

of a claim and so too is a broker to broker agreement where a sub broker is involved. It should clearly set out the sub broker's obligation to the broker and vice versa. The broker/sub broker may also wish to build in terms for how their agreement can be terminated. The same issues should be covered in the (separate) agreement between the broker and the insurer. It is essential that brokers are confident that they understand and are comfortable with their responsibilities as laid down by the agreement/s.

The areas covered above should also be addressed when formulating agreements between the broker and Appointed Representative, not forgetting the Compliance and Training and Competence responsibilities. Remember that taking on 5 or more Appointed Representatives (or less than 5 in certain situations) will change your status to that of a Network.

BIBA Scheme Provider – Hugh James offer a comprehensive contract drafting service to BIBA members. Contact tony.edwards@hughjames.com for further details or telephone 02920 660565.

Risk Management

Risk management ought to be a specific feature of every broker's operating culture and standards. BIBA intend to introduce guidelines and workshops to assist members in this respect. Some insurers offer risk management assessments and these are encouraged by BIBA in the belief that a greater awareness of risks is a significant contribution to reducing risk.

Risk management is not just about systems and procedures requiring a box to be ticked. It is a culture stemming from the top of the company that displays a desire to take care and serve customers well. It matters to BIBA that its members help the broking industry to create a good image and operate to sound commercial principles.



FSA Regulations
and Insurance
The FSA requires
that authorised
intermediaries
hold Professional
Indemnity Insurance
The FSA rule
requirements are
summarised here:

FSA Rule Requirements

The FSA's requirements for the holding of professional indemnity insurance can be found in Chapter 9.2 of the Prudential sourcebook (PRU), part of the FSA's Handbook of Rules and Guidance.

The requirements of PRU 9.2 can be categorised as follows:

- The use of a comparable guarantee to disapply the rules;
- The use of insurers;
- Terms to be incorporated;
- Minimum limits of indemnity;
- Excess;
- Policies covering more than one firm; and
- Additional capital.

Comparable guarantees

The rule at PRU 9.2.1 R(3) is disappplied if another authorised firm with net tangible assets of more than £10m provides a comparable guarantee.

If the firm is a member of a group in which there is an authorised entity with net tangible assets of more than £10m, the comparable guarantee must be from that entity.

Insurer(s)

The rule at PRU 9.2.7 R requires the broker to use an insurer authorised to transact professional indemnity insurance in the EEA, or an insurer of equivalent status in a 'Zone A country' i.e. any country which is a full member of the OECD, or the Channel Islands, Gibraltar, Bermuda or the Isle of Man.

Policy Terms

The rule at PRU 9.2.10 R sets out the required policy terms. These are:

1. cover in respect of claims for which the intermediary may be liable as a result of the conduct of itself, its employees and its appointed representatives;
2. the minimum levels of indemnity as set out elsewhere in the rules;
3. excesses as set out elsewhere in the rules;

4. appropriate cover in respect of legal defence costs;
5. continuous cover in respect of claims arising from work carried out from the date on which the broker was granted part 1V permission; and
6. cover in respect of Ombudsman awards made against the firm.

Minimum limits of indemnity

The rules at PRU 9.2.13 and 9.2.14 R require a minimum limit of indemnity of 1 million Euros for a single claim, and the higher of 1.5 million Euros or 10% of the broker's annual income in aggregate.

Where the policy limits are not denominated in Euros, the broker must take steps at renewal to ensure the limits are at least equivalent to those required.

Excess

The rules at PRU 9.2.16 to 9.2.18 R set out the maximum levels of excess and these vary depending on whether the broker holds client money.

A broker not holding client money is permitted an excess of no higher than either £2,500 or 1.5% of annual income (whichever is the higher).

A broker who holds client money is permitted an excess of no higher than £5,000 or 3% of annual income (whichever is the higher).

Policies covering more than one firm

The rule at PRU 9.2.19 R requires that where a policy covers more than one firm, the limits must be calculated on the combined income and that each named firm must have the benefit of the minimum limit requirements.

Additional Capital

The rule at PRU 9.2.20 R and the tables at PRU 9.2.20 R and 9.2.21 R set out the additional amount of capital a firm must hold if it seeks to have an excess greater than that stipulated in the rules.

Accredited Brokers

BIBA has appointed Accredited Brokers to provide a competitive, specialist resource for members.

Each broker is selected for their proven knowledge of professional indemnity insurance and the markets available. The brokers represent both London and regional interests and, between them, a wide range of insurers representing a full cross section of the market.

There is no attempt by BIBA to promise the lowest premium and terms. This is a matter for each member to negotiate with the market but we are confident that the Accredited Brokers have the skill and incentive to serve our members well. For details of BIBA's Accredited PI Insurance Brokers, see inserts at the back of this handbook.

Benchmark Policy Wording

A key component of the BIBA PI Initiative has been to prepare a benchmark policy wording as a means of guiding members in the negotiation of their own policy.

Whilst the principles of professional indemnity insurance policies are similar in most respects, the policy wordings vary widely between insurers. Words and expressions favoured by one insurer are eschewed by another, very often as a result of an adverse claims experience leading to favoured and preferred terminology by the insurer.

The variations in policy wordings and the phrases and expressions used throughout the market are too many and complex to explain in detail but the BIBA benchmark policy wording will provide an informative guide to a basis for negotiation with your chosen broker and insurer. The benchmark wording is not mandatory.

The objective is to enable the member to understand the key clauses in the wording so as to be able to make judgements as to the value of the policy and not just the price.

BIBA intends to hold policy wording workshops to enable members to better understand the coverage offered by the PI insurance policy with particular regard to claims notification provisions and the claim negotiation process.



Financial Ombudsman Service

Every broker should be aware of the role and the powers of the Financial Ombudsman Service (FOS) because it has an important influence in:-

1. The management of complaints.
2. The notification of claims and “circumstances”.

The FOS provides consumers with a free, independent service for resolving disputes with financial firms. Every broker should be familiar with the FOS website at www.financial-ombudsman.org.uk. It describes the services and limitations of the Ombudsman service and explains to consumers what to do if they want to complain. The site advises consumers that if they have a problem with a financial product or service they should complain first to the firm that they think is responsible. This gives the firm the chance to put things right at the early stage.

A complaint to the FOS must be considered as a “circumstance which might/may/is likely to give rise to a claim under the PI policy”. Therefore it should be notified to your broker or insurer as soon as you become aware of it. Of course, the consumer’s complaint may be entirely unjustified and may be dismissed by the Ombudsman but an insurer would, in general, be able to maintain that failure to disclose a complaint to the ombudsman is a breach of the policy conditions and that is a

risk that is not worth the broker taking.

At the time of writing BIBA is seeking to address this vexing issue with insurers and the FOS with a view to creating some guidelines for dealing with FOS matters and keeping insurers informed. BIBA will keep members informed as these discussions progress.

A reason often given by policyholders for not notifying circumstances that might give rise to a claim is that it will prejudice future renewal negotiations. BIBA’s Accredited Brokers are well versed in this conundrum and are able to advise you on how the matter should be disclosed so that it does not count against you at your next renewal. Failure to notify something which later turns out to be a claim is much more likely to lead to prejudicial renewal terms and even complete denial of the claim by insurers.

Members experiencing difficulty should contact BIBA or one of BIBA’s Accredited Brokers.



Getting the best terms – what insurers look for

Professional indemnity insurance is one of the increasingly few classes of insurance that demand a fully completed proposal form at each anniversary date



Presentation

The first thing an insurer notices is the care with which the proposal form has been completed. It may be surprising to learn that some proposal forms are so carelessly completed as to immediately invite declination. Illegible handwriting, coffee stains, ink blots, and copious amounts of Tippex are just some of the characteristics of the carelessly completed proposal form. An underwriter's first reaction to a presentation is made within the first 30 seconds of seeing it. If the proposal and accompanying submission documents are clear, legible, well presented and give the underwriter the information he wants there is an immediate prospect of being able to negotiate good terms. If on the other hand the underwriter has to hunt through the documents for information only to find that it isn't there then he will be disinclined to offer competitive terms, if any at all. Presentation is key to a competitive quote.

Disclosure

Underwriters are more familiar with the characteristics and business practice of insurance brokers than any other of their policyholders because they interact with them on a commercial basis, every day. Consequently, it is very difficult to hide anything from PI underwriters. Every broker understands the importance of disclosure of material information but it is common for information to be withheld or suppressed because the proposing broker feels that, in their mind, the information is not relevant. It is a mistake to take that view. There is over 25 years of loss and claim experience against insurance brokers in the UK and amongst the specialist PI underwriters there is ample evidence of both the nature and frequency of things that go wrong in a broker's office. A proposal form that appears to have no record of claims or notification of circumstances will stick out as being very unusual and may raise suspicion that information is being withheld.

What the PI underwriter wants to know is how successful a firm is in managing its risk; not in hiding the problems.

Time taken in explaining the nature and history of "circumstances and claims" that [might] give rise to a claim is the most valuable contribution to an effective proposal. Up-to-date claims information is a fundamental component of underwriting assessment.

Proposal forms very often have insufficient space for detailed notes and records. It is perfectly acceptable to add additional pages to the proposal form and make clear reference to them under the relevant question. One of the more positive aspects of completing a proposal form each year is it will often expose the firm to its own shortcomings and therefore it becomes an inexpensive form of risk management. This is particularly so in the case of larger firms that have a number of departments. The collation of information for insurance purposes can give the directors an opportunity to review systems and discover facts about their business that have escaped their attention hitherto. Most businesses continually develop and changes of staff and internal systems undoubtedly make a significant contribution to many of the claims made today. It is particularly valuable for the director collating the proposal form to send a brief questionnaire to all directors and senior employees obtaining from each of them their knowledge of any circumstances which might give rise to a claim. This will at least heighten the awareness of the employees to the existence of the professional liability risk.

Risk Management

Risk management is becoming an increasingly important feature of underwriting. Some underwriters are offering incentives for competent and demonstrable risk management activity and this is a feature that members should discuss with their accredited PI Broker in advance of completing the proposal form/ submission for renewal. It is becoming increasingly common to include evidence of risk management activity in the renewal submission.

Summary

It is in the interests of a proposer to be completely honest and open with underwriters. The aim is to describe the risk simply and fairly. The proposal form is the official guide to information needed but shouldn't be regarded as a definitive questionnaire. If there is something about the firm's risk which could improve the underwriter's opinion of it and thereby the terms they may offer, it is the proposer's privilege to bring such information to the underwriter's attention. Equally, if there is material information which may adversely affect the underwriter's opinion it is an unwise proposer who will attempt to conceal it.

Notification of claims and circumstances

The question “what is a circumstance?” is probably one of the most vexing, controversial questions associated with professional indemnity insurance.

A “circumstance” means a circumstance that [might/could/may/is likely to] give rise to a claim. The words “might/could/may/is likely to” are variously used by different insurers and can have different practical meanings but there is no uniformity of practice in the PI insurance market.

Some insurance policies define the word “circumstance” whilst others do not. However, it is always the insured’s responsibility to recognise a “circumstance” that “might/could/may/is likely to” give rise to a claim since it is a condition of the policy that the insurers are notified of “circumstances” immediately the insured becomes aware of them. There are many practical difficulties associated with this and it is important to understand how best to recognise the “circumstance”!

Policyholders are naturally concerned that by notifying a “circumstance” it will prejudice their future insurance premium and terms. This is not an unreasonable supposition in itself but the fear is less well founded now than it once was. In the course of over 30 years’ rapid development of the professional indemnity insurance industry notification of claims and “circumstances” has become a sub industry in itself and there is substantial expertise available from the Accredited Brokers and a wide range of specialist lawyers who can advise on the pros and cons of notifying a “circumstance”.

Generally speaking insurers’ minds are put at rest when they are aware of the “circumstance” and they are aware that it is being monitored and thereby controlled. It is true to say that many “circumstances” come to nothing but occasionally an apparently innocuous matter becomes a major claim and can take both policyholder and insurer by surprise. If, as a result, this causes prejudice to the handling of the

claim it can result in the insurers seeking to deny liability.

Professional indemnity insurers will be less tolerant with members of their own industry than with almost any other insured, especially “circumstances” that are not notified but come to light later.

Recognising a “circumstance” is not easy, although it is often thought, with hindsight, that it must have been obvious to the policyholder that such a series of events were indeed likely to give rise to a claim against them. The first rule, by which every policyholder should abide, is IF IN DOUBT SET IT OUT. Write a summary of the facts and view them dispassionately in the cold light of day. If still in doubt send the details to your broker/insurer and ask for advice. No one directly concerned with a complaint or claim is best qualified to judge whether or not it could give rise to a claim. A second opinion is essential.

To assist the recognition of a potential “circumstance” the following are useful points of reference:

1. Persistently difficult problems that defy resolution.
2. Acrimonious correspondence or discussions with any other party especially if it concerns services performed or not performed, or money.
3. Withholding of fees/payments. This may imply an underlying dissatisfaction or grievance.
4. Discovery by the policyholder of a mistake that has not yet been realised by their client. This is not an uncommon occurrence in broker offices and it is sensible to take expert professional advice when such a discovery is made. It would be wise to take advice on the likely impact of the matter being discovered at the same time as giving a preliminary cautionary notification to insurers. This requires great expertise and skill which will be available from an Accredited Broker or an independent specialist lawyer.



Alexander Forbes Professions

*Alexander Forbes Professions
A Division of Alexander Forbes Risk Services Limited.
Authorised and Regulated by the Financial Services Authority.
A Lloyd's Broker.*

Alexander Forbes Professions has been an appointed and accredited Professional Indemnity insurance (PII) broker to BIBA members for over 20 years, offering advice on a range of policies at competitive prices.

With our long history of arranging PI Insurance, you can rest assured that you're dealing with experts. All you have to do is pick up the phone - we'll handle everything else.

- Truly independent, accessing a variety of different insurers
- Experienced, specialist and dedicated team
- Client service is our key consideration, we will seek the optimum cover for your unique requirements
- Long-standing relationships with Underwriters
- Complete your proposal form online at www.afprofessions.com/BIBA

CONTACT DETAILS:

Alexander Forbes Professions
Alexander Forbes House
6 Bevis Marks
London EC3A 7AF

Phone: 020 7933 0000
Fax: 020 7933 0928



Alexander Forbes
PROFESSIONS

Instructions for use:

- ➔ Fold down step 1
- ➔ Fold down step 2
- ➔ Carefully pop out Alexander Forbes Team
- ➔ Position into a triangle and insert tab into base slit



Step 2



Step 1

Andrew Robinson

Brian Boehmer

Janet Brown

Terry Shaw

Neelay Patel

Mark Roddis

Simon Fenn

Andrew Robinson

Andrew has been with Alexander Forbes for 2 years now and has over 6 years of PII. experience. Andrew handles a number of accounts within a wide range of SME risks.

Brian Boehmer

Divisional Director of Client Services, Brian has been with Alexander Forbes Professions for 6 years and has over 10 years experience within the Insurance and Financial Services Industry. Brian deals with all professions.

Janet Brown

Janet has over 20 years experience in PII specialising in account management for Insurance Brokers and IFA's.

Terry Shaw

Terry has over 10 years experience in PII, dealing in both the underwriting and broking sides of the business. Terry has been at Alexander Forbes for over 4 years and specialises in larger SME firms.

Mark Roddis

Director of AF Professions, Mark heads up the SME PII division. He has over 12 years experience in the specialist area of PII. Whilst having a general background in all classes of PII, he has particular experience with Insurance Brokers and IFA's.

Neelay Patel

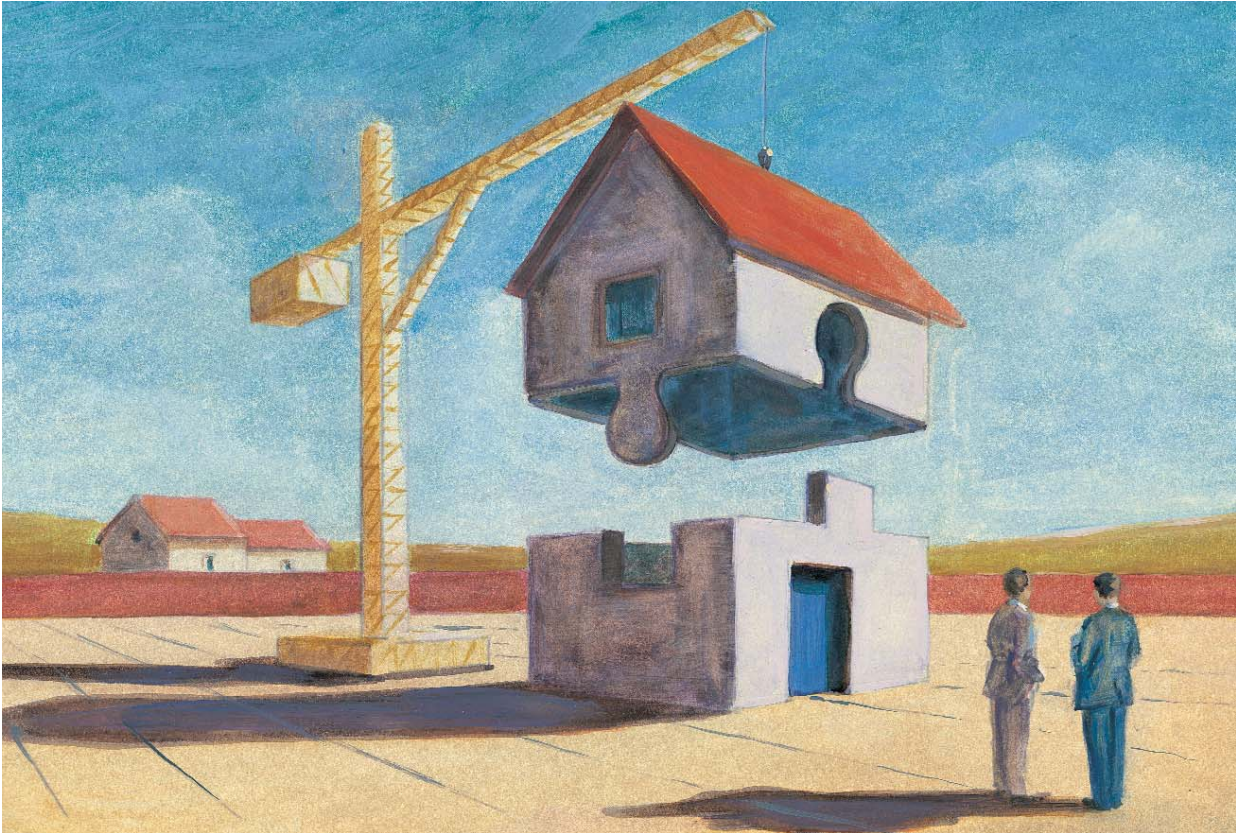
Neelay's specialist area is dealing with SME Insurance Brokers and IFA's. His work entails dealing with renewals, however he is the primary contact for new business. Neelay is currently studying towards his ACII exams.

Simon Fenn

Director of AF Professions, Simon has over 22 years experience in the professional indemnity market dealing almost exclusively with Errors and Omissions Insurance. Simon's role encompasses both client servicing and broking, including claims settlement negotiation.

Your dedicated Alexander Forbes Professions Team

A perfect blend



Professional Risks Insurance

Professional Indemnity
Directors' and Officers' Liability
Trustees' Liability



blending peace of mind

- Expertise in all aspects of Professional Indemnity cover
- Advice on risk management
- Expert support on claims and complaints
- Advice on FSA Rules
- Support for emerging client responsibilities
- Regulatory news and expert legal helpline
- Simplicity of arranging cover
- High quality and friendly service
- Support for BIBA guidelines and benchmarking initiatives

with value for money

- Optimum cover and protection
- Best terms available
- London market base – “we will not be beaten in the market”
- Free audit of current policy wording
- Leverage through a substantial portfolio of business
- Website form downloads from www.firstcity.com
- Tailored cover for the insurance broker market.

Simon Fitzgerald, Partner
Professional Risks Insurance
FirstCity Partnership Limited
13-15 Folgate Street, London E1 6BX

Direct tel +44 (0)20 7410 5179
Direct fax +44 (0)20 7247 7921
simon.fitzgerald@firstcity.com

To find more about us or download proposal forms, please visit our website www.firstcity.com or email contact@firstcity.com

Regulatory & Legal Services

In the evolving world of FSA Regulation Hugh James can provide the complete solution to your regulatory, business and legal needs.

Our objective is to help you to ensure that your business develops best practice throughout. In this way you can be confident that you are providing the best possible service to your clients, complying with your FSA regulatory obligations and reducing the potential for professional indemnity claims.

We have a range of compliance schemes, all of which are tailored to meet the individual needs of our business clients.

These include:

- Compliance Healthcheck – Investment, Mortgage or General Insurance Business
- Training & Competence Schemes/Monitoring
- Money Laundering Procedures/Training
- Supervisor Skills Training
- Drafting/Reviewing Terms of Business and Initial Disclosure Documents
- Locum and Partnering Agreements

Compliance Audit Schemes

Our compliance schemes are designed to meet your business and regulatory needs. The service can cover a complete Compliance Healthcheck or be limited to file checking. The Healthcheck facility can be a one-off arrangement or part of a regular review process.

Training & Competence Schemes

Whilst a written T&C scheme is not an FSA requirement (retention of certain records is) it is a brave firm that operates without one. A well developed scheme will benefit you and your staff by demonstrating how to develop and maintain the excellence of your people.

All Hugh James' schemes are tailor-made. They can be monitored by you in-house or through us via site visits. With all of our schemes we can update as regulations change and we provide training at your office or ours, whichever is the more convenient.

All schemes are available either on a stand alone basis or at a discounted fee if taken as part of our Regulatory & Legal Expenses Insurance package. Details are available on request.

Benefits

In our experience the benefits of independent external audits include:

- Checking whether your system is robust
- The comfort of an independent assessment of your processes, controls and supervision
- The opportunity to learn from the experience of others (both good and bad)
- The provision of a quality health check
- The development of transparent 'best practice' throughout your business
- The potential for reduced PI insurance premiums



Money Laundering & Proceeds of Crime Act

It is essential that you and your staff are aware of the requirements of the Money Laundering Regulations, and (for those operating in a non-investment environment) the Proceeds of Crime Act 2002. We provide instruction and training, including the ability to set up your own testing facilities. The service includes instruction as to how money is laundered, the operation of the Proceeds of Crime Act and establishing internal processes to reduce the prospect of any system failure.

Supervisor Skills

In the longer term you may want (or be required to) develop your own in-house supervisory capability, if you have not already done so. We have developed an in-house 2 day course (as well as a 1 day refresher course) covering all aspects. These include monitoring, assessment, feedback and how to deal with conflict as well as communication and observation skills.

Terms of Business (TOBA) & Initial Disclosure Documents (IDD)

With BIBA we have developed a fixed cost bespoke service for drafting terms of business and initial disclosure documents. We work closely with you to develop your own comprehensive and FSA compliant documentation which will be tailor made for your business. Alternatively we can review your existing documents to ensure that they are and remain compliant as your business needs change.

Locum Agreements

This fixed cost service is designed for smaller brokers. It assures clients of continued good service in the event of long term absence.

Strategic Partnering / Mergers & Acquisitions

Preferential rates for BIBA members enables Hugh James to prepare bespoke contracts for brokers who want to conduct mutually beneficial development strategies with other brokers or who want to acquire, dispose of or merge their businesses. Our experience of insurance related transactions is available to you.

About Hugh James

Hugh James was established over 40 years ago and is now a top UK Law Firm employing over 600 staff. The firm holds several prestigious Law Awards.

Our Insurance department has long served the insurance industry. More recently we have established ourselves as specialist consultants to the Financial Services industry advising on all regulatory issues.

We cover the whole of the UK for a number of national clients and we have meeting facilities in London. The firm also delivers a comprehensive range of commercial and private client services, details of which are available on request.

For more information on our regulatory and legal services please contact Martin French

martin.french@hughjames.com
029 2066 0565

Alternatively please visit our website at www.hughjames.com

Hugh James Solicitors is authorised and regulated by the Financial Services Authority.



HUGH JAMES



B | I | B | A

Introduction to Premium Credit's Professional Indemnity Insurance Premium Finance Services



Premium Credit recognises the specialist financing requirements of Professional Indemnity insurance. With a dedicated area of the business, Premium Credit has developed a substantial portfolio of Professional Indemnity business for Insurers and Brokers across the UK insurance industry.

Premium Credit has exceptionally strong business relationships with each of the three Brokers accredited by BIBA, having enjoyed partnerships with Alexander Forbes Professions, Towergate Finch Professional Indemnity and The FirstCity Partnership for a combined total of over 15 years.

Central to the success of Premium Credit's Professional Indemnity Premium Finance Service is the unique business proposition. From conception eighteen years ago, Premium Credit designed the ultimate flexible service, having identified the bespoke needs of the Insurers, Brokers and their clients within the Professional Indemnity market. More recently, arrangements have been developed to meet the specific needs of Solicitors whose policies require unique premium finance services.

Premium Credit's market-leading premium finance service includes:-

- Bespoke repayment profiles, offering monthly, quarterly and accelerated payments - tailored to meet client requirements in financing Professional Indemnity premiums
- Extremely competitive pricing structure with the ability to adjust the instalment charge on each and every transaction - providing investment revenue and additional income generation opportunities
- Unique fulfilment solutions, using a Fully Managed Instalment Service – Premium Credit manage the entire administration process, from enquiry through to loan processing, to securing signed documentation
- Online management services, with access to Premium Credit's award-winning internet distribution channel - *The Interactive Service*, delivering a comprehensive management information service to all Brokers and Insurers

BIBA Members have access to preferential terms from Premium Credit for financing their own insurance programs, including their own Professional Indemnity policy. In addition, all BIBA Members are able to finance their annual membership fees over 10 monthly instalments at a cost of less than 2%.

As a BIBA Partner, Premium Credit is proud to continue to deliver the market-leading Professional Indemnity Premium Finance Service, in partnership with each of the three BIBA accredited Brokers and across the entire BIBA Membership.

To find out more, contact **Wendy Adams** at Premium Credit on **telephone 01372 748833** or email wendy.adams@pcl.co.uk.

Premium Credit is Premium Finance.



expect the unexpected



Professional Indemnity is the
safety net to your business.

 **towergate professional indemnity**

Regional brokers develop and understand their client's business through relationships, knowledge and service.

Towergate Professional Indemnity employs the same principles as a regional professional indemnity specialist. As part of the Towergate Partnership we benefit from the leverage and underwriting services of the UK's largest independent broker.

We have developed a PI policy for regional insurance brokers designed to provide:

- Full Civil Liability protection (FSA approved).
- Cover for damages awarded by Ombudsman.
- Fidelity Cover.

- Protection against inadvertent or innocent non-disclosure.
- Indemnity for costs of FSA or other professional body investigations.
- The policy will be supported by a dedicated claims service from our team of claims specialists in Manchester. We will also provide a free risk management seminar to principals and staff, addressing the risk issues arising from regulation and current changes taking place within the industry.

BIBA have rightly identified PI as an area where particular diligence is currently required by our profession. Our objective is to establish close working relationships with regional brokers - to work with you in addressing these issues and ensuring that your safety net remains intact at all times.

If you would like us to contact you regarding your professional indemnity insurance, please complete the fax-back form below.

PI Contact

Mr / Mrs / Miss / Ms First Name _____ Last Name _____

Company Name _____

Address _____

_____ Postcode _____

Please tell us your total income split by the following percentages:

Commercial lines _____% Personal lines _____% Financial advice _____%

What is your renewal date? / / [dd / mm / yy]

Towergate Professional Indemnity produces a bi-monthly PI briefing.

Please tick this box if you would like to receive a copy of the publication.

If you are interested in more information about a risk management presentation for your employees please tick this box.



Fax Back 0161 831 3223

Alternatively, if you would prefer to discuss your details over the telephone or via email please contact:

Alan Eyre alan.eyre@towergate.co.uk
Richard Gledhill richard.gledhill@towergate.co.uk
Jonathan Sharrock jonathan.sharrock@towergate.co.uk

Telephone: 0161 831 3222

www.towergateprofessionalindemnity.co.uk

