



# Towergate Insurance Brokers Consumer TOBA

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# Important Information and Consumer Terms of Business

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# Important Information

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## **1 Who are we regulated by?**

The Financial Conduct Authority (“FCA”) is an independent watchdog that regulates financial services. We are authorised and regulated by them and you can check this on the Financial Services Register by visiting the FCA’s website <https://register.fca.org.uk/register/home.do> or by contacting the FCA on 0800 111 6768. Our permitted activities are recommending insurance policies (and in cases where we do not give a recommendation we will tell you); arranging insurance cover; dealing as agent and assisting with the administration and performance of policies – all in connection with general insurance.

## **2 Are we covered by the Financial Services Compensation Scheme (“FSCS”)?**

Yes. You may be entitled to compensation from the scheme if we or your insurer cannot meet our obligations, depending on the circumstances of the claim. The FSCS does not apply to the following types of insurance: aircraft, ships, goods in transit, aircraft liability, ships liability and credit. . Further information about compensation scheme arrangements is available from the FSCS at [www.fscs.org.uk](http://www.fscs.org.uk) .

## **3 Complaints**

Our objective is to provide a high standard of service to you at all times. However we recognise that things can go wrong occasionally and if this occurs we are committed to resolving matters promptly and fairly. If you wish to register a complaint please contact us:

- in writing, to the Managing Director at the address shown on the letter (or business card) that accompanies this document, or;
- by e-mail, using the email address shown on the letter document (or business card) that accompanies this document, or;
- by telephone, using the number shown on the letter document (or business card) that accompanies this document, or;
- in person, at the address shown on the letter (or business card) that accompanies this document.

In all cases please quote your policy number or other reference we have given you. If you are unhappy with our decision, or if we do not complete our investigation within 8 weeks, you may be entitled to refer your complaint to the Financial Ombudsman Service (FOS). The FOS is an independent service for settling disputes between businesses providing financial services and their customers ([www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)). This service is free to customers. Our Complaints Procedure is available upon request.

#### **4 Our services**

Our services may include advising you on your general insurance needs, arranging insurance cover with insurers to meet your requirements, issuing policy documentation to you in a timely manner and helping you with any ongoing changes you wish to make to your insurance. We may also help you make a claim against your policy.

We will endeavour to ensure that the products or services we offer you match your stated requirements. We will seek to identify your insurance needs in reliance upon information which you provide to us. If we cannot match your requirements, we will explain the differences in the product or service we can offer you. If we cannot match all your requirements, we will seek to provide you with enough information so you can make an informed decision about your insurance.

We will explain the main features of the products and services we offer you including details of the insurer, main details of cover and benefits, any unusual restrictions or exclusions, any significant conditions or obligations which you must meet and the period of cover. If you need extra time to consider the products or services we have offered you, we will endeavour to confirm: (a) how long you have to accept the insurance on the terms we have offered, and/or; (b) give you a written quote if you request one, including all the information we believe you need to make an informed decision, and/or; provide you with a sample policy if you ask for one.

Where we are not providing advice or a recommendation we may ask you some questions to narrow down the selection of products we will provide details on. You will then need to make your own choice about how to proceed.

In helping arrange your insurance contract, the Towergate Group acts as an insurance intermediary. The insurance policies are underwritten by insurance companies who are not within the Towergate Group. Much of our work is done on behalf of customers; for instance, helping customers find an insurance policy that meets their needs. In such instances we act as our customers' agent.

As a Group, we also perform a range of services on behalf of insurance companies. These include the administration of insurance policies, the handling of insurance claims and, in some instances, we may agree and issue insurance contracts on behalf of insurance companies. The Towergate Group also includes business units which design and develop insurance policies on behalf of insurance companies. Such products may be marketed as products of the Towergate Group, but will always be underwritten by an insurance company outside of the Towergate Group.

In all situations where we act on behalf of insurance companies, we receive commissions and fees from those insurers. Such commissions and fees may vary depending on the performance and profitability of the underlying insurance products for those insurance companies. We may have performed any of these services on behalf of your insurer in relation to your insurance contract and may therefore receive or have received such commissions or fees directly from your insurer.

## **5 Charges we make for our services**

In addition to commission paid to us by insurers, we may charge a fee for our services (typically when you buy or renew a policy) however you will always be informed of any such charge before you purchase a policy. **Our fees are non-refundable even if you cancel your policy.** During the term of the policy we may charge up to £50 for issuing duplicate documents and for changes to your policy. We may charge a fee for payments made with a credit card, up to £10 for transactions up to and including £500, and up to 4% of the transaction for amounts above £500. All fees will be inclusive of any applicable tax that may be levied from time to time.

In certain circumstances your insurer may repay part of your insurance premium(s) to us. This can occur where, for example, the risk covered by your policy is reduced or the policy itself is cancelled. Where the amount of the refunded premium is less than £10 (per policy) we will retain such amount, but where an administration fee is made we will set it off against this fee. This paragraph does not affect any cancellation/refund rights which you may have (see our Terms of Business, Section 3).

# Terms of Business

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## **1 Terms of Business (“Terms”)**

In these Terms references to “we” or “us” are to the firm whose details are set out in the covering letter that accompanies these Terms. We recommend that for your own benefit and protection you should read these Terms carefully. These Terms constitute our standard client agreement upon which we intend to rely and will apply to our appointment by you and the services we will provide. If you do not understand any point please ask for further information. **IN PARTICULAR we draw your attention to Section 3 and Section 8 of these Terms which relate to the amount you will receive if you cancel your policy, and the maximum amount we will be liable for in the event of our negligence.** These Terms supersede all proposals, prior discussions and representations (whether oral or written) between us relating to our appointment as your agent in connection with the arranging and administration of your insurance. These Terms constitute an offer by us to act on your behalf in the arranging and administration of your insurance – in the absence of any specific acceptance communicated to us by you (whether verbal or written) you are deemed to accept our offer to act for you on the basis of these Terms by conduct upon your instructing us to arrange, renew or otherwise act for you in connection with insurance matters. If you do not wish to be bound by these Terms then you should not instruct us to arrange, renew or otherwise deal with your insurance needs.

## **2 Your duty in relation to the questions asked**

In arranging your insurance both we and the Insurers will ask a number of questions which you are required to answer. Please take reasonable care to answer all the questions honestly, to the best of your knowledge and provide full answers and relevant details. If you do not answer the questions honestly or to the best of your knowledge then your policy may be cancelled or your claim rejected or not fully paid.

Where help text is provided in relation to a question please ensure that you read this fully to ensure the correct answer is provided.

## **3 Cancellation Rights and Mid-Term Adjustments**

You will find full details of your cancellation rights, and any related charges which may be levied by your insurer, in the terms and conditions of the insurance policy produced by your insurance company.

Cancellation rights vary between insurers. Depending on the type of insurance you will have either 14 or 30 days (the “Cooling Off Period”) to cancel your policy with effect from: (a) the day you receive the full terms and conditions of the policy, or; (b) the day the policy is sold - whichever is the later. Please note that a Cooling Off Period does not usually apply to policies of less than one month’s duration, or single- trip travel policies. To exercise your right of cancellation, contact your insurance company or contact us either by telephone or by letter in each case in the manner and within the time limits set out in your policy documentation. If you exercise your right to cancel your policy within the Cooling Off Period you will be charged for the period during which you were temporarily covered, and other charges (such as an administration fee) may be applied by us or the

Insurer(s) to cover the costs in arranging the cancelled policy. **Your attention is specifically drawn to the following:** Where you cancel your policy *after* the expiry of the Cooling Off Period or where you request a mid-term adjustment which reduces the cover provided under the policy, **we may charge you for our time and costs. This will result in us reducing the amount refunded to you by the full amount of the commission and fees we would have received had you not cancelled or amended your policy.** The reason for this is that the majority of our costs are incurred either in initially finding and setting up your policy or in the annual renewal process when we might check the ongoing suitability of the cover the policy offers. These costs are recovered through the commission we earn. If you cancel, this does not give us an opportunity to recover the costs we incurred and would often result in us making a loss. However, any charge made will not exceed the cost of the commission and fees we would have earned.

Where you are paying for your insurance by instalments (and an instalment payment is not received by us or the relevant premium finance provider on or before the date when it is due to be paid) you agree that we may on your behalf instruct the insurer to cancel the insurance (or where the first instalment payment has not been received, notify the insurer that the policy has not been taken up) and offset any refund of premium which may be received against any money which you owe to us, the insurer and/or the premium finance provider. In such circumstances you will remain liable for any time on risk or other charge. You will also be responsible for putting in place any alternative insurance.

#### **4 Our right to set off monies you owe us**

It is our practice to set-off any amounts due to us from you against any monies which we may receive on your behalf (such as claims monies or premium refunds).

#### **5 Information on our remuneration**

Other companies (including members of our group of companies) may act as underwriting agents, intermediaries for insurers or Lloyd's/London Market placing brokers in connection with your insurance. Where such companies are involved in placing or servicing your business they may charge an administration fee or other payment which will be passed on to you and disclosed separately from the cost of your insurance. Such businesses earn commission in respect of placing such business which is separate from that which we receive.

In addition to commission paid to us by insurers we may earn a "profit-share", management or administrative fees and other payments from insurers for efficiently managing business transacted with them. These payments may be calculated by reference to various criteria such as overall annual profitability of the insurance business transacted, taking into account the total amount of claims arising under policies we place with them. "Profit-share" payments are not directly referable to individual policies and consequently it is not possible to calculate such payments on an individual policy basis, meaning that we are unable to disclose to you how much your policy contributed to any "profit-share" payment we might receive. Ordinarily, and if such a "profit-share" payment is received (which is not guaranteed) it represents a small proportion of the normal commission we receive and will be retained by us.

Depending on the services you have asked us to perform we may earn referral fees from third parties which are incidental to the insurance arranged for you. Examples include arranging premium financing and risk management services. In each case we will retain these payments.

From time to time insurers may make loan facilities available to us on commercially advantageous terms as an incentive for us to efficiently and profitably manage business transacted with them. This may involve (for example) reduced or nil interest rates and extended repayment terms which apply to such loans provided we meet or exceed efficiency and profitability targets set by the insurers in respect of the business we have placed with them.

During the course of our appointment we may hold certain monies on your behalf. This may include premiums to be paid to insurers, commissions derived from your insurance, claims monies and other sums. Interest and investment returns which are derived from such sums whilst temporarily held on your or your insurer's behalf will belong to and be retained by us in addition to any other remuneration which we may earn in connection with the services which you have asked us to perform.

**For each insurance contract, including any subsequent renewal, you have a right to request information regarding any remuneration that we may have received as a result of placing your insurance business.**

## **6 Insurer Solvency**

We endeavour to place business with insurers with adequate levels of financial solvency but cannot guarantee the solvency of any insurer.

We do not monitor insurer solvency on an ongoing basis, and shall not be liable for losses suffered by you in the event of the insolvency of an insurer.

## **7 Incidents, Potential Claims and how to make a Claim**

If you wish to report a claim or potential claim, please follow the instructions provided with your insurance company's documentation, quoting your policy number or other reference given to you. Alternatively, if we need to be notified as well as (or instead of) your insurance company, we will have provided you with details (and a telephone number) at the time we sold you your policy and/or in the documentation you received from us.

For some policies, insurers give us authority to act on their behalf in settling claims. In these circumstances, and in recognition of a potential conflict of interest, we will seek your permission for us to deal with such a claim.

It is essential you notify us promptly after discovery of all incidents or allegations that may result in a claim against your insurance policy. You must do so whether you believe you are liable or not. Any failure to do so may result in your insurer refusing to accept a claim. Any letter or other communication making allegations which could give rise to a claim which is received by you from any

third party must be passed to us immediately, without acknowledgment. Only by providing prompt notification of incidents can your insurance company take steps to protect your interests.

## **8. Limitation/Exclusion of Liability**

**Your Attention is specifically drawn to this clause which limits or excludes our liability to you.**

Our liability for losses suffered by you as a direct consequence of any negligent performance of our services **shall be limited in all circumstances to £5,000,000 per claim**. In respect of any other claim arising out of our performance or non-performance of the services hereunder our liability shall be limited to the amount of commission and fees which we have received for arranging your insurance cover during the 12 months prior to such claim arising.

We shall not be liable to you for any economic loss, loss of profit or loss of business, whether directly or indirectly occurring and which arises out of or in connection with these Terms. Nothing in this paragraph shall exclude or limit our liability for death or personal injury caused by our negligence, or for loss caused by our fraud, wilful misrepresentation or breach of regulatory obligations owed to you.

You are welcome to contact us to discuss increasing the limitations of our liability and/or varying the exclusions set out above. Please note however that an additional charge and other terms may apply should we agree to amend this clause.

## **9 Terms of Payment**

In the absence of any alternative terms which we agree with you in writing (such as payment by instalments which we can arrange for you) our payment terms are as follows:

- new policies – full payment of premium and fees on or before the inception date of the policy;
- mid-term adjustments to existing policies – full payment of any additional premium and fees on or before the effective date of the change;
- renewals – full payment of premium and fees prior to the renewal date.

We normally accept payment by debit or credit card, monthly instalment or cheque (full details available on request).

**It is imperative you comply with all payment terms and due dates set out in this paragraph or any such other terms and dates which we agree can be substituted for any of them. In the event that you fail to pay any premium or other fees due within the payment terms a late payment fee of up to £50 may be charged and you will be liable for any extra costs incurred to recover the outstanding monies owed. Your insurer may cancel your policy from the inception or renewal date and any claims submitted may be rejected.**

## **10 Payment of premium using Third Party Instalment facilities**

If you choose to pay for your insurance premium using our approved instalment provider, Premium Credit Limited (PCL) of Ermyn House, Ermyn Way, Leatherhead, Surrey KT22 8UX, your personal information, including bank details, will be passed to them and they will contact you directly in order to manage your chosen payment plan with them. We primarily use Premium Credit Limited to provide finance for our customers (we occasionally use other providers, where this is the case we will provide you with their details separately and will share your information with them) for the use of funding insurance premiums. We may receive a commission for introducing customers to a finance provider. We will provide you with a breakdown of the costs of your monthly instalments and you will subsequently receive a document outlining key features of the finance provider's credit agreement with you, it is important that you take the time to read all documentation and must contact us if you do not receive this information, as it will start to help you decide if the provider's product is right for you.

If you have any queries or questions either about the service provided by the finance provider or terms and conditions you should in the first instance be directed to them; PCL can be contacted on 0344 736 9836. Where your policy is paid via a finance provider and you choose to renew your cover (or we renew your cover pursuant to clause 11 of this agreement), we'll continue to pass your details onto the finance provider unless you instruct us otherwise. If any direct debit or other payment due in respect of the credit agreement to pay premiums is not met when presented for payment, or if you end the credit agreement, or if you do not enter into a credit agreement we will be informed of this by the chosen finance provider.

You have the right to cancel the credit agreement with any finance provider within 14 days from the day in which the agreement was made or the day in which you received the terms and conditions, whichever is later. You can do this without reason and by notifying either the finance provider or ourselves by phone, email or in writing. Once you have signed the credit agreement and the cooling off period has ended, any further rights you may have to cancel your credit agreement will be as stated in the provider's credit agreement or documentation with you. If you do not make other arrangements with us to pay your insurance premiums (please see clause 9 of this agreement) you acknowledge and agree that we may instruct on your behalf any relevant insurer to cancel the insurance and to collect any refund of premiums which may be made by the insurer. This may result in additional charges by your finance provider and action may be taken against you to recover the debt (as applicable and stated in their documentation to you).

Upon receiving your strict acceptance to pay for insurance premiums through our finance provider, we will instruct them to proceed with your application for credit. PCL may use a credit reference agency that leaves a record of the search or other information about you to carry out credit and anti-money laundering checks. You are entitled to request details of any credit reference agency consulted should this information be required.

If your application for credit is accepted in full, we would expect you to receive a welcome letter from our finance provider, details of pre-contractual Information and full terms and conditions of their credit agreement with you. It is your responsibility to ensure you take the time to read any documentation sent by the finance provider to ensure it meets your needs and financial circumstances. To account for any adjustments to your policy or future renewal, your agreement may have no fixed duration and so can remain in force until it is cancelled. Your credit agreement may be completed online, or sent to you at a later date to be signed and returned, if the credit agreement is not signed then your policy may be affected. To ensure your cover remains in force, the finance provider may begin collecting your direct debits before you accept and return your signed credit agreement.

We remind you to please read carefully the pre-contractual explanations and the information regarding the cost of credit (including any representative examples). Together this will provide you with important information in relation to the credit facility available from them.

To use PCL's facility you must be resident in the UK, aged 18 years or over and hold a bank or building society current account which can support direct debit payments and have not been declared bankrupt. Credit is available subject to status.

## **11 Renewal of Policies**

Prior to the expiry of your policy where we will be inviting a renewal we (or your insurance company) will endeavour to send you details of the cost and terms to renew your policy.

In order to protect your interests relating to the risks/property you have insured, and in the event that we do not receive your instructions and payment prior to the date of renewal, we reserve the right (but shall have no obligation) to renew your policy and (in the case of direct debit/instalment payments) to continue to accept payment from you unless and until you specifically notify us or your insurance company in writing that you wish to cancel your policy. In circumstances where we have assumed (in the absence of instructions to the contrary) that renewal is required you may be liable to make payment to us and/or your insurance company.

## **12 How we hold your money**

Premium(s) and any other monies we may hold on your behalf (for example refund premiums and claim cheques received from an insurer) will be held in Trust until such time as they are remitted by us to your insurance company/to you. This may be a Statutory or Non-Statutory Trust account operated in accordance with FCA regulations. However, some (but not all) of the insurance companies we deal with have agreed to deem any premiums that you pay to us as having been received directly by themselves.

This improves your protection against financial loss in the event of our insolvency. Please note that this is not the case for all the insurance companies we deal with and where this added protection does apply it may only extend to premiums, and not to any claim payment, refund or other monies that we may from time to time hold on your behalf. Should such an arrangement be agreed with an insurer(s) we may not hold your funds in Trust because of this added protection.

We will take commission earned from insurance companies in connection with your insurances, from the Statutory or Non-Statutory Trust account, only after we have received your premium (or received it from a third party finance provider on your behalf). This may occur before payment of the premium to the insurance company and will take account of the Terms of Business we have agreed with the insurance companies.

Where we hold money in a non-statutory trust we may use the funds in that account as a short term credit facility to fund another client's premium before it is received from that other client and/or to pay claims and premium refunds to another client before we receive the same from an insurer. The total funds held in the non-statutory trust account must always comply with the FCA regulations to ensure you are protected from loss.

Occasionally as part of the process of finding a policy that suits your requirements, we may pass your premium to another insurance intermediary who will also be required to hold your money in Trust until the premium is deemed to have been received by the relevant insurer. Between receiving any money from you and us passing it on to insurers (and vice versa), we may remove it from the Trust account in which it is held to another account in order to earn interest or other investment income from it. In such an event the account in which it is placed will be set-up with the same Trust protection as the account from which it is removed. To improve the efficiency of our business we may wish to transfer your policy between companies within the Towergate Partnership group of companies. In such circumstances we may transfer any money we hold on your behalf to a new bank account with the same trust protections as the existing account to ensure that the protection afforded to your money remains in place at all times. We will retain any interest or income accrued.

By accepting these terms you consent to the way we will hold your premium (and/or other insurance related money) in accordance with this paragraph.

### **13 Confidentiality and Data Protection**

All information about you of a sensitive or personal nature will be treated as private and confidential. We will however use and disclose the information we have about you in the course of arranging, placing and administering your insurance. This may involve passing information about you to insurers, other intermediaries, risk management assessors, uninsured loss recovery agencies and other third parties involved (directly or indirectly) in your insurance.

We may also pass information about you to credit reference agencies and premium finance providers in connection with the assessment of your financial standing generally and, in particular, where you have requested a premium instalment plan – this may include details of your payment record with us.

We may also pass information about you to other companies which are in, or are associated with, our group. We or they may also use the information we hold about you to provide you with information on other products and services we or they can offer and which we or they feel may be of interest to you.

If you do not wish to receive marketing information from us or them, or for us to disclose information about you to other parties for marketing purposes, please contact us immediately.

In the interests of security and to improve our service, telephone calls may be monitored and/or recorded.

#### **14 No Waiver, Amendments and Our Right to Assign**

Any delay on our part in enforcing any of the rights under these Terms, either in whole or in part, shall not be deemed to be a waiver of such right.

Without the agreement of the other, neither we nor you may alter these Terms at any time during our appointment (including for the avoidance of doubt during the term of your insurance). We reserve the right to make amendments that are required to reflect a change of applicable law or regulation. Whenever possible we will provide at least one month's written notice to you, before any such changes take effect.

We may freely assign or delegate all or any part of these Terms and/or the services to any third party. In the event that we assign or delegate all, or any part, of these Terms to a third party your rights under these Terms will not be adversely affected.

#### **15 Governing Law**

These Terms and conditions are governed by English Law and we both agree to submit to the non-exclusive jurisdiction of the English courts.

# Insurance Terms Explained

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## 1 Average Clause

The term average means that if the sum insured at the time of a loss is less than the insurable value of the insured property, the amount claimed under the policy will be reduced in proportion to the under insurance.

In these circumstances, the insurer may choose to "apply average" to the claim under an "average clause". This means that where the sum insured is inadequate, the insurer can reduce its liability for a claim by applying a proportionate approach. The sum to be paid out is usually calculated as follows:

$$\frac{\text{sum insured} \times \text{loss}}{\text{true value at risk}} = \text{claim sum paid}$$

For further information about "Average", please contact us.