

# FP Marine Risks Limited

## *Terms of Business*

## CONTENTS

<b>Introduction and Scope</b> .....	3
<b>Management and Service Standards</b> .....	3
<b>Placing Services</b> .....	4
<b>Duty of Disclosure</b> .....	5
<b>Solvency of Underwriters</b> .....	6
<b>Confidentiality and Security of Information</b> .....	6
<b>Claim Services</b> .....	6
<b>Remuneration and other Income</b> .....	7
<b>Methods of Payment</b> .....	8
<b>Email</b> .....	8
<b>E-commerce</b> .....	8
<b>Complaints</b> .....	9
<b>Terminology</b> .....	9
<b>Further Information</b> .....	9

## INTRODUCTION & SCOPE

FP Marine Risks Limited is an independent Marine Insurance and Reinsurance Intermediary registered in Hong Kong and is an accredited Lloyd's Broker. We are also a member firm and are regulated in Hong Kong by the Hong Kong Confederation of Insurance Brokers ("HKCIB"). The Company also has a registered branch in the United Kingdom ("UK"), which is authorised and regulated by the Financial Services Authority ("FSA") to conduct business on insurance mediation. Details of the Company's offices including our branch and representative offices can be found on our website at [www.fp-marine.com](http://www.fp-marine.com) - and our authorisation can be checked on the FSA's register by visiting the FSA's website [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by contacting the FSA on +44 (0)845 606 1234.

### Hong Kong Office

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Central  
Hong Kong  
Company Registration Number: 462011  
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Our intention in issuing these Terms of Business is to establish clearly and concisely with you, the basis and extent to which we will provide you with insurance placing and claims services in relation to each and every contract of insurance which we arrange on your behalf. These Terms will apply unless there is a more specific agreement for any other business recorded in writing between us. These Terms of Business also highlight certain important insurance practices and procedures that apply when arranging insurance, and provide you with more general information on our services.

We would therefore urge you to read these Terms carefully, particularly the sections entitled *Placing Services* and *Claims Services*, as they set out the basis upon which we will act as your agent in relation to each and every contract of insurance which we arrange on your behalf.

## MANAGEMENT & SERVICE STANDARDS

### Managing Our Business

Our aim is to deliver insurance solutions, which will satisfy your needs, effectively and efficiently. To achieve this FP Marine Risks Limited ("FP Marine Risks") has adopted a simple management approach that promotes communication, teamwork and service between FP Marine Risks and you.

### Managing Your Requirements

We will assign one or more Brokers and relevant support personnel when required to take responsibility for the provision to you of all insurance placing and claims related services. Such person(s) will be your primary point(s) of contact in relation to any and all insurance that we arrange on your behalf and will ensure, in so far as is reasonably possible, continuity of and accountability for the service which we provide.

### Quality and Standard of Service

In providing you with insurance placing and claims related services, we will be acting, in accordance with your instructions, as your agent. We intend to carry out those responsibilities in a professional and expeditious manner.

The FSA is responsible for the regulation of insurance mediation activity in the UK in accordance with the provisions of the Financial Services and Markets Act 2000. FP Marine Risks is registered under this legislation and is legally bound to follow the regulations prescribed from time to time by the FSA in so far as they are applicable to the services that we provide in accordance with these Terms of Business.

The legal obligations covered by the FSA only extend as far as insurance mediation activities carried out in the UK but we have adopted the standards throughout the Company worldwide on a voluntary basis in order to ensure both the highest quality and a unified standard of service.

## PLACING SERVICES

### Establishing Your Needs

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

### Quoting & Placing

We will seek on your behalf from the Underwriter(s) competitive indications for insurance and coverage structures which are, in our opinion, as efficient as possible to protect against the proposed risk(s). We will advise you of the terms offered by any approved Underwriter(s) in such a way as to enable an informed decision to be made by you on whether you wish to proceed with the insurance.

Based on the information obtained from you we will make a recommendation to you upon the most appropriate underwriter or underwriters for your needs. At the time we provide you with a quotation from any underwriter we will summarise your instructions and insurance needs as identified by you to us and give a reason for any recommendation.

We will take diligent and timely steps to implement your instructions and, subject to an available insurance market, place all of the required insurance before the intended date of inception, renewal or extension. We shall confirm to you prior to such date the coverage, which has been put in place. If any inability to fulfil your instruction becomes clear to us, for example due to there being no available insurance market, we will bring this to your immediate attention. Where we are placing a renewal of any insurance contract on your behalf, we will contact you prior to expiry and inform you of any changes to the policy, including premium levels proposed by your then current Underwriters.

### Documentation

We will notify you by email, or other method of written communication if email is inappropriate, of the completion of the insurance arrangement(s). We will then arrange for the appropriate documentation to be forwarded to you, which will provide you with formal evidence of the insurance and the amount of premium payable.

### Broker's Evidence of Insurance

A Broker's Evidence of Insurance provides a summary of the terms of any insurance placed on your behalf and identifies the Underwriter(s) with whom it has been placed where issued. You should check the document carefully and satisfy yourself that it is entirely in accordance with your understanding and instructions. Any variance should be advised to us immediately and any correspondence should quote the policy reference. Please note the Evidence of Insurance is not the Policy and should not be used as such. Please see the section below regarding Insurance Policies/Certificates.

### Premium Debit Note

A Debit Note will indicate the gross premium charged by the Underwriter(s) for the insurance and the net amount of premium payable to us.

### Insurance Policy / Certificate

We will seek to obtain and, subject to any lien which we may be legally entitled to exercise, issue to you as soon as practicable any insurance policy or certificate documents which may be issued in relation to the insurance. The Policy or Certificate document will set out comprehensively the terms of the insurance and will constitute the definitive terms of any insurance cover.

### Taxes, Duties & Other Charges

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

### **Amendments**

Once an insurance has been placed by us on your behalf, if you then require any amendment to the terms of the insurance, you should advise us in writing at the earliest opportunity, specifying the required change(s) and enclosing any relevant supporting information. As highlighted below in the section entitled *Duty of Disclosure*, the duty upon you to disclose material information remains throughout the currency of any policy.

If you require any amendment we will seek the necessary agreement(s) from the Underwriter(s) and advise you in writing when the amendment has been effected, of any inability to effect the required amendment, or any additional terms imposed or additional premium requested by Underwriters.

Once an amendment has been agreed then an Addendum to the Brokers Evidence of insurance, or an endorsement to the policy or certificate of insurance, together with a debit note or credit note indicating any additional or return premium due, will be issued to you by us.

### **Premium Payment Terms**

In order for us to meet the premium payment terms of the Underwriter(s), premiums must be paid to us on or before the payment date(s) specified in each premium debit note. If the premium is not paid in accordance with these terms the Underwriters may withdraw cover or cancel any policy. In certain circumstances, the Underwriter(s) will stipulate special premium payment terms or warranties, which, if not met, may affect the validity of the insurance. We will advise you when these special payment terms or warranties apply to the insurance.

### **Use of Sub-Agents**

Where we consider it to be appropriate and for your benefit, it may be necessary for us to request another more localised or specialist insurance broker or intermediary to act as our sub-agent and assist us in the placement or servicing of the insurance. By instructing FP Marine Risks you confirm our authority to appoint such sub-agents on your behalf as and when necessary. In such cases, we will provide specific instructions to our appointed sub-agents so as to meet your insurance requirements.

### **Receipt and banking of premiums**

Any money received by us from you whether for premiums or otherwise, will be held on your behalf in a non-statutory trust until forwarded to the Underwriter(s).

In some circumstances we may receive money from you that is held by us as an agent for the Underwriter. In these circumstances we will advise you of this when we issue a debit note requesting payment.

Any commissions due to us will be due and payable upon receipt of premium from you unless we specifically agree otherwise in writing. Commissions will be withdrawn from the client-designated bank account within 25 working days of receipt, whether or not we have paid the premium to the underwriter.

Any interest arising on premiums held on the trust account before they are paid to the insurer will be retained by us.

## **DUTY OF DISCLOSURE**

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

The duty of disclosure under both English and Hong Kong law is a duty on a proposed assured to pass on to Underwriter(s) all material information relating to the risk proposed. "Material" in this context refers to all information, which a prudent Underwriter (not necessarily the Underwriter in question) would wish to take into account when considering whether or not to accept the risk and, if so, upon what terms and at what price. Material information does not necessarily have to actually increase the risk. Purely by way of example "Material" information can include both physical and moral hazards such as previous losses and claims, any fact which directly affects the risk insured, any other policies in place and a true and correct valuation of the risk to be insured.

The duty of disclosure is particularly relevant when placing, renewing, extending or amending any insurance. The duty is however a continuing duty throughout the currency of any policy. It may also be that the terms of the insurance include specific ongoing disclosure conditions or warranties.

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

The duty of disclosure and the consequences of its breach may vary dependent upon the law(s) applicable to the insurance and /or the jurisdiction in which the insurance is written. If you are in any doubt as to the duty of disclosure or whether any information is material and ought to be disclosed, please do not hesitate to contact us.

### **SOLVENCY OF UNDERWRITERS**

We will only seek to place insurance on your behalf with Underwriters in respect of whom the most recently available review by Standard and Poor's rating agency has assigned a rating of BBB or above, or whom you have given us specific approval to use. While the information to which we refer is considered reliable the solvency of any Underwriter is not guaranteed by us. The financial standing of any Underwriter(s) can, of course, change at any time including after the insurance has incepted.

### **CONFIDENTIALITY & SECURITY OF INFORMATION**

Any information which you provide to us will not be used or intentionally disclosed by us to any other parties except in the normal course of negotiating, maintaining or renewing the insurance, or for handling any claims thereunder, unless (a) we have obtained the necessary consent from you; (b) we are required to disclose the information by a court of competent jurisdiction or government or regulatory body having the requisite authority over us; or (c) the information is already in the public domain or has been received by us from a third party not under any duty of confidentiality.

We will take all reasonable and appropriate steps to maintain the security of your confidential documents and information that are in our possession.

### **CLAIM SERVICES**

#### **Claims Service Period & Scope**

We will provide you with claims related services in relation to your insurance only to the extent that you wish to receive any of them and until such time as you decide to terminate or not maintain our appointment to act as your agent in relation to the insurance or any subsequent renewal of the insurance.

#### **Claims Service Fees & Disbursements**

In placing any new or renewal insurance on your behalf, the remuneration we earn by way of brokerage commission or fee covers only the provision of Placing services. Our Brokerage / commission would not generally include any consideration for us providing you with claims related services, which you may require at a later date in connection with the insurance.

Therefore, where we consider it necessary, claims related services in relation to the insurance will be provided to you subject to separate remuneration of our claims related fees and disbursements. We will advise you if this is the case before we proceed to arrange the insurance.

The fee rates for the provision of any claims-related services that we agree to provide to you will be advised to you in writing where they apply. Such fee rates may be subject to periodic change by us in order to reflect the future cost of providing these claims related services. Any revised fee rates will apply only to claims related services provided subsequent to the date of their revision.

Where charged, our claims related service fees and disbursements will be invoiced to you periodically and will be due and payable (without deduction or any set off) within thirty (30) days of your receipt of our invoice.

#### **Notice & Assessment**

Details of any and all claims that may be notifiable under the terms of the insurance should be advised to us as your agent without delay to our Hong Kong or London office marked for the attention of the Claims Department, unless the insurance Policy or Certificate requires claims to be notified directly to the Underwriter(s) or to another party. Upon receipt of a claim notice from you, we will undertake a thorough assessment of the claim. If

we consider that notification to underwriters is not required, may limit the right of recovery under the insurance or is deficient in any way, we will promptly explain to you the position and seek your further instructions.

Subject to the above, we will notify the applicable Underwriter(s) in a timely fashion and, where applicable, confirm to you in writing when such notification had been made. We will then promptly communicate to you any information, comments or advices received from the Underwriter(s).

### **Negotiation & Settlement**

We will diligently pursue settlement and, where applicable, the collection of any claim under the insurance and seek to secure on your behalf as full a recovery as is reasonably possible of any insured losses/claims within the terms, conditions and limitations of the insurance. We will not settle or agree the amount of any claim settlement without your prior approval. Where applicable, we will provide you with written confirmation of the acceptance of the claim and the amount of the settlement agreed by the Underwriter(s).

### **Maintenance of Records**

We will make, maintain and keep a record of all material particulars relating to the notification, processing and resolution of claims under any insurance for which we provide you with claims related services.

### **Services for Underwriters**

In relation to the claims process, we may provide, where there is no conflict of interest in us doing so, and may be separately remunerated for limited services to the Underwriter(s), including but not limited to, claims handling and record retention for the Underwriter(s) and, in relation to surveyors, adjusters, lawyers, recovery agents and other third parties appointed by or on behalf of the Underwriter(s). This may include relaying instructions from the Underwriters(s), disseminating reports and collecting fees or other disbursements. These latter services may also be provided to the Underwriter(s) during the placing process.

### **Conflicts of interest**

In performing our services, there are two main situations where we may have a conflict of interest and we wish to highlight our normal procedures.

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

Secondly, where we act as agent for two or more clients involved in the same or a related loss situation, we will advise the clients involved of any conflicting interests and take immediate steps to segregate the claims servicing function provided to each of the involved clients. These steps will normally include the assignment of a different Broker and/or support personnel to represent the claim interests of each involved client and the establishment of direct communication procedures.

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

## **REMUNERATION & OTHER INCOME**

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

In addition to the above, you should be aware that as a result of arranging the insurance, we and/or other members of the FP Group of companies may receive additional income from the following sources:

- **Interest** earned on insurance monies passing through our insurance bank accounts

- **Expense allowances** from Underwriters for managing and administering certain lineslips, covers, binding authorities and other similar facilities, including claims which may arise thereunder, all of which we believe enable more efficient service and competitive terms to be provided to those clients for whom we consider the use of such facilities appropriate.
- **Portfolio commissions** which can be based on profitability, premium income volume and/or growth, or payable to reflect our processing services or efficiencies, across a portfolio of business placed with a particular Underwriter.
- **Administrative service fees** which may be paid for limited services we provide to the Underwriter(s) or you as part of the placing process including premium billing, collection, remittance and credit control, policy document compilation, record retention and electronic system fees.

We would also ask you to note that we may have arranged or be requested to arrange facultative or treaty reinsurances for the Underwriter(s) with whom we effect the insurance. These reinsurances are separate and distinct contracts where we act as the agent (or sub-agent) for the Underwriter(s) concerned and for which remuneration may be paid separately by the Underwriter(s) or their Reinsurer(s).

#### **METHODS OF PAYMENT**

Premiums or any other sums due pursuant to any Insurance contract placed by us on your behalf should be settled on an individual debit note or credit note basis unless we have agreed otherwise with you. Statements of Account are issued periodically where there are monies due for payment to us and we may have monies on account that are owing to you.

All payments should be made in the same currency in which they have been invoiced to you and net of all bank and transfer charges.

#### **Wire Transfer**

Payments to us should be made preferably by wire transfer (also known as telegraphic transfer) to our appropriate segregated client bank account (as detailed on the debit note issued to you) together with a remittance advice transmitted promptly to your usual FP Marine Risks contact showing the Policy reference our transaction no.(s) and the amount(s) being paid. This will enable us to identify promptly, upon receipt of a premium payment, to which Underwriter(s) we are to remit funds. Wire transfers should be made payable to FP Marine Risks Limited and to the relevant bank and account number quoted.

#### **Cheques/Bankers Drafts**

Where wire transfer is not appropriate or available, a cheque or bankers draft, made payable to FP Marine Risks Limited should be sent to the office of FP Marine Risks with whom you have been dealing.

#### **EMAIL**

We recognise that communicating by email is a very desirable method of conducting business. This is our preferred method of communication and for any important messages we will use email tracking and request a delivery and read receipt. We would be grateful if you could do the same. If you choose to communicate with us by email, we simply ask that you remain aware that there can be issues on integrity and receipt, confidentiality, legality in certain jurisdictions and viruses.

We can deal with communication issues in more detail than above and if you would like any email or other means of communication between us to be governed in a more formal way we are happy to discuss this with you.

#### **E-COMMERCE**

We will seek to place and service insurance business on your behalf in the most efficient manner, which increasingly is by means of electronic trading. Therefore, where we consider it appropriate, we will exchange data with you, the Underwriter(s) and other parties connected with the insurance using email, through private insurance market networks and through web-enabled systems accessed via the Internet.

## COMPLAINTS

If you have a complaint regarding our practices or performance under these Terms of Business please contact our Complaints Officer at FP Marine Risks Limited in Hong Kong or London marked for the attention of our Complaints Officer or by email to [ComplaintsOfficer@fp-marine.com](mailto:ComplaintsOfficer@fp-marine.com).

The Complaints Officer, who is responsible for monitoring the quality of our services and compliance with the laws and regulatory practice codes applying to us, will investigate the matter fully, respond to you in detail and, where the complaint is considered reasonable, endeavour to ensure that necessary actions are taken to resolve your complaint. A copy of our internal complaints handling procedures, are available on request.

If you unhappy with our response or alternatively, if after eight weeks your complaint remains unresolved following the review and response of our Complaints Officer, you can request from us details of regulatory bodies, ombudsmen and other independent bodies to whom complaints can be forwarded directly.

We are covered in the UK by the Financial Services Compensation Scheme, and if we cannot meet our obligations, you may be entitled to compensation from the scheme. This will depend on the type of business and the circumstances of your claim.

## TERMINOLOGY

In order to avoid repetition of words use in this document, “the insurance” means each contract of insurance that we arrange on your behalf, “insurance” include reinsurance and other risk transfer products, “underwriter(s)” includes any insurer, Reinsurer or other category of risk bearer, and “claim” includes an incident which may give rise to a claim, as appropriate to the insurance.

## FURTHER INFORMATION

Further information in relation to FP Marine Risks Limited can be found on our website [www.fp-marine.com](http://www.fp-marine.com).

If you would like information on the Financial Services Authority, it is available at [www.fsa.gov.uk](http://www.fsa.gov.uk). If you would like information on the Hong Kong Confederation of Insurance Brokers it is available on [www.hkcib.org](http://www.hkcib.org).