Professional Indemnity Insurance Section (Insurance Brokers)

Definitions

Operative Wording

The operative wording applicable to this Section as specified in the Schedule.

NB This wording is only operative when the reference AGCSIINS010309 is specified in the Professional Indemnity section of the Schedule.

Appointed Representative

A person who, in accordance with section 39 of FSMA is a party to a contract with a person authorised in accordance with section 31 of FSMA which permits or requires him to carry on Professional Services, and who complies with such requirements as may be prescribed, and for whose Professional Services the Insured has accepted responsibility in writing.

Bodily Injury

Physical injury, sickness, disease or death of a natural person; and if arising out of the foregoing, nervous shock, emotional distress, mental anguish or mental injury.

Claim

Any:

a) written demand for compensation in respect of a Wrongful Act of an Insured; or

b) civil, regulatory or administrative proceedings whereby a Wrongful Act of an Insured is alleged.

Company

The Policyholder or any Subsidiary (including any predecessor business).

Damages

Any amount that an Insured shall be legally liable to pay to a Third Party in respect of judgments or arbitral awards rendered against an Insured, or for settlements negotiated by the Insurer with the consent of the Policyholder.

Defence Costs

Reasonable fees, costs and expenses incurred by or on behalf of an Insured, with the prior written consent of the Insurer, in the investigation, defence, adjustment, settlement or appeal of any Claim. It shall not include any element of an Insured's own time costs or lost profits incurred in dealing with a Claim.

Documents

All documents of any nature whatsoever including computer records and electronic or digitised data; but does not include any currency, negotiable instruments or records thereof.

Employee

Any natural person who is, has been or during the period of insurance becomes expressly engaged under a contract of employment with the Company.

Employee shall not include any principal, partner, director or Member of any Insured in their capacity as such.
Fraud/Dishonesty

Fraudulent or dishonest conduct:

a) not condoned, expressly or implicitly by any principal, partner, director or Member of the Company; and

b) that results in liability of the Company to any Third Party.

FSMA

The Financial Services and Markets Act 2000 and any re-enactment thereof.

Insured

The Company or any Insured Person.

Insured Person

a) any natural person, who is or has been a principal, partner, director or Member of the Company in their capacity as such;

b) any Employee;

c) any natural person employed by the Company to whom the Financial Conduct Authority has given its approval to perform Controlled Function 30 for the Company pursuant to Section 59 of the Financial Services and Markets Act 2000 or any re-enactment thereof;

d) any spouse, civil partner, estate or legal representative of any Insured Person for Loss arising from a Claim for a Wrongful Act of such an Insured Person listed in a), b), c) above;

e) the administrator, heirs, legal representatives or executor of a deceased, incompetent, insolvent or bankrupt Insured Person’s estate for Loss arising from a Claim for a Wrongful Act of such Insured Person listed in a), b), c) above.

Investigation

Any external formal or official investigation, examination or proceedings made during the Period of Insurance by the Financial Conduct Authority pursuant to the provisions of the FSMA or any amendment or re-enactment thereof.

Legal Panel

The firms of solicitors appointed from time to time by the Insurer to provide representation on behalf of an Insured under this Section.

Limit of Liability

The amount specified as such in the Schedule.

Limited Liability Partnership

A partnership as determined by the Limited Liability Partnerships Act 2000 and any subsequent amendments thereto.
Loss

**Damages or Defence Costs**, however **Loss** shall not include and this **Section** shall not cover any:

a) taxes;

b) non-compensatory damages, including punitive, multiple, exemplary or liquidated damages;

c) fines or penalties unless insurable by law;

d) the costs and expenses of complying with any order for, grant of or agreement to provide injunctive or other non-monetary relief;

e) benefits or overheads of, or charges or expenses incurred by any **Insured** including but not limited to the cost of any **Insured's** time;

f) fees or commissions, for any **Professional Services** rendered or required to be rendered by an **Insured** or that portion of any settlement or award in an amount equal to such fees, commissions, or other compensation; or

g) matters which may be deemed uninsurable under the law governing this **Section** or the jurisdiction in which a **Claim** is brought.

**Member**

A member of a **Limited Liability Partnership**.

**Policyholder**

The entity specified as such in the **Schedule**.

**Pollutants**

Any solid, liquid, gaseous, biological, radiological or thermal irritant, toxic or hazardous substance, or contaminant, including but not limited to, asbestos, lead, smoke, vapour, dust, fibres, mould, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and waste. Such waste includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.

**Professional Services**

Introducing, proposing, or carrying out other work preparatory to the conclusion of contracts of insurance, or of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a **Claim**.

**Property Damage**

Damage to or loss of or destruction of tangible property or loss of use thereof.

**Related Claim**

Any **Claims** alleging, arising out of, based upon or attributable to the same facts or alleged facts, or circumstances or the same **Wrongful Act**, or a continuous repeated or related **Wrongful Act**.

**Retention**

The amount specified as such in the **Schedule**
Retroactive Date

The date specified as such in the Schedule.

Settlement Value

In respect of any Claim covered under this Section:

a) the full amount claimed; or

b) any settlement offer from the claimant(s) which is capable of acceptance.

Where the claimant(s)' costs, if applicable, are not quantified by the claimant, the Insurer will also pay a reasonable sum to an Insured to represent these costs.

Submission

a) each and every signed proposal form, the statements, warranties, and representations therein, its attachments;

b) the financial statements of any Company; and

c) other documents of any Company filed with a regulator and all other material information; submitted to the Insurer in connection with this Section or the Policy.

Subsidiary

Any entity in which the Company, either directly or indirectly through one or more entities;

a) controls the composition of the board of directors;

b) controls more than half of the voting power; or

c) holds more than half of the issued share capital;

on or before the inception date of this Section.

For any Subsidiary or any Insured thereof, cover under this Section shall only apply to Wrongful Acts committed while such entity is a Subsidiary of the Company.

Terrorism

An act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear.

Third Party

Any entity or natural person except (i) any Insured; or (ii) any other entity or natural person having a financial interest or executive role in the operation of the Company.
Transaction

Any one of the following events:

a) the Company consolidates with or merges into or sells all or a majority of its assets to any other person or entity or group of persons and/or entities acting in concert;

b) an administrator, liquidator or receiver is appointed to the Company.

Wrongful Act

Any actual or alleged act, error or omission committed solely in the performance of or failure to perform Professional Services.
Cover

A Professional Liability Coverage

The Insurer will pay on behalf of an Insured all Loss resulting from any Claim first made against an Insured during the Period of Insurance and notified to the Insurer as required by this Section for a civil liability arising from an Insured's Professional Services.

B Appointed Representatives

The Insurer will pay on behalf of the Insured all Loss for any Wrongful Act of:
(i) an Appointed Representative; and
(ii) the employees of an Appointed Representative


C Automatic Acquisition

If during the Period of Insurance the Policyholder obtains, either directly or indirectly:

a) control of the composition of the board of directors;
b) control of more than half of the voting power; or
c) a holding of more than half of the issued share capital;

of another entity then the definition of Subsidiary shall be extended to include such entity provided that:

i) the entity has annual revenue for the last complete accounting period prior to the acquisition, of less than 10% of the total annual revenue of the Company declared in the latest Annual Report and Accounts as at inception;

ii) the entity is not incorporated, domiciled or providing Professional Services in the United States of America or Canada or any of their territories;

iii) the entity is not regulated by the US Securities and Exchange Commission;

iv) the entity is not aware of any claims (either paid or notified) or circumstances within the preceding five years of a type which may have been covered had they been notified under a professional liability policy similar in scope and breadth of coverage to the cover afforded hereunder;

v) the business activities of the entity fall within the definition of Professional Services; and

vi) no fee income is derived from investment products and reinsurance.

In all other circumstances, the Policyholder may request an extension of this Section for such entity. The Insurer shall have the right but not the duty to offer cover for such entity and the Policyholder shall give the Insurer sufficient details to permit the Insurer to assess and evaluate the potential increase in exposure. In the event that coverage is provided, the Insurer shall be entitled to amend the terms and conditions of this Section, during the Period of Insurance, including but not limited to, the charging of a reasonable additional premium.
D Court Attendance

For any person described in i) and ii) below who actually attends a court or an arbitration or an adjudication hearing as a witness in connection with a Claim notified under and covered by this Section, the Insurer will pay the following rates per day for each day on which attendance in court has been required:

i) for any principal, partner, director or Member of an Insured: £300

ii) for any Employee: £150

No Retention shall apply to this Cover.

E Financial Conduct Authority Investigation Costs

The Insurer will pay on behalf of any Insured any reasonable costs and expenses incurred with the prior consent of the Insurer up to a maximum of £250,000 in the annual aggregate for the defence of any Investigation first brought against the Insured for breach of any statute or statutory regulations but only where the Insurer believes that defending such proceedings could avoid or mitigate Loss in connection with any concurrent or subsequent Claim first made against an Insured during the Period of Insurance provided that the Wrongful Act giving rise to the proceedings shall have been committed by the Insured in the performance of the Insured’s Professional Services.

The Insurer shall not be liable to pay costs or expenses incurred subsequent to a plea of finding of guilt on the part of the Insured.

F Fraud and Dishonesty

The Insurer will pay on behalf of any Insured, who is not the actual perpetrator, all Damages resulting from any Claim first made against any Insured during the Period of Insurance and notified to the Insurer as required by this Section for Fraud/Dishonesty of any Employee and/or past or present partner, director, officer or Member (however designated) of the Company up to the date of discovery by an Insured of reasonable cause of suspicion of Fraud/Dishonesty.

G Joint Ventures

The Insurer will pay on behalf of any Insured all Loss resulting from any Claim first made against any Insured during the Period of Insurance and notified to the Insurer as required by this Section where liability results directly from a Wrongful Act of an Insured arising out of the Professional Services carried out by an Insured for and in the name of any joint venture of which an Insured forms part, provided that an Insured has declared in the Submission all fees/turnover received from any joint venture.

The liability of the Insurer shall be proportionate to the lowest of:

i) the percentage of the share capital of the joint venture owned by an Insured; or

ii) the percentage of the voting control of the joint venture exercised by an Insured;

unless the Insurer’s written agreement has been first obtained to an alternative proportion and an endorsement made upon this Section.

This Cover shall apply to an Insured only. No other participant in such joint venture, and no other Third Party, shall have any rights under this Section, and neither shall the Insurer be liable to pay a contribution to any insurer of any other participant in such joint venture.
H  Lost Documents

The Insurer shall indemnify an Insured for costs and expenses reasonably incurred with the Insurer's prior written consent in replacing or restoring any Documents which are the property of an Insured and which during the Period of Insurance have been destroyed, damaged, lost, distorted, erased or mislaid provided that:

i) such loss or damage is sustained while the Documents are either: (1) in transit; or (2) in the custody of an Insured or of any person to whom an Insured has entrusted them in the ordinary course of their Professional Services;

ii) the Documents have been the subject of a diligent search by or on behalf of an Insured;

iii) the amount of any claim for such costs and expenses shall be supported by evidence of expenditure that shall be subject to approval by a competent person to be nominated by the Insurer with the consent of the Policyholder; and

iv) the Insurer shall not be liable for any costs and expenses arising out of wear, tear and/or gradual deterioration, moth and vermin.

This cover will be subject to a Sub-limit of Liability of £100,000 in the aggregate during the Period of Insurance. A Retention of £250 each and every claim shall apply to this Cover.

I  Ombudsman Awards

The Insurer will pay on behalf of an Insured any Claim in respect of any final and binding award or determination (including liability for claimants' costs) of any ombudsman appointed pursuant to the provisions of the Financial Services and Markets Act 2000 or any amendment or re-enactment thereof and the cost of taking any steps which the Insured is directed to take in relation to a claimant up to a maximum amount of £100,000.

J  Specialist Consultants

The Insurer will pay on behalf of an Insured all Loss resulting from any Claim first made against an Insured during the Period of Insurance and notified to the Insurer as required by this Section for any Wrongful Act of specialist consultants, designers or sub-contractors of an Insured who are engaged in the performance of an Insured's Professional Services.

The Insurer will only pay Loss to the extent that an Insured has not waived or otherwise impaired any rights of recourse against such specialist designers, consultants or sub-contractors.
Limit and Retention

Limit of Liability

A. the total amount payable by the **Insurer** under this **Section** (excluding **Defence Costs**) for any one **Claim** during the **Period of Insurance** shall not exceed the **Limit of Liability**.

B. Sub-limits of liability are part of and not payable in addition to the **Limit of Liability**.

C. **Defence Costs** are payable in addition to the **Limit of Liability**. In the event that the amount paid by or on behalf of any **Insured** to dispose of a **Claim** exceeds the **Limit of Liability** for any one **Claim**, then this **Section** shall only cover the same proportion of **Defence Costs** as the **Limit of Liability** for any one **Claim** bears to the total amount paid to dispose of the **Claim** (exclusive of **Defence Costs**).

D. Where a **Claim** is made against more than one **Insured** under this **Section**, this shall not operate to increase the total amount payable by the **Insurer** for any one **Claim** under this **Section**.

E. The **Limit of Liability** is the total sum payable by the **Insurer** for any one **Claim**. Any **Damages** paid by the **Insurer** under this **Section** in respect of a **Claim** shall erode the **Limit of Liability** for that **Claim**. In no circumstances shall the liability of the **Insurer** for any one **Claim** exceed the **Limit of Liability**.

Other Insurance / Indemnification

Unless otherwise required by law, cover under this **Section** is provided only as excess over any self-insurance or other valid and applicable insurance, unless such other insurance is written only as specific excess insurance over the **Limit of Liability**. This **Section** or **Policy** shall not cover **Defence Costs** of any **Claim** where another insurance policy imposes upon another insurer a duty to defend such **Claim**.

Retention

The **Insurer** shall be liable only for **Loss** which exceeds the **Retention**. For the avoidance of doubt, the **Retention** does not apply to **Defence Costs**. It is to be borne by an **Insured** and shall remain uninsured. The **Retention** is not part of the **Limit of Liability**. A single **Retention** shall apply per **Claim**.
Section Exclusions

This Section shall not cover Loss in connection with any Claim:

1. Bodily Injury/ Property Damage

arising out of, based upon or attributable to Bodily Injury or Property Damage unless arising from an actual or alleged failure to achieve the legally required standard of care, diligence and expertise in performing Professional Services.

2. Conduct

arising out of, based upon or attributable to any actual or alleged dishonest, fraudulent or criminal conduct of an Insured.

This exclusion shall not apply to Cover F Fraud and Dishonesty.

3. Contractual Liability

arising out of, based upon or attributable to any:

(i) liability assumed or accepted by an Insured under any contract or agreement; or

(ii) guarantee or warranty;

except to the extent such liability would have attached to an Insured in the absence of such contractual duty, term or agreement.

4. Directors’ and Officers’ Liability

arising out of, based upon or attributable to any Claim made against an Insured in their capacity as a director, officer, trustee, Member or partner of the Company in respect of the performance or non-performance of their duties as a director, officer, trustee, Member or partner of the Company.

5. Employers Liability

by any person for bodily injury, sickness, disease or death incurred, contracted or occurring whilst under a contract of service or apprenticeship with an Insured or for any breach of any obligation owed by an Insured as an employer.

6. Employment Practice Violation

arising out of, based upon or attributable to any act, error or omission with respect to any employment or prospective employment of any past, present, future or prospective employee or Insured Person of any Company.

7. Fee Arrangement

arising out of, based upon or attributable to any allegations that an Insured intentionally or negligently permitted, or aided or abetted others in using, was aware of others using, or was a participant or connected in any way in the use of an illegal or improper agreement or other arrangement between an insurance broker and an insurance carrier involving the payment of increased fees, commissions or other compensation based on the volume or type of business referred to the insurance carrier.
8. Infrastructure

arising out of, based upon or attributable to:

i) software or mechanical failure;

ii) electrical failure, including any electrical power interruption, surge, brown out or black out; or

iii) telecommunications or satellite systems failure;

outside the direct control of an Insured.

9. Insolvency

arising out of, based upon or attributable to the insolvency, liquidation, administration or receivership of the Company, or of any insurance company, building society, bank, investment manager, stockbroker, investment intermediary, or any other business, firm or company with whom the Insured has arranged directly or indirectly any insurance, investment or deposits.

10. Investment Advice

arising out of, or in way involving the sale of investment products including but not limited to pensions, endowments, precipice bonds and investment activities as regulated by the Regulated Activities Order, unless specifically covered by this Section or agreed by the Insurer.

11. Pollution

arising out of, based upon or attributable to any direction, request or effort to: (a) test for, monitor, clean up, remove, contain, treat, detoxify or neutralise Pollutants, or (b) respond to or assess the effects of Pollutants.

This Exclusion shall not apply in respect of any Claim arising directly from the Insured's performance of Professional Services.

12. Prior Claims/Circumstances

made prior to the inception of this Section including any Related Claims thereto, or arising out of, based upon or attributable to a circumstance which has been properly notified under any other policy or certificate of insurance attaching prior to the inception of this Section including any Related Claims thereto.

13. Prior Acts

arising out of, based upon, attributable to or in any way involving any Wrongful Act which first takes place before the Retroactive Date.

14. Trade Debts

arising out of, based upon or attributable to any: (i) trading debt incurred by an Insured or (ii) guarantee given by an Insured for a debt.

15. Underwriting Agency

arising out of any Professional Services of the Insured as managers of an insurance company, or, if the Insured are Lloyd's brokers, as underwriting agents (Lloyd's).

16. U.S.A./Canada

made or pending within or to enforce a judgment obtained in the United States of America, Canada, or any of their territories or possessions.
17. War/Terrorism

arising out of, based upon or attributable to any war (declared or otherwise), Terrorism, warlike, military, terrorist or guerrilla activity, sabotage, force of arms, hostilities (declared or undeclared), rebellion, revolution, civil disorder, insurrection, usurped power, confiscation, nationalisation or destruction of or damage to property by or under the order of, any governmental, public or local authority or any other political or terrorist organisation. This Exclusion shall not apply in respect of any Claim arising directly from the Insured's performance of Professional Services.
Section Claim Conditions

1 Claim Allocation

In the event that any Claim involves both covered matters and matters or persons not covered under this Section, a fair and proper allocation of any cost of defence, damages, judgments and/or settlements shall be made between each Insured and the Insurer taking into account the relative legal and financial exposures attributable to covered matters and matters not covered under this Section.

2 Circumstances

The Policyholder shall as soon as reasonably practicable during the Period of Insurance notify the Insurer at the address listed in the Section Claim Notification Condition of any circumstance of which any Insured becomes aware during the Period of Insurance which is reasonably expected to give rise to a Claim. The notice must include at least the following:

i) a statement that it is intended to serve as a notice of a circumstance of which an Insured has become aware which is reasonably expected to give rise to a Claim;

ii) the reasons for anticipating that Claim (including full particulars as to the nature and date(s) of the potential Wrongful Act(s));

iii) the identity of any potential claimant(s);

iv) the identity of any Insured involved in such circumstance; and

v) the date on and manner in which an Insured first became aware of such circumstance.

Provided that notice of any such circumstance has been given in accordance with the requirements of this Condition, any later Claim arising out of such notified circumstance (and any Related Claims) shall be deemed to be made at the date when the circumstance was first notified to the Insurer.

3 Claim Notification

The Policyholder shall give written notice to the Insurer of any Claim first made against an Insured as soon as practicable and during the Period of Insurance. All notifications must be in writing to:

Claims Division
Allianz Insurance plc
500 Avebury Boulevard
Milton Keynes
MK9 2XX

or by telephone to 0344 893 9500
Lines are open from 9am to 5pm Monday to Friday

If posted, the date of posting shall constitute the date that notice was given, and proof of posting shall be sufficient proof of notice.
4 Cooperation

An Insured will at their own cost:

i) render all reasonable assistance to the Insurer and co-operate in the defence of any Claim and the assertion of indemnification and contribution rights;

ii) use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any Loss under this Section; and

iii) give such information and assistance to the Insurer as the Insurer may reasonably require to enable it to investigate any Loss or determine the Insurer's liability under this Section.

5 Claim Defence

The Insurer does not assume any duty to defend, and an Insured shall defend and contest any Claim made against them unless the Insurer, in its sole and absolute discretion, elects in writing to take over and conduct the defence and settlement of any Claim. If the Insurer does not so elect, it shall be entitled, but not required, to participate fully in such defence and the negotiation of any settlement that involves or appears reasonably likely to involve the Insurer. In the event that the Insurer decides that representation by a solicitor is necessary (such decision to be at the sole discretion of the Insurer) then an Insured shall select one of the Legal Panel to provide such legal representation.

6 Insured's Consent

The Insurer may make any settlement it deems expedient of any Claim against any Insured, subject to such Insured's written consent. Where an Insured does not consent the Insurer may elect to pay to an Insured the Settlement Value less the applicable Retention that the Insurer wishes to accept. Upon such payment being made there is no further cover available under this Section for that Claim.

7 Insurer's Consent

No Insured shall admit or assume any liability, enter into any settlement agreement, or consent to any judgment without the prior written consent of the Insurer, other than where provided for under the terms of the Mitigation Cover.

8 Fraudulent Claims

If any Insured shall give any notice or claim cover for any Loss under this Section of the Policy knowing such notice or claim to be false or fraudulent as regards amounts or otherwise, such Loss shall be excluded from cover under this Section of the Policy, and the Insurer shall have the right, in its sole and absolute discretion, to avoid its obligations under or void this Section and the Policy in its entirety, and in such case, all cover for Loss under this Section and the Policy shall be forfeited, all premium shall be deemed fully earned and non-refundable and the Policyholder shall reimburse the Insurer for any payments made under this Section and the Policy.
9 Payment of Defence Costs

The Insurer shall pay Defence Costs covered by this Section promptly after sufficiently detailed invoices for those costs are received by the Insurer. The Policyholder shall reimburse the Insurer for any payments which are ultimately determined not to be covered by this Section.

10 Related Claims

If during the Period of Insurance a Claim is made or a circumstance is notified in accordance with the requirements of this Section any Related Claim made after expiry of the Period of Insurance will be accepted by the Insurer as having been:

i) made at the same time as the notified Claim was made or the relevant circumstance was notified, and

ii) notified at the same time as the notified Claim or circumstance.

All Related Claims shall be deemed to be one single Claim and deemed to be made at the date of the first Claim of the series or at the first circumstance notified, whichever is first.

11 Claim Settlement

The Insurer shall be under no obligation (save where requested by the Policyholder) to make any payment to an Insured other than the Policyholder and shall unless otherwise requested by the Policyholder make payment of all losses insured hereunder to the Policyholder and such payment shall constitute a full and complete release and discharge of the Insurer’s liabilities in respect of all and any such loss whether suffered directly by the Policyholder or not.
Section General Conditions

1 Assignment

This Section and any rights under or in respect of it cannot be assigned by an Insured without the prior written consent of the Insurer.

2 Cancellation

This Section may be cancelled:

(i) by the Insurer pursuant to the Premium Payment Condition for non-payment of premium; or

(ii) if no notice of a Claim or circumstance which is reasonably expected to give rise to a Claim has been provided to the Insurer under this Section, by the Policyholder with effect immediately upon the Insurer’s receipt of written notice of such cancellation; the Insurer shall retain the customary short rate proportion (unexpired portion of premium less handling charges) of the premium. If notice of a Claim or circumstance which is reasonably expected to give rise to a Claim has been provided to the Insurer under this Section, the premium shall not be returnable and shall be deemed fully earned at cancellation;

(iii) by mutual agreement between the Insurer and the Policyholder.

3 Change of Control

The Insurer shall not be liable to make any payment or to provide any services in connection with any Claim arising out of, based upon or attributable to a Wrongful Act committed after the occurrence of a Transaction.

If during the Period of Insurance an administrator, liquidator or receiver is appointed to a Subsidiary, then the cover provided under this Section with respect to such Subsidiary is amended to apply only to Wrongful Acts committed prior to the date of such appointment.

4 Contract Rights

Nothing in this Section is intended to confer an enforceable benefit on any Third Party, whether pursuant to the Contract (Rights of Third Parties) Act 1999 or otherwise

5 Dispute Resolution

Where, following receipt by the Insurer of all information reasonably required to provide such decision;

(i) a final decision has been given by the Insurer regarding any aspect of this Section of the Policy or any matter relating to cover thereunder;

(ii) that decision is disputed between the Insurer and an Insured; and

(iii) such dispute can not be resolved within 14 days of the date on which such decision is communicated to the Policyholder or its insurance broker,
the dispute shall be referred to arbitration under The Insurance & Reinsurance Arbitration Society ("A.R.I.A.S (UK)") Arbitration Rules.

The Arbitration Tribunal (the "Tribunal") shall consist of three arbitrators, one to be appointed by an insured party involved in the arbitration, one to be appointed by the Insurer and the third to be appointed by the two appointed arbitrators. The third member of the Tribunal shall be appointed as soon as practicable (and no later than 28 days) after the appointment of the two party-appointed arbitrators. The Tribunal shall be constituted upon the appointment of the third arbitrator.

The arbitrators shall be persons (including those who have retired) with not less than ten years' experience of insurance or reinsurance within the industry or as lawyers or other professional advisers serving the industry.

Where a party fails to appoint an arbitrator within 14 days of being called upon to do so or where the two party-appointed arbitrators fail to appoint a third within 28 days of their appointment, then upon application, A.R.I.A.S (UK) will appoint an arbitrator to fill the vacancy. At any time prior to the appointment by A.R.I.A.S (UK) the party or arbitrators in default may make such appointment.

The Tribunal may at its sole discretion make such orders and directions as it considers necessary for the final determination of the matters in dispute. The Tribunal shall have the widest discretion permitted under the law governing the arbitral procedure when making such orders or directions. The seat of arbitration shall be London, England and the law governing the arbitration shall be under the law of England & Wales.

6 Plurals, Headings and Titles

The descriptions in the headings and titles of this Section are solely for reference and convenience and do not lend any meaning to this contract. Words and expressions in the singular shall include the plural and vice versa. In this Section, words in bold typeface have special meaning and are defined. Words that are not specifically defined in this Section or the Policy have the meaning normally attributed to them.

7 Premium Payment

The Policyholder undertakes that the premium (including mid-term amendment premium) shall be paid to the Insurer on request (or, in respect of instalment premiums, when they are due). The Policyholder shall have the burden of establishing that such payment has been made.

If the premium (including mid-term amendment premium) has not been paid to the Insurer as requested (and, in respect of instalment premiums, by the date they are due) the Insurer shall have the right to cancel this Section of the Policy by notifying the Policyholder in writing direct or via the insurance broker as appropriate. In the event of cancellation by the Insurer pursuant to this Condition, premium is due to the Insurer on a pro-rata basis for the period that the Insurer was on risk but the full premium is due to the Insurer in the event that prior to the date of termination a Claim is made, or a circumstance is notified in accordance with the requirements of this Section of the Policy.

It is agreed that the Insurer shall give not more than 7 days prior notice of cancellation under this Condition to the Policyholder in writing direct or via the insurance broker as appropriate. If the premium due is paid in full to the Insurer before the notice period expires, notice of cancellation shall automatically be revoked. If not, this Section of the Policy shall automatically terminate and be of no effect at the end of the notice period.
8 **Scope and Governing Law**

Where legally permissible and subject to all terms and conditions of this **Section**, this **Section** shall apply to any **Claim** made against any **Insured** anywhere in the world. Any interpretation of this **Section** of the **Policy** relating to its construction, validity or operation shall be made exclusively in accordance with the laws of England and Wales and in accordance with the English text as it appears in this **Section** and the **Policy**.

9 **Subrogation**

An **Insured** shall take all steps necessary or such steps as are required by the **Insurer** before or after any payment by the **Insurer** under this **Section** to preserve the rights and remedies which an **Insured** may have to recover the **Loss**. If any payment is to be made under this **Section** in respect of a **Claim**, the **Insurer** shall be subrogated to all rights of recovery of an **Insured** whether or not payment has in fact been made and whether or not an **Insured** has been fully compensated for its actual **Loss**. The **Insurer** shall be entitled to pursue and enforce such rights in the name of an **Insured**, who, both before and after payment under this **Section**, shall provide the **Insurer** with all reasonable assistance and co-operation in doing so, including the execution of any necessary instruments and papers. An **Insured** shall do nothing to prejudice the **Insurer’s** rights under this Subrogation Condition.

The **Insurer** agrees not to exercise any such rights of recovery against any **Employee** unless the **Claim** is brought about or contributed to by the dishonest, fraudulent, intentional criminal or malicious act or omission of the **Employee**. In its sole discretion, the **Insurer** may, in writing, waive any of its rights set forth in this Subrogation Condition.

Any amounts recovered in accordance with this Condition shall be applied in the following order:

(i) to compensate the **Insurer** and an **Insured** for the costs incurred in making the recovery (such payment to be allocated between the **Insurer** and an **Insured** in the same proportions as they have borne the costs thereof); and

(ii) to the **Insurer** up to the amount of the **Loss** paid by the **Insurer**; and

(iii) to an **Insured** in respect of any uninsured element of the **Claim** (including the **Retention** under this **Section**).

10 **Innocent Non Disclosure**

In granting cover to an **Insured**, the **Insurer** has relied upon the material statements and particulars in the **Submission** together with its attachments and other information supplied. These statements, attachments and information are the basis of cover and shall be considered incorporated into and constitute part of this **Section** and the **Policy**.

The **Insurer** will not exercise its right to avoid this **Section** or the **Policy** on the grounds of any alleged non-disclosure or misrepresentation of facts or alleged untrue statements in any information supplied to it, provided that an **Insured** shall establish to the **Insurer’s** reasonable satisfaction that such alleged non-disclosure, misrepresentation or untrue statement was free of any fraudulent conduct or intent to deceive. Where such non-disclosure, misrepresentation or untrue statement has prejudiced the **Insurer’s** consideration of terms under this **Section** or the **Policy**, the **Insurer** shall be entitled to charge a reasonable additional premium and/or amend **Section** or **Policy** terms and conditions in light of such prejudice.
Should an Insured have failed to inform the Insurer before inception of this Section or the Policy or increase in cover or other variation of its terms of any circumstance of which an Insured was aware which might give rise to a Claim or payment of Loss hereunder, and such failure is accepted by the Insurer as having been free of any fraudulent conduct or intent to deceive, the Insurer’s liability under this Section or the Policy shall not extend beyond that which would have been owed pursuant to the earliest such previous insurance under which the circumstance could have been notified or that which was available prior to any increase in cover or variation of terms. Furthermore, where such failure to notify a circumstance, as described above, results in prejudice to the handling or settlement of any Claim under this Section or the Policy, the Insurer shall be entitled to reduce the indemnity afforded under this Section or the Policy in respect of such Claim (including Defence Costs) to such sum as in the Insurer’s reasonable opinion would have been payable by them in the absence of such prejudice.

11 Minimum Approved Wording

This Section is designed to provide the minimum insurance requirements in accordance with the rules of the Financial Conduct Authority (FCA), in force at the inception date of this Section as stated in the Schedule. The minimum insurance requirements as set out in the FCA rules will take precedence over any terms, conditions, exclusions or limitations contained herein, except those that relate to the Retention and the Limit of Liability.

12 Administration

The Policyholder shall act on behalf of each and every insured party with respect to:

i) negotiating the terms and conditions of and binding cover; and

ii) the exercise of all rights of Insured’s under this Section or the Policy; and

iii) all notices; and

iv) premiums; and

v) endorsements to this Section or the Policy; and

vi) the appointment of a member of the Legal Panel to defend a Claim; and

vii) dispute resolution; and

viii) the receipt of all amounts payable to an Insured by the Insurer under this Section.
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