

Important Information

Ascend takes its obligation to provide appropriate advice and information to its clients very seriously. As such we highlight the below points for your information which you should read.

Instructions regarding changes to cover

Please note urgent instructions regarding new covers or increases in sums insured etc., should be given by telephone or e-mail. Such alterations will not be effective until instructions are received by Insurers and confirmation of this is provided by us to You.

Ascend Broking Group market security policy

Our goal is to procure insurance for our clients with underwriters possessing the financial strength to perform in today's economic environment. In meeting this goal, we regularly review publicly available information concerning an underwriter's financial condition. This information includes but is not limited to:

- a) Approval by various regulatory authorities
- b) Analyses by the major insurance rating agencies, such as: A. M. Best, Standard & Poor, Moody and Fitch.
- c) Key performance test results, which consist of financial ratios established by the National Association of Insurance Commissioners (NAIC) for U.S. underwriters and Standard & Poor's for international insurers.

The vast majority of our risk placements are made with insurers which are rated "Excellent" by the professional rating agencies.

We do not guarantee the solvency of any insurer with which we place business. We encourages our clients to review the publicly available information obtained by us since only the insured can make the ultimate decision to accept or reject a particular insurer.

Before inception of cover

All material information must be disclosed to insurers to enable terms to be negotiated and cover arranged. This is not limited to answering specific questions that may be asked. Any changes which may occur or come to light after a quotation has been given must also be notified.

After inception of cover

The duty to disclose is re-imposed when there are changes or variations in cover and when the policy is renewed or extended. In addition, changes which substantially increase the risk, or relate to compliance with a warranty or condition in the policy must be notified at once. To ensure that cover is not prejudiced, please refer to Us if there is any doubt as to what information needs to be disclosed.

Valuations

We cannot guarantee any valuation provided to us and we will not accept liability for any valuation that proves to be incorrect; we would suggest that all valuations are provided by a professional body.

Claims procedures

All policies contain conditions dealing with the notification of claims, some setting time limits of only a few days after the incident. All incidents, which might give rise to a claim, should therefore be notified promptly.

No action should be taken which could be construed as an admission of liability, e.g.

- Crediting of a customer's account
- Any admission at the scene of a motor accident

Correspondence from third parties, their solicitors or insurers should be passed to us unanswered and without delay. All insured theft and malicious damage must be reported to the Police immediately, and a crime reference number obtained.

Motor Insurance Database: Your legal obligations to report vehicle details

You have a legal obligation to submit details of all vehicles you wish to be insured under your motor fleet and / or motor trade insurance policy for entry into the Motor Insurance Database (MID), and to do so within the required time limits. The Motor Insurers Information Centre (MIIC) has powers to impose fines of up to GBP 5,000 for not submitting data. In addition, insurers have indicated that they might regard failure to comply with the requirements as a breach of policy conditions, which may in turn prejudice aspects of the policy cover

and delay the processing and payment of claims. Non-compliance would be recorded as part of the Policyholder's claims history, perhaps making it difficult to obtain alternative quotations at future renewals.

Details you must report:

- Vehicle registration number
- Cover start date
- Cover end date

Some insurers are also requesting make and model details and we recommend that you include these in your record as this may soon become a mandatory requirement.

Temporary vehicles

The obligation to submit details includes temporary vehicles if they are to be covered for a period of fifteen days or more. In the case of vehicles covered for shorter periods, you must keep a record of the relevant details and it must be retained for seven years after expiry of the policy. You may find it convenient to include all temporary vehicles in your submission regardless of the period of cover and, as this satisfies your record-keeping obligations and helps to avoid possible omissions, We recommend it as best practice.

Time limit

Any change to details must be reported as soon as you are able to, and 10-14 days is a generally accepted timeframe to do so.

Method of reporting

You may submit vehicle details by electronic means, either direct to the MID or via your insurer, according to the procedures that have been agreed under your policy. In the event of any queries regarding this or any other aspect of your motor insurance arrangements, please contact your Account Manager.

Retention of Liability Documents

Successful long tail liability claims as a result of a gradually operating cause are no longer unusual e.g. deafness or asbestos related claims can span 20 years or more. It is important that you retain indefinitely all liability policies both in your name or that of any company with whom you are or have been associated in the past. Additionally, Employers are strongly advised to keep, as far as is possible, a complete record of their employers' liability insurance. This is because some diseases can appear decades after exposure to their cause and former or current employees may decide to make a claim against their employer for the period they were exposed to the cause of their illness.

Warranties and Policy Conditions

Where specific warranties apply they must be complied strictly and in full. Any breach could result in a claim not being paid or the policy being voided by the Insurer. Equally certain conditions which are not warranties can have a bearing on the operation of cover. Where either warranties or special conditions apply they are briefly highlighted in the relevant register pages.

The Insurance Act 2015 – Important Changes

As a result of a recent act of parliament, the Insurance Act 2015 (the “**Act**”), significant changes have been made to the law in relation to commercial insurance. The Act has a significant impact on the operation of your insurance policy, including your disclosure obligations towards insurers, warranties and fraud. The Act also impacts upon the remedies insurers may adopt in the event of your obligations not being complied with. The purpose of this note is to highlight some of the key changes introduced by the Act and to explain the steps you need to take to comply with it.

The Act introduces some new obligations, which are coupled with strict remedies for insurers. WE therefore recommend that you read this guide carefully. If you have any queries in relation to the content of this guide, please contact your usual advisor who will be happy to explain your obligations.

What policies are caught by the Act and from when does it apply?

The Act applies to all non-consumer insurance policies commencing on or after 12 August 2016. The act also applies to policies commencing before 12th August 2016 but whose terms are varied after that date. However, it is important to note that some insurers intend to adopt the new regime in advance of 12th August 2016. Such insurers will highlight this in their policy documentation.

Duty of Fair Presentation

The Act imposes an obligation on all policyholders to “make a fair presentation of the risk” prior to the policy commencing. A fair presentation is one that discloses, in a manner that is reasonably clear and accessible, every material circumstance which is known or

ought to be known by the policyholder's senior management, or those responsible for arranging insurance, following a reasonable search.

We explore below the meaning of the key components of this obligation:

"material circumstance" – this is anything which would influence the judgement of a prudent insurer in determining whether to take the risk and, if so, on what terms. There is no specific limitation on what constitutes a material circumstance, but it would typically include any factors pertaining to the risk to be insured including prior claims, our financial history, convictions of key personnel and your business activities. You are not obliged to disclose something that reduces the risk to be insured.

"known or ought to be known" – you are obliged to disclose material circumstances that you actually know but also those that you know. This means that if the information is readily available to you but you fail to disclose it owing to either a lack of enquiry or by "turning a blind eye", you will have breached your duty to fairly present the risk. Equally, any relevant knowledge we have as your broker must also be presented to insurers. We must therefore make you aware that all information you provide to us must form part of the presentation of the risk, if relevant.

"senior management" – your knowledge, for the purposes of the Act, includes (but is not limited to) that of all senior management. Senior management includes anyone who has a key role in making decisions on behalf of the business, even if they do not sit on the board or if they do not officially have a management role.

"reasonable search" – you are obliged to undertake a reasonable search. In practice you will need to demonstrate that appropriate enquiries were made to establish material circumstances that were known or ought to be known by senior management and others you rely on, such as advisers, consultants and specialists. What is reasonable will depend upon the nature of your business, the policy you are purchasing and who is best placed to provide the relevant information.

"reasonably clear and accessible" – all information must be provided to insurers in a reasonably clear and accessible manner. This means that information must not be provided in an ambiguous way. The new rules also prevent policyholders from concealing key facts amongst large volumes of less relevant or immaterial information.

What does this mean in practice?

The amount of information to be provided will depend upon the nature of the risk and the insurance you are purchasing. We will guide you through that process, although you should take the time to carefully identify who within your business is best placed to identify any information that may be relevant to insurers when considering the particular risk and type of policy.

What happens if you do not fairly present the risk?

If you fail to comply with your obligations, insurers have differing remedies depending upon the nature of the breach and what would have happened had you fairly presented the risk.

If you deliberately or recklessly fail to present the risk fairly (e.g. you deliberately withhold key information or fail to take any care when presenting the information), insurers are entitled to avoid the policy and retain all premiums. In other words, insurers can treat the policy as if it never existed, which would result in no claims being paid. You could also be required to repay any claims payments that have already been made. If your failure to present the risk fairly was neither deliberate nor reckless (e.g. it was a simple oversight on your part), insurers may still avoid the policy if they can demonstrate that the policy would not have been provided if you had represented the risk fairly. In this scenario, insurers would be required to repay the policy premium to you, although they would be required to make no payment in respect of claims and you would be required to repay any claims payments already made.

If insurers are able to demonstrate that they would have provided the policy but on different terms, the policy would be treated as if those terms had applied from the beginning. Those additional terms could be, for example, increased excesses or additional exclusions. Those additional terms may result in no payment being made in respect of any particular claim (e.g. if insurers would have excluded that particular activity or imposed additional conditions which you did not comply with).

If insurers would have provided the policy but charged an increased premium, the amount insurers will pay will be reduced by proportion to the difference between the premium actually paid and the premium that would have been charged had the risk been fairly presented. By way of example, if a fair presentation would have resulted in the premium doubling, any claims payment under the policy will be halved. This is an extremely draconian policy remedy and therefore it is essential that you present the risk fairly. This remedy applies regardless of whether there is any connection between the shortcoming in the presentation of the risk and the subject matter of the claim.

Warranties

A warranty in an insurance contract is a promise by the policyholder to the insurer to do (or not do) something or a promise to maintain a certain state of affairs. Under the old regime, insurers can refuse to pay a claim if the policyholder breaches a warranty, even if the breach is unconnected with the loss or if the breach is remedied before the loss occurs. Insurers routinely use a 'basis of contract' clause to convert all presentations and information given by policyholders to insurers into warranties. This enables insurers to refuse to pay

claims if any aspect of the presentation of a risk is inaccurate.

From August 2016, the position will be fairer for policyholders. Firstly, insurers will no longer be able to rely on basis of contract clauses to convert all representations into warranties. Furthermore, in the event of a breach of warranty, insurers will only be allowed to refuse to pay a claim where the loss arose during a period of non-compliance. In other words, if you breach a warranty (e.g. by failing to set a fire alarm), cover will be re-instated as soon as you re-establish compliance. Cover is simply suspended during periods of non-compliance. Finally, if the warranty is designed to reduce the risk of a certain type of loss or a loss at a certain place or time and the policyholder can demonstrate that the breach could not have increased the risk of that loss occurring, insurers must still pay the claim.

Fraud

Historically, in the event of a fraudulent claim being made against the policy, all cover under the policy ceased and insurers were entitled to retain the premium. The policyholder would also have to repay any claims payments already made. However, under the new regime, insurers will be entitled to terminate the policy from the date of a fraudulent claim or act, but must still cover claims arising from incidents occurring before the fraudulent act.

Material Circumstances – Important Guidance Note

One of your obligations under the insurance contract(s) is to “make a fair presentation of the risk”, details of which are given in the previous pages entitled “The Insurance Act 2015 – Important changes for policyholders”. This obligation not only applies before inception, but is also ongoing during the life of the policy, and when you renew your insurance.

Material circumstances can be positive too; sometimes, they can save you premium.

It is of paramount importance that you disclose all material information. If you are uncertain as to whether something is material, please tell us and we can help you.

Some examples of general material circumstances include:

- A change in the name of the company or you add or delete a director or a partner, or if you are involved in any acquisition or merger.
- If you change your business or trade description. This might be a total change, the addition or deletion of an aspect of the business, a change in how you do business, new products, new processes or even new markets.
- The purchase, construction or occupancy of new premises or any alteration, renovation, extension, unoccupancy or demolition of existing ones
- Any alteration, disconnection or reduced response to fire or intruder alarms
- Movement of stock and equipment between locations, to new locations or the purchase of additional stock and equipment
- Any contractual conditions, liabilities or indemnities – Insurers offer cover on the understanding that you will not assume any liability beyond your normal (common law or statutory) legal liability and that you’ll retain your right to recover your loss or seek to obtain contribution for your loss from another, in all circumstances.
- Accordingly many policies exclude or limit the Insurer’s liability if you have entered into an agreement that either a) excludes or limits your right of recovery against third parties who have caused or contributed to your loss or liability and/or b) that extend your liability beyond which would ordinarily apply in law.
- If you or any of the partners/directors have been convicted or has a criminal prosecution pending
- If you, the company or any director or partner has ever:
 - Been declared bankrupt or insolvent
 - Been involved with a company that went into liquidation or was dissolved
 - Been the subject of a recovery action by HM Revenue and Customs
 - Been the subject of a County Court judgement
 - Been disqualified from being a company director
 - Losses or incidents that could have given rise to a claim irrespective of whether you chose to make a claim or whether the risks currently proposed were insured or not at the time of the incident.

Here are some examples of incidents that you might not think to report to insurers but their non-disclosure has real potential to result in your insurance being void from inception and/or any subsequent claim turned down:

- Repeated attempted thefts where little or nothing is stolen.
- A number of minor arson/malicious damage incidents – don’t forget there is a permanent record of these if they are reported to the emergency services. Further, loss adjusters check these as a matter of course.
- Minor fires – as above in terms of emergency services.
- For PI policies, a pattern of minor, similar professional errors and/or omissions.
- For employers and public liability insurance, accidents that result in a RIDDOR report or HSE investigation.

What all of the above have in common is the potential for an insurer to point to a trend or type of exposure that would have cast a different light on the risk they have been asked to underwrite and hence the terms offered. They could also be viewed as precursors to a larger loss for which you would want to make a claim.

Some examples of material circumstances relative to the class of insurance cover include:

Theft

- We no longer use the intruder alarm.
- There have been a number of false activations of our intruder alarm recently.
- We now have contract cleaners in overnight.
- We now receive all of our theft-attractive radio equipment daily, for fitting same day.
- We have bought some lap top computers.
- We have lost police first response because of too many false alarms.

Goods in Transit

- We are now using a different type of vehicle.
- We now use a different carrier.
- There has been a change in the contract terms for carriage of goods.
- We are now carrying theft attractive/flammable/explosive goods.

Employers Liability

- We are now using casual or gang labour.
- We are now doing more hazardous work (or using more hazardous equipment).
- We are starting to work overseas.
- We have won a contract to work offshore.
- Earlier this year, the HSE imposed an Enforcement Notice on us.

Public/Products Liability

- Although we are no longer working out of our sub-office, we are still the tenants of this unoccupied building.
- We are now making skateboard ramps.
- We are now exporting to the USA.
- We have achieved ISOxxxx.
- We can now demonstrate full traceability.
- We are signing a complicated contract with a new customer.

Business Interruption

- We have a disaster recovery plan.
- We have bought a generator for emergency power.
- The time for order through manufacture, delivery, installation and commissioning for our critical machine is 18 months.

Professional Indemnity

- We have changed some our activities/areas of practice
- We have received a penalty order or reprimand from a professional body
- An employment related claim has been received

Motor Fleet

- Any driving convictions, bans and fines
- Medical conditions
- Young drivers or drivers outside the warranty

Business Interruption

Where Business Interruption cover is provided, please ensure that the Gross Profit (Revenue or Fees) sum insured has been calculated in accordance with the Insurance policy definition and that the maximum indemnity period is sufficiently long enough to enable your business to get back to at least its pre-damage trading level. The sum insured and maximum indemnity period should allow for inflation and any predicted growth in your business activities. Please note that Business Interruption Insurance can also be subject to average. Please contact us should you require further clarification.

If you do not currently have Business Interruption Cover, we would strongly recommend that you consider adding this to your policy in order to help protect your business in the event of a loss. Please telephone us so that we may provide a quotation.

Employers Liability Tracing Office (ELTO)

Since 1999 the insurance industry has operated a voluntary code of practice to search historical Employers Liability policy records to identify Insurers of former employers to assist claimants in pursuing compensation for disease or injury caused at work. In 2010 a number of Insurers joined the Employers Liability Tracing Office (ELTO), set up to establish a central database to store information from member Insurers. The number of Insurers supporting ELTO has grown to 87% of the Employers Liability insurance market and is constantly growing. In order to improve and enhance the information stored on the database from 1st April 2011, Insurers are seeking to store additional data by way of a unique identifier for each employer.

The unique identifier being used is the Employer Reference Number (ERN), commonly referred to as the Employer PAYE Reference. To assist us in providing your Insurer with this information, please make sure that you have provided your ERN reference for your company and any subsidiary companies.

Risk Management

Whatever the size of the organisation or the industry it operates in; AscendRisk can devise and help you to implement bespoke programmes that manage risk in a broad range of business areas. If you would like more information about the risk management services we can provide please visit our website.

Add On Products

With effect from 1st April 2016 the Financial Conduct Authority (FCA) introduced new requirements in relation to the sale of 'Add-on' products to consumers and businesses. Along with the primary insurance product, anyone involved in arranging optional additional products or extra covers on your behalf needs to make sure that you fully understand the products or extra covers offered and that you specifically choose to purchase them by an 'opt-in' method rather than 'opting-out' of products that have automatically been included.

What do we mean by an 'Optional Extra Cover' or 'Optional Product'?

An 'Optional Extra Cover' are not separate products but extensions to the core cover provided under your primary product (e.g. Protected NCD, Business Use, Commuting, Buildings or Contents Accidental Damage or Winter Sports).

An 'Add-On' is an 'optional additional product' which relates to a separate product that you may have chosen to purchase alongside your primary insurance product that does not form part of your primary product (e.g. Motoring Legal Solutions, Household Legal Expenses, Keycare or Commercial Legal Expenses).

We would like to take this opportunity to remind you to check the cover currently provided, in particular in relation to any optional additional products or extra covers purchased. The purchase of these products or extras is optional. If you no longer require any of them because they no longer meet your needs, or if you are uncertain whether the cover you have reflects your current requirements, please contact us as soon as possible so we can discuss this with you and explain how any changes you wish to make may affect you and the cover provided.