

Professional indemnity for insurance brokers and intermediaries

Policy wording

The General Terms and Conditions and the following terms and conditions all apply to this section.

SPECIAL DEFINITIONS FOR THIS SECTION

Business activity	The activities shown in the schedule, which you perform in the course of your business .
Defence costs	Costs incurred with our prior written agreement to investigate, settle or defend a claim against you .
You / your	Also includes any person who was, is or during the period of insurance becomes your partner or director or senior manager in actual control of your operations.

WHAT IS COVERED

Claims against you

If during the **period of insurance**, and as a result of **your business activity** within the **geographical limits** for clients,

- a. any party brings a claim against **you** for any civil liability, including any civil liability for which **you** are responsible arising from the **business activity** of any business **you** acquired before the **period of insurance** or,
- b. any party refers or threatens to refer any complaint arising directly from **your** breach of a duty of care, to any ombudsman,

we will indemnify **you** against the sums **you** have to pay as compensation.

We will also pay **defence costs**, including the cost of representing **you** before the Financial Services Authority or any other regulatory body created by statute for any disciplinary complaint which is likely to lead to a claim against **you**. **We** will not pay defence costs for any part of a claim not covered by this section and **we** will not pay defence costs for any claim referred to an ombudsman.

Your own losses

If during the **period of insurance**, and in the performance of **your business activity** within the **geographical limits**, **you** suffer a loss from the dishonesty of **your** past or present employees, but not any partner or director of **yours**, where there was a clear intention to cause **you** loss or damage and to obtain a personal financial gain over and above any salary, bonus or commission, **we** will indemnify **you** against **your** direct financial loss.

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WHAT IS NOT COVERED

Matters specific to your business

- A. We will not make any payment for any claim or loss directly or indirectly due to:
1. the insolvency or financial difficulties of any insurer, bank, building society, unit trust, partnership, firm or company.
 2. any business placed with any insurer or reinsurer who is not authorised to transact insurance business in the United Kingdom by the Department of Trade and Industry or any other equivalent European regulatory body, unless **you** have informed **your** client of this and of the fact that the policy will not be protected by the Policy Holders' Protection Fund and **your** client has nevertheless given **you** written instructions to place the business with that insurer.
 3. market trends and fluctuations over which you have no control.
 4. any pollution or contamination, including noise, electromagnetic fields, radiation and radio waves.
 5. **your** breach of a common law duty of care when **you** were acting as agent for an insurer or building society unless the insurer or building society has obtained judgment against **you** in an applicable court.
 6. **your**, but not **your** employees', failure to keep client funds in properly designated and separate client accounts.
 7. **your** completion of a proposal form on behalf of **your** client, other than on a VDU/computer screen or where the insurer does not require the proposer's signature, unless **your** client checks the information provided and signs the declaration on the form; or **your** signing a proposal form on behalf of **your** client.
 8. transmission of a computer **virus**.
 9. **your** liability under any contract which is greater than the liability **you** would have at law without the contract.
 10. **your** failure to account for any monies received.

Matters insurable elsewhere

11. the death or any bodily or mental injury or disease suffered by anyone, unless arising directly from **your** breach of a duty of care in the performance of a **business activity**.
12. anyone's employment with or work for **you**, or any breach of an obligation owed by **you** as an employer or any kind of discrimination, harassment or unfair treatment.
13. **your** ownership, possession or use of any land or building, any animal, any aircraft, watercraft or any motor vehicle.

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| | 14. the loss, damage or destruction of any tangible property, unless arising directly from your breach of a duty of care in the performance of a business activity . |
| | 15. your loss, damage or destruction of any bearer bonds, coupons, share certificates, stamps, money or other negotiable paper. |
| | 16. any personal liability incurred by a director or officer of yours when acting in that capacity or managing your business, or your breach of any fiduciary duty, other than when performing a business activity for a client, or any statement, representation or information concerning you or your business contained in your accounts, reports or financial statements. |
| | 17. your supply, manufacture, sale, installation or maintenance of any product. |
| Deliberate, reckless or dishonest acts | 18. any statement you knew, or ought reasonably to have known, was defamatory at the time of publication. |
| | 19. any dishonest, fraudulent or malicious act, breach, omission or infringement committed, condoned or ignored by you . |
| | 20. your , but not your employees', dishonest investment of client funds in any business in which you have a financial or managerial interest. |
| Pre-existing problems | 21. any shortcoming in your work or your own loss which you knew about, or ought reasonably to have known about, before we agreed to insure you . |
| Date recognition | 22. date recognition . |
| War, terrorism and nuclear | 23. war, terrorism or nuclear risks . |
| Asbestos | 24. asbestos risks . |
| | B. We will not make any payment for: |
| Claims brought by a related party | 1. any claim brought by an insured within the definition of you or any party with a financial, executive or managerial interest in you , including any parent company or any party in which you have a financial, executive or managerial interest, including any subsidiary company. This does not apply to a claim based on a liability to an independent third party directly arising out of the performance of your business activity . |
| Consequential loss | 2. your lost profit, mark-up, liability for VAT or its equivalent. |
| | 3. any trading loss or trading liability including those arising from the loss of any client, account or business. |
| Non-compensatory payments | 4. fines and contractual penalties, aggravated, punitive or exemplary damages, and also additional damages under section 97(2) of the Copyright, Designs and Patents Act 1988 or any statutory successor to that section. |
| Claims outside the applicable courts | 5. any claim, including arbitration, brought outside the countries set out in the schedule under Applicable Courts.
This applies to proceedings in the applicable courts to enforce, or which are based on, a judgement or award from outside the applicable courts. |

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Related business in North America

6. any claims, including arbitration, arising from the business of a parent, subsidiary, associated company or related partnership of **yours** whose principal place of business is in the United States of America or Canada.
7. any activities **you** perform in the United States of America or Canada.

HOW MUCH WE WILL PAY

We will pay up to the limit of indemnity shown in the schedule unless limited below. **We** will also pay for **defence costs**. However, if a payment greater than the limit of indemnity has to be made for a claim **our** liability for **defence costs** will be limited to the same proportion that the limit of indemnity bears to the amount paid. **You** must pay the relevant **excess** shown in the schedule.

When **we** settle **your** own losses from dishonesty, **we** will deduct any sums **you** owe or the value of any property **you** hold belonging to the perpetrator. As part of each loss **we** will pay up to the amount shown in the schedule for accountants' fees you incur in investigating **your** loss. **You** must pay the relevant **excess** shown in the schedule.

All claims and losses which arise from the same original cause, a single source or a repeated or continuing shortcoming in **your** work will be regarded as one claim. This includes such claims and losses arising after, as well as during, the **period of insurance**.

Special limits

We will pay up to the amount shown in the schedule for each ombudsman's award provided that the Ombudsman has operated within any terms of reference or rules applicable to their appointment, but the most **we** will pay for the total of all ombudsman's awards and claims involving your own losses is a single **limit of indemnity**. **You** must pay the relevant **excess** shown in the schedule.

Paying out the limit of indemnity

At any stage of a claim **we** can pay **you** the applicable limit of indemnity or what remains after any earlier payment from that limit. **We** will pay **defence costs** already incurred at the date of **our** payment. **We** will then have no further liability for that claim or its **defence costs**.

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YOUR OBLIGATIONS

If a problem arises

We will not make any payment under this section:

1. unless **you** notify **us** promptly of the following within the **period of insurance** or at the latest within 14 days after it expires for any problem **you** first become aware of in the seven days before expiry:
 - a. **your** first awareness of a shortcoming in **your** work for a client which is likely to lead to a claim against **you**. This includes any criticism of **your** work even though regarded by **you** as unjustifiable.
If **we** accept **your** notification **we** will regard any subsequent claim as notified to this insurance.
 - b. any claim or threatened claim against **you** or any complaint to an Ombudsman or regulatory body.
 - c. **your** discovery, or the existence of reasonable grounds for **your** suspicion, that any employee has acted dishonestly.
2. if, when dealing with **your** client or a third party, **you** admit that **you** are liable for what has happened or make any offer, deal or payment, unless **you** have **our** prior written agreement. **You** must also not reveal the amount of cover available under this insurance, unless **you** had to give these details in negotiating a contract with **your** client or have **our** prior written agreement.

CONTROL OF DEFENCE

We have the right, but not the obligation, to take control of and conduct in **your** name, the investigation, settlement or defence of any claim. If **we** think it necessary **we** will appoint an adjuster, solicitor or any other appropriate person to deal with the claim. **We** may appoint **your** own solicitor but on a similar fee basis as **our** solicitor and only for work done with **our** prior written approval. Proceedings will only be defended if there is a reasonable prospect of success and taking into account the commercial considerations of the costs of defence.

SPECIAL CONDITION

The cancellation provisions set out in the General Conditions do not apply to this section.