

## **Ardonagh Advisory & Arch Insurance UK (Ltd) Commercial Combined Deal Document**

In lieu of a legal agreement this document summarizes the key aspects of the Ardonagh Advisory Group Commercial Combined panel arrangement.

### **1. Arch participation**

Arch will participate on a competitive panel alongside Allianz, Aviva, NIG, QBE and Zurich for manually traded Commercial Combined business.

Ardonagh Advisory shall actively support Arch as one of the Commercial Combined panel by recommending them as the partner of choice for Commercial Combined policies.

### **2. Scope of business**

#### **Products:**

- Commercial Combined including:
  - Material Damage & Business Interruption
  - Employers Liability
  - Public Liability
  - Products Liability

#### **Opportunity:**

- Existing Towergate & Ethos Commercial Combined business currently placed with insurers outside of the panel
- New Commercial Combined opportunities
- Manually traded placements
- Clients with a Commercial Combined premium range of between £0 & £100,000 GWP \*
- All trades and industries excluding:
  - Waste & Recycling including Waste Collection
  - Energy and Offshore
  - Housing Association
  - Care Homes and other identifiable Care
  - Agriculture and Farming
  - Sawmills
  - Schemes e.g., charities, religion
- Excludes Lloyds' markets, speciality MGAs and Towergate Specialty & Risk division

#### **Note \*:**

- 1) *Where larger risks fit insurer's appetite and parameters of the facility, the insurer will consider applying the agreed proposition enhancements on a case-by-case basis*
- 2) *Whilst the scope starts at £0, both Towergate & Ethos' strategy is to place smaller premium non-complex business via eTrade where suitable. Towergate have an eTrade panel for CCI (eTrade Commercial Combined Insurance Package) business but recognises that lots of business still falls out of the market's appetite and ability to write on CCI due to complexity, footprint, appetite etc.*

### **3. Term and termination**

A period of three years starting from 01/02/2022.

The agreement may be terminated at any time by either party, giving not less than 90 days' notice.

The parties may agree to extend the term of this agreement for a period of 12 months by written agreement before the expiry of the term.

### **4. Ardonagh Advisory and Acquisitions**

Subject to appropriate underwriting information and risks falling within the insurer's underwriting strategy, the insurer will consider any manual Commercial Combined business within the Ardonagh Group e.g. Broker Network, Arachus etc. as in-scope for the facility.

Subject to appropriate underwriting information and risks falling within the insurer's underwriting strategy, in the event Ardonagh Advisory acquire the business of another intermediary, the insurer will consider any manual Commercial Combined business, placed with the intermediary, as in-scope for the facility.

The insurer retains the right to underwrite the business as per the terms of this agreement.

**5. Proposition Requirements**

The insurer shall deliver the proposition requirements as outlined in Appendix A.

**6. Remuneration**

- 32% flat commission \* (including EL, Legal Expenses and Engineering)
- 0% commission on net business

**Appendix A – Proposition Requirements**

<b>Placement Model</b>	<b>Renewal Business</b>	<ul style="list-style-type: none"> <li>Renewal business currently placed with the insurer will follow the 3-year rebroke process to panel insurers *</li> <li>Renewal business currently placed outside of panel insurers should be presented to appropriate panel insurers at renewal *</li> <li>The insurer is aligned to the strategic goal of maximising penetration of this arrangement and will review risks on a portfolio basis to do all they can to accommodate</li> </ul> <p>*Client choice will always take precedent</p>
	<b>New Business</b>	<ul style="list-style-type: none"> <li>In-scope new business risks should be submitted to appropriate panel insurers*</li> <li>The insurer is aligned to the strategic goal of maximising penetration of this arrangement and will review risks on a portfolio basis to do all they can to accommodate</li> </ul> <p>*Client choice will always take precedent</p>
	<b>Minimum Premium</b>	As per the insurer’s standard minimum premium requirements. In the event of changes to minimum premiums, the insurer commits to give 3 months’ notice of any future Commercial Combined rate change.
	<b>Rating Stability</b>	<p>Insurer will commit to provide competitive rates in line with the Commercial Combined market landscape. Should rating increases be implemented, Ardonagh Advisory reserve the right to review the panel structure.</p> <p>In the event of changes to underwriting appetite or rating, the insurer commits to give 3 months’ notice of any future Commercial Combined rate change.</p>
<b>Policy Cover</b>	<b>Wording</b>	<p>The insurer’s standard open market Commercial Combined wording(s) will apply.</p> <p>Only changes that are applied to the insurer’s Commercial Combined wording on a market wide basis will be allowable and subject to 4 months’ notice.</p> <p>If the insurer’s open market wording is enhanced during the period the facility, these enhancements will be automatically applied to the proposition wording.</p> <p>Ardonagh Advisory are not the manufacturers of the Commercial Combined product and the final proposition will be developed and owned by the insurer(s).</p>
	<b>Enhanced coverage</b>	<p>Key coverage enhancements have been agreed as per Appendix B: Coverage Enhancements</p> <p>Additional enhancements can be requested and underwritten as per the normal course of business</p> <p>Agreed proposition enhancements will automatically apply to all new &amp; renewal in-scope business from 03/01/2022 unless specifically agreed in writing with the broker/</p> <p>Where Ardonagh Advisory is appointed mid-term, the enhancements will apply at the first renewal or earlier if possible.</p> <p>If the client moves to another broker, the agreed proposition enhancements will be removed at the first renewal (with no change in premium)</p> <p>The combination of proposition enhancements is exclusive to Ardonagh Advisory</p>

Appetite	<b>Coinsurance</b>	In instances where complex risks require co-insured follow lines, the insurer agrees to follow Allianz, Aviva, NIG, QBE and Zurich.
	<b>Excluded Trades</b>	Refer to Appendix C: Excluded Trades
	<b>Geographical Coverage and/or Territorial Limits including EU, North America and Worldwide.</b>	Territorial limits are Great Britain Northern Ireland the Isle of Man or the Channel Islands other than Offshore. We cover worldwide for temporary visits by non-manual employees normally resident within the territorial limits and manual work and USA/Canada work can be provided by endorsement upon request. Product Supplied cover operates worldwide (other than USA/Canada). USA/Canada extension provided upon request with no appetite restriction for percentage of turnover to USA exports.
Central Management	<b>Product Manager</b>	Joe Simmons will be the insurer product facility manager responsible for: <ul style="list-style-type: none"> <li>• Project management</li> <li>• Trouble shoot any operational issues</li> <li>• Liaise with marketing and underwriting to provide additional collateral or training</li> <li>• Endeavour to ensure the proposition intends to be best of breed and responds to the latest changes in the liability insurance landscape</li> </ul>
	<b>Facility Management</b>	<p>The Insurer will meet with APS and members of Ardonagh Advisory, initially monthly, then moving to quarterly to review and discuss:</p> <ul style="list-style-type: none"> <li>• Performance of the Commercial Combined panel portfolio</li> <li>• Proposals for amendments and improvements to products</li> <li>• Review of management information</li> <li>• Take appropriate action where necessary</li> <li>• Claims</li> </ul> <p>Ardonagh Advisory reserve the right to review the panel members if there is a failure to meet the performance requirements of the facility. This will be reviewed initially on a regular monthly basis, then moving to quarterly.</p> <p>The Insurer will support Ardonagh Advisory in delivering any product amendments or product development activity as required from time to time using mutually agreed implementation plans.</p>
	<b>Service Levels (Acturis &amp; Extranet)</b>	<p><b>New Business</b> - Quote acknowledgement engagement with you ideally within 24 hours, but no later than 2 working days of receipt - Contract certain quotes within 2 days of broker deadline - New Policy documentation within 5 days of instructions being received from you.</p> <p><b>Renewals</b> - Engagement with you within at least 8 weeks of renewal date, ideally within 3 months of renewal date - Contract certain renewal invitation documentation to you with 21 days of renewal date or within 2 days of broker deadline unless further information required or unavoidable case-specific delays, as advised locally. - Contract certain renewal confirmation documentation issue within 5 days of renewal date.</p> <p><b>Mid-Term Adjustments</b> - We aim for completion of 90% of MTA's within 48 hours but will complete remainder within 10 days of notification to us, unless further information is required or there are unavoidable case specific delays as advised locally</p> <p><b>Contacts</b> – Insurer will clearly articulate trading/branch contacts to each Towergate and Ethos branch</p>

	<b>Management Information</b>	<p>To ensure the success of the facility for both parties, Ardonagh Advisory will review management information on a regular basis with the Insurer.</p> <p>The Insurer is committed to providing all the MI they can and where possible will look to provide the following information monthly:</p> <p><b><u>GWP, NWP, Commission</u></b>            Prior Year            Current Year            Rolling 12 months            Policy Count            NB vs Renewal Business</p> <p><b><u>Trading Information</u></b>            # submissions received            % Quoted            Ratio of Quoted to Bound            % Referred            Referral Reasons            Ratio of Referred to Bound            % Declined            Declinature reasons            MI to support our SLA performance where available</p> <p>This data will be split by Ethos, Towergate, Office, Partners etc. as agreed.</p>
	<b>Marketing and Communications</b>	<p>Upon request, the Insurer shall host workshops, webinars or similar, to explain the benefits of their Commercial Combined product to colleagues and clients.</p> <p>The Insurer will provide links to any relevant insurer articles and case-studies</p>
<b>Claims</b>	<b>Claims proposition</b>	As per the Insurer's Tender Response
	<b>Claims SLAs</b>	As per the Insurer's Tender Response
<b>Exclusivity</b>	<b>Held Business</b>	The insurer agrees to provide Ardonagh Advisory branches with quote exclusivity for Ardonagh-held in scope business which is at least a £5,000 premium. This is provided the Ardonagh Advisory broker has engaged their local Arch Branch to quote for the business within at least 90 days of the renewal date. Should the Ardonagh branch not engage their local Arch branch or abuse the quote exclusivity, the insurer would reserve the right to rescind quote exclusively for that Ardonagh Advisory broker as we cannot restrict customer choice. Our preference would be to exclude quote exclusivity for any cases below £5,000 premium, London market cases or Arch-backed MGA cases.
	<b>New Business</b>	The insurer agrees to provide Ardonagh Advisory branches with quote exclusivity for new business cases which are at least £5,000 premium which are not already with Arch, provided the Ardonagh Advisory broker has engaged their local Arch Branch at an early stage to win the business with Arch. Should the Ardonagh branch not engage their local Arch branch at an early stage or abuse the quote exclusivity, we would reserve the right to rescind quote exclusively.
	<b>Bespoke Proposition Enhancements</b>	The insurer agrees that the proposition enhancements will be exclusive to Ardonagh Advisory brokers. Any bespoke covers will be removed at the earliest opportunity if a non Ardonagh Advisory broker is appointed mid-term.
<b>Remuneration</b>		<ul style="list-style-type: none"> <li>• 32% flat commission * (including EL, Legal Expenses and Engineering)</li> <li>• 0% commission on net business</li> </ul> <p>Arch to engage case-by-case with Ardonagh Advisory branches on premium uplifts for existing Arch policies where the pre-launch commission is currently 22% commission or less.</p>

## APPENDIX B: PROPOSITION ENHANCEMENTS

REQUEST	PROPOSITION ENHANCEMENT
Valuation Funding	Insurer is happy to accept RCAL desktop valuation report (for buildings with a declared value of up to £10M) The RCAL desktop report shall be funded by the insurer subject to agreement of funding mechanism Contents will be discussed on a case-by-case basis
RM Proposal	The insurer has agreed to provide an annual £25,000 risk management fund to use towards two dedicated Ardonagh Advisory Risk Managers. Their role will be to educate brokers and clients on the wide range of Risk Management offerings available via the insurers and third parties Services to be agreed
<b>MATERIAL DAMAGE</b>	
Average Waiver Clause	Insurer shall apply their average free clause wording for buildings where in receipt of a RCAL assessment or other RICS qualified valuation survey. The survey would need to have been undertaken in the last 3 years.
Capital Additions / Alterations	£1,000,000/10% whichever is the lesser 60 days notification period
Metered Utilities	£50,000
UK Exhibitions	£50,000
Trace & Access	£50,000
Landscaped Grounds	£50,000
UK Property Stored elsewhere	£100,000 subject to security requirements
Loss Minimisation & Prevention	£25,000
Seasonal increase	Automatic for any 3 months of the year 25% increase / £500K max subject to Broking teams advising the 3 months required.
<b>BUSINESS INTERRUPTION</b>	
BI Calculator	The insurer will consider request for increased indemnity periods
Indemnity Period	Commitment to quote an additional 12 months on existing indemnity period subject to additional premium
UK Unspecified customers/suppliers	£500,000 or 10% whichever is the lesser
UK Transit	£500,000 or 10% whichever is the lesser
UK Storage	£250,000 or 10% whichever is the lesser
Denial/Prevention of Access	Damage – 1 mile radius
Additional Increased Cost of Working	£100,000 can be included automatically. A minimal rate will apply for inclusion.
<b>EMPLOYERS LIABILITY</b>	
Minimum Limit Requirement	£10,000,000 Can provide £15,000,000 upon request
Compensation for Court Attendance	£1,000 per day (max) Employee: £500 per day (max).
Corporate Manslaughter	£5,000,000
Health & Safety legislation	No inner limit
Terrorism	£5,000,000
Costs & expenses incurred with the Insurers written consent	No inner limit
<b>PUBLIC LIABILITY</b>	
Minimum Limit Requirement	£5,000,000 (except for a few keys trades where insurer would wish to limit exposure)
Asbestos	Can apply on a net basis case-by-case subject to underwriting
Bartoline Extension	Will consider on a case-by-case basis
Compensation for Court Attendance	£1,000 per day (max) Employee £500 per day (max)
Corporate Manslaughter	£5,000,000
Terrorism	£5,000,000
Health & Safety legislation	No inner limit
Legionellosis	£1,000,000 to be applied on a case-by-case basis subject to adequate underwriting information
<b>PRODUCTS LIABILITY</b>	
Minimum Limit Requirement	£5,000,000 (except for a few keys trades where insurer would wish to limit exposure)
Compensation for Court Attendance	£1,000 per day (max) Employee £500 per day (max).
Consumer Protection Act	No inner limit
Corporate Manslaughter	£5,000,000
<b>NORTHERN IRELAND</b>	
	Insurer can provide cover in Northern Ireland

REQUEST	PROPOSITION ENHANCEMENT
<b>CLAIMS PREPARATION</b>	
Claims Preparation Clause	Claims in Excess of £50K £100K AOC/Agg Wording agreed separately

## APPENDIX C: EXCLUDED TRADES

Ammunition and gun manufacture  
Aerosol manufacture  
Asbestos products  
Asylums & detention centres  
Cotton processing  
Farmers  
Foundries  
Fuel distributors  
Gas manufacturers  
Laundries not incidental to main trade  
Local Authorities and Emergency Services  
Mines & Quarries  
Motor vehicle breakers  
Nightclubs  
Nuclear oil gas and coal extraction  
Oil refineries  
Primary and secondary schools (not tertiary education)  
Public transport risks  
Ship builders  
Tank Farms (bulk gas/fuel storage)  
Timber Growing  
Waste and scrap dealers  
Wool and wool waste wholesalers.

### **The following trades are "outside strategy":**

Animal processing  
Construction  
Flammable/explosives production (aerosols, fertilisers, tank farms, etc)  
Foundries  
Freight Forwarders  
Hotels  
Laundries  
Local authorities/government  
Nightclubs  
Public Houses  
Plant Hire  
Shipbuilders  
Theatres  
Utilities