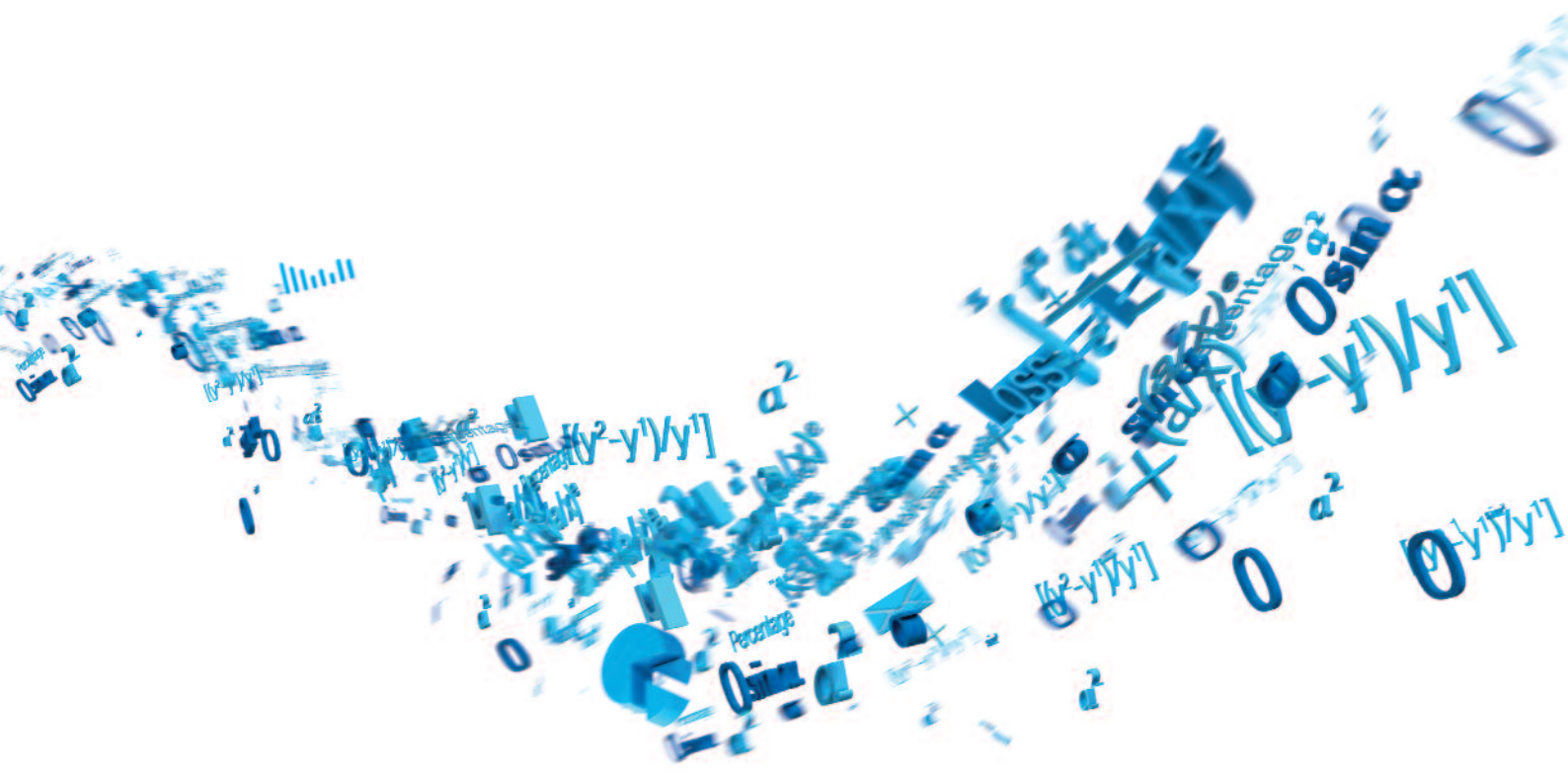


Financial Advisers'

Professional Indemnity insurance

Policy Wording



Introduction

Preamble

This Insurance has been arranged by Aon UK Limited on behalf of the **Insured**. The insurance is provided by **Insurers** whose details are given in the **Policy schedule**. The **Policy** has been approved by **Insurers** and any ambiguity herein will be construed in favour of the **Insured**.

In consideration of the **Premium**, **Insurers** agree to indemnify the **Insured**, subject to the terms, conditions, exclusions and limitations of this **Policy**.

The headings used in this **Policy** are for ease of reference and identification purposes only.

Any **Endorsement**, memorandum or other variation relating to the **Policy** is subject to all the terms and conditions herein save to the extent that such **Endorsement**, memorandum or other variation specifically intends to amend the same.

Certain words and phrases used throughout the **Policy** and **Policy schedule** have been given specific meanings that are set out in Section 8 – Definitions. These will be stated in italics to show when the defined term is being used.

In the event that any portion of the insurance or any part of this **Policy** is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

In this **Policy** references to any statute shall be to that statute as amended or re-enacted from time to time.

Section 1: **Limit of liability**

Insurers' total liability in any one **Policy period** for all **Claims** and **Defence costs and expenses** that arise from any activities that are not **General insurance activities** shall not exceed the **Indemnity limit**.

Insurers' liability for **Claims** that arise from **General insurance activities** shall not exceed the **Indemnity limit** for each **Claim**. **Defence costs and expenses** for such **Claims** will be paid in addition to the **Indemnity limit**.

If the amount required to discharge the **Insured's** liability for a **Claim** that arises from **General insurance activities** exceeds the **Indemnity limit** then **Insurers'** liability in respect of **Defence costs and expenses** for that **Claim** will be in the same proportion that the **Indemnity limit** has to the amount required to discharge the **Insured's** liability excluding **Defence costs and expenses**.

Section 2: **Insuring clauses**

Insurers shall indemnify the **Insured** up to the **Indemnity limit** shown in the **Policy schedule** in respect of any one **Claim**, including claimant's costs and expenses, first made against or sustained by the **Insured** during the **Policy period** and notified to **Insurers** in accordance with Clause 5.1 in respect of loss arising from:

2.1 **Civil liability**

Any civil liability which arises from the exercise and conduct by the **Insured** or any **Appointed Representative** of the **Business**, unless specifically excluded by this **Policy**.

2.2 **Mitigation costs**

Costs reasonably incurred with **Insurers'** prior written consent, such consent not to be unreasonably withheld or delayed, in respect of rectification of services performed or work undertaken by the **Insured** or any **Appointed Representative** or any **Persons responsible to the Insured** in the course of the **Business** to mitigate a **Claim** or **Circumstance** that would otherwise have been insured under this **Policy**.

If a third party is refusing to pay an amount due to the **Insured** or any **Appointed Representative** or any **Persons responsible to the Insured**, claimed by the **Insured** or any **Appointed Representative** or any **Persons responsible to the Insured** or required by the **Insured** or any **Appointed Representative** to be paid to a third party and the basis of their refusal may give rise to a **Claim** or **Circumstance** which may give rise to a **Claim** for an amount greater than the amount in dispute that would otherwise have been insured under this **Policy**, **Insurers** may, at their discretion, such discretion not to be unreasonably withheld or delayed, pay the disputed amount in order to mitigate any such **Claim** against the **Insured**.

If **Insurers** are required to pay an amount under Clause 2.2 and that matter subsequently leads to a **Claim** against the **Insured** that would otherwise be covered by this **Policy**, **Insurers'** maximum payment including any amount already paid under this Clause 2.2 shall not exceed the **Indemnity limit** specified in the **Policy schedule**.

2.3 Libel, slander and defamation

Any civil liability arising from actual or alleged libel, slander or defamation by the **Insured** or any **Appointed Representative** or any **Persons responsible to the Insured** made by them in the conduct of the **Business**, but this shall not cover libel, slander or defamation recklessly or deliberately committed by the **Insured** or any **Appointed Representative** or any **Persons responsible to the Insured**.

2.4 Dishonesty

Any civil liability incurred in the course of the **Business** arising from actual or alleged reckless disregard, dishonest, fraudulent, criminal, or malicious act or omission of any **Insured** or any **Appointed Representative** or any **Persons responsible to the Insured** excluding those detailed in paragraph *b* of the definition of **Insured** in Section 8, provided:

- a* No indemnity shall be afforded under this clause 2.4 to any person committing or condoning such acts or omissions
- b* The **Insured** and any **Appointed Representative** and any **Persons responsible to the Insured** shall assist **Insurers** in taking all reasonable steps to obtain reimbursement from persons, including their estates or legal representatives, committing or condoning such acts or omissions
- c* Any monies which but for such acts or omissions would be due to such persons shall be deducted from any amount payable hereunder
- d* Nothing herein shall preclude **Insurers** from exercising any right of subrogation against any person committing or condoning such acts or omissions
- e* The sums ultimately payable under this clause 2.4 shall be only for the balance of liability in excess of the amounts recoverable from the person or persons committing or condoning such acts or omissions, or their estates or legal representatives

2.5 Infringement of copyright or patent – defence

Any civil liability occasioned by unintentional breach of copyright, patent or other intellectual property rights by the **Insured** or any **Appointed Representative** or any **Persons responsible to the Insured** incurred in the course of the **Business**.

2.6 Trustee liability

Any civil liability of the **Insured** as a trustee of any trust, provided such appointment as a trustee arises in the course of the **Insured's Business**.

Section 3: Extensions

3.1 Loss of documents and data

a Loss of documents

Insurers will indemnify the **Insured** for expenses reasonably and necessarily incurred with **Insurers'** prior written consent, such consent not to be unreasonably withheld or delayed, by the **Insured** in replacing or restoring **Documents** that after a diligent search cannot be located, or that have been destroyed or damaged beyond reasonable use and for which the **Insured** is legally responsible and which were in the physical custody or control of the **Insured** or any other person to whom the **Insured** entrusted, lodged or deposited such **Documents** provided;

- i* The loss of the **Documents** is first discovered during the **Policy period**
- ii* The **Insured** notifies **Insurers** as soon as practicable within the **Policy period** or at the latest within 14 days of expiry, of discovery of the loss of the **Documents**
- iii* The **Insured** provides **Insurers** with bills and accounts substantiating the expenses incurred by the **Insured** in replacing or restoring the **Documents**, and
- iv* The replacement or restoration of the **Documents** is reasonably required

Insurers' total liability for all **Claims** in any one **Policy period** made under this extension shall not exceed GBP 250,000.

b Loss of data

Insurers will indemnify the **Insured** for cost and expenses reasonably and necessarily incurred by the **Insured** for any third parties' financial losses arising directly from the loss or theft of the **Insured's** data or data for which the **Insured** are responsible or held to be responsible

Insurers' total liability for all **Claims** in any one **Policy period** under this extension shall not exceed GBP 250,000.

3.2 Criminal prosecutions

Insurers agree to indemnify the **Insured** for costs or expenses that are incurred in a criminal proceeding against the **Insured**, provided that:

- a Such criminal proceedings arise from an alleged breach of statutory duty
- b The issues giving rise to the criminal proceedings could otherwise give rise to indemnity under this insurance; and
- c The defence of such criminal proceedings would assist **Insurers** in the defence of any **Claim** or **Circumstance** against the **Insured** arising from such issue

Insurers' total liability for all **Claims** in any one **Policy period** under this extension shall not exceed GBP 250,000.

3.3 Ombudsman/Regulatory Awards

Insurers agree to indemnify the **Insured** for any monetary award made by an ombudsman, regulator or disciplinary body in respect of any case first instigated during the **Policy period**.

Insurers will not pay for fines or penalties imposed, or punitive, multiple or exemplary damages awarded, against the **Insured**.

Insurers shall be entitled to nominate a legal representative, including a solicitor or barrister, by reason of this extension.

3.4 Investigation costs

Insurers agree to indemnify the **Insured** for **Investigation costs** incurred from any **Investigation** of the **Insured** during the **Policy period** and arising from the **Insured's Business**.

In respect of the foregoing:

- a **Insurers'** total liability for all **Claims** in any one **Policy period** under this extension shall not exceed GBP 250,000
- b Any subsequent or concurrent civil action arising out of proceedings notified hereunder, shall be deemed to be notified under this **Policy**
- c **Insurers** will indemnify the **Insured** for **Investigation costs** irrespective of an **Investigation's** outcome and whether or not any wrongdoing or wrongful act is established
- d **Insurers** will indemnify the **Insured** for **Investigation costs** incurred in an appeal against the outcome of an initial **Investigation**
- e **Insurers** shall be entitled to nominate a legal representative, including a solicitor or barrister, by reason of this extension

3.5 Compensation for attendance

Insurers will indemnify the **Insured** for the cost of attendance at a formal hearing or formal interview of any principal, partner, member or director of the **Insured** or any **Employee** or any **Appointed Representative** or **Persons responsible to the Insured** in connection with a **Claim** or **Circumstance** notified to **Insurers** where such attendance is considered by **Insurers** to be necessary or beneficial to reduce liability which may result in a payment under this insurance. The formal hearing or formal interview will be at the behest of a third party not acting either on behalf of the **Insured** or **Insurers**. The indemnity is subject to:

- a **Insurers** having given their prior written consent to the attendance, such consent not to be unreasonably withheld or delayed
- b Indemnity for such costs being restricted to a rate of GBP 250 per person day
- c The most **Insurers** will pay under this extension is GBP 10,000 for each **Claim** or **Circumstance**, such amount being within the total **Indemnity limit** available under Section 2 of this **Policy**.

3.6 Joint venture/consortium

Insurers will indemnify the **Insured** for any civil liability arising from any **Claim** first made against the **Insured** or any **Appointed Representative** or any **Persons responsible to the Insured** or **Circumstance** which is notified to **Insurers** in accordance with Section 5.1 for which the **Insured** are jointly or severally liable and which arises out of the exercise and conduct of the **Business** whilst a member of a joint venture or consortium, where such joint venture or consortium together with the turnover/fees of the joint venture or consortium (not just the **Insured's** proportion) have been declared to **Insurers**, whether or not the joint venture or consortium is conducted through a separate legal entity. For the avoidance of doubt any indemnity provided under this Clause 3.6 will be only in respect of liability attaching to the **Insured** and not any liability attaching to the **Insured's** joint venture or consortium partners.

3.7 Secondments

Insurers will indemnify the **Insured** in respect of any professional services performed whilst the **Insured** is seconded to any other firm or company provided that the professional services are the same as would be performed within the **Business** of the **Insured** and that the income (or part thereof) derived from the performance of such professional services enure(s) to the benefit of the **Insured** and the turnover/fees of the secondment have been declared to **Insurers**.

3.8 Cyber liability

Insurers agree to indemnify the **Insured** for any civil liability including **Defence costs and expenses** arising:

- a Directly from a hacking attack or **Computer virus** that has emanated from or passed through the **Insured's** computer systems, or
- b Directly from a third party's inability to access the **Insured's** computer systems in the way in which the **Insured** has authorised them to as a direct result of the **Insured's** computer systems' failure or impairment due to a hacking attack or **Computer virus**, or
- c From the repair, restoration or replacement of the **Insured's** website as the direct result of any hacking attack first discovered during the **Policy period**.

3.9 FCA difference in conditions

The following shall only apply to **Insured** that are regulated by the **FCA** and only in respect of activities regulated by the **FCA**.

This **Policy** is designed to provide the minimum insurance requirements in accordance with the rules of the **FCA** except as detailed herein.

In any dispute in connection with the terms, conditions, limitation and exclusions of this **Policy** it is specifically understood and agreed that the minimum insurance requirements as set out in the **FCA** rules shall take precedence over any terms, conditions, limitations or exclusions contained herein that are less favourable to the **Insured** except those that relate to the **Policy excess, Indemnity limit**, or exclusion 4.8 War/terrorism.

3.10 Misrepresentation or non-disclosure

The **Insured** has a duty to make a fair presentation of the risk which the **Insured** wishes to insure. This applies prior to the start of the **Policy**, if any **Endorsement** is required during the **Policy period** and prior to each renewal. If the **Insured** does not comply with this condition then:

- a if the failure to make a fair presentation of the risk is deliberate or reckless the **Insurer** can elect to make the **Policy** void and keep the **Premium**. This means treating the **Policy** as if it had not existed and that **Insurer** will not return any paid. It is for the **Insurer** to demonstrate that such act or omission by the **Insured** is deliberate or reckless; or
- b if the failure to make a fair presentation of the risk is not deliberate or reckless and the **Insurer** would not have provided cover had the **Insured** made a fair presentation, then **Insurer** can elect to make the **Policy** void and return any **Premiums** paid; or
- c if the failure to make a fair presentation of the risk is not deliberate or reckless and the **Insurer** would have issued cover on different terms had the **Insured** made a fair presentation of the risk then the **Insurer** can:
 - i reduce proportionately any amount paid or payable in respect of a **Claim** under the **Policy** using the following formula: divide the **Premium** actually charged by the **Premium** which the **Insurer** would have charged had the **Insured** made a fair presentation and calculate this as a percentage. The same percentage figure will be applied to the full amount of the **Claim** to arrive at the proportion of the **Claim** to be paid or payable; and/or
 - ii treat the **Policy** as if it had included the different terms (other than payment of the **Premium**) that the **Insurer** would have imposed had the **Insured** made a fair presentation.
- d Where the **Insurer** elects to apply one of the above then:
 - i if the **Insurer** elects to make the **Policy** void, this will be from the start of the **Policy**, or the date of the **Endorsement** or from the date of renewal; and
 - ii the **Insurer** will apply the formula (calculated by reference to c i) to the **Premium** that would have been charged to **Claims** from the start of the **Policy**, or the date of the **Endorsement** or from the date of renewal; and
 - iii the **Insurer** will treat the **Policy** as having different terms imposed from the start of the **Policy**, or the date of the **Endorsement** or from the date of renewal depending on when the failure to make a fair presentation occurs.

Section 4: Exclusions

Insurers will not indemnify the **Insured** in respect of:

4.1 Prior knowledge

- a Any **Claim** or loss (including **Defence costs and expenses**) first made against the **Insured** or any **Appointed Representative** prior to the **Policy period**;
- b **Circumstances** which the **Insured** or any **Appointed Representative** first became aware prior to the **Policy period** or which the **Insured** ought reasonably to have been aware of prior to the **Policy period**.
- c Any **Claim** or **Circumstance** notified under any **policy** of insurance held by the **insured** prior to inception of this **policy**

4.2 Fines and penalties

Taxes, fines or penalties, punitive, aggravated, multiple, exemplary or other non-compensatory damages or the consequences of non-payment or any additional damages under Section 97(2) of the Copyright, Design and Patents Act 1988 or any statutory successor to that section or any **Claim** deemed uninsurable by law.

4.3 Liability to employees

Any **Claim** arising from any employment dispute directly or indirectly based upon, attributable to or in consequence of bodily injury, mental injury, emotional distress, nervous shock, sickness, disease or death or any breach of any obligations owed by the **Insured** as an employer for discrimination, harassment, unfair treatment or unfair dismissal or failure to promote any **Employee**.

4.4 Bodily injury and/or property damage

Any **Claim** directly or indirectly based upon, attributable to or in consequence of bodily injury, mental injury, emotional distress, nervous shock, sickness, disease or death of any person or loss of or damage to property (except as provided under extension 3.1). This Exclusion shall not apply to **Claims** incurred as a result of civil liability in the conduct of the **Business**, unless the **Insured** is or would be entitled to indemnity under a public liability or other insurance, irrespective of whether such public liability or other insurance is in force, in which case this exclusion applies in total.

4.5 Assumed duty or obligation

Any **Claim** arising directly or indirectly out of, or in any way connected to, any duty, obligation or liability incurred, entered into or assumed by the **Insured** which is not incurred, entered into or assumed in the normal conduct of the **Insured's Business**.

4.6 Land, buildings, transport

Any **Claim** arising directly or indirectly from the ownership, possession or use by or on behalf of the **Insured** of any property, land, buildings, aircraft, vessel or mechanically propelled vehicle.

4.7 Contractual terms and warranties

Any **Claim** arising out of:

- a Any express agreement, warranty, indemnity, waiver or guarantee unless liability arises in the normal course of the **Insured's Business**, and would have attached to the **Insured** in the absence of such express agreement, warranty, indemnity, waiver or guarantee; or
- b Any liability under any warranty or agreement providing a greater liability or a longer period of liability than that given under the original contract and to which such warranty or agreement is supplemental

4.8 War/terrorism

Any **Claim** of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following, regardless of any cause or event contributing concurrently or in any other sequence to any **Claim** or any other costs.

- a War, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power or
- b Any act of terrorism

For the purposes of this exclusion, an act of terrorism means an act, including but not limited to, the use of force or violence and/or the threat thereof, of any person or group of persons, whether acting alone or on behalf of or in connection with any organisation or government, 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.

This exclusion also applies to any liability for any **Claim** and/or any other costs on account of any **Claim** of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to *a* and/or *b* above.

4.9 Nuclear

Any **Claim** arising from or attributable to:

- a Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting from or arising therefrom or any consequential loss or
- b Any legal liability of whatsoever nature
directly or indirectly caused by or contributed to by or arising from:
 - i Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel or
 - ii The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof

4.10 Trading debts

Any **Claim** arising from or directly or indirectly attributable to any trading debt or trading loss of the **Insured** or any guarantee or undertaking given by the **Insured** for a debt or performance of any other obligation by a third party.

4.11 Controlling interest

- a Any **Claim** by or on behalf of any parent, subsidiary or associated company of the **Insured**
 - b Any **Claim** from any director or other person with 25% or more of the issued share capital or if the **Insured** is not a company 25% or more of the ownership of the business
 - c Any **Claim** from any other company in common control with the **Insured**
- unless such **Claim** emanates from an independent third party.

Subsidiary or associated company shall mean where the **Insured**:

- i Controls the composition of the board of directors or
- ii Controls more than half the voting power

4.12 Directors & Officers

Any breach by an **Insured** of a personal duty owed solely in the capacity of a member, director, secretary or officer of a body corporate.

4.13 Date recognition

Any failure of any computer system or computer software to correctly recognise any date or to process any data or to operate properly due to any failure to recognise any date. Insurers shall not indemnify the **Insured** in respect of any **Claim** arising out of or in any way relating to, whether directly or indirectly, any correction, conversion, renovation, rewriting or replacement of or any failure to correct, convert, renovate, rewrite or replace any computer system or computer software related to any failure to correctly recognise any date.

4.14 Products

Any **Claim** arising solely from the **Insured** having supplied, manufactured, constructed, altered, repaired, treated, sold, recalled, fabricated, distributed, installed or maintained any goods or products unless such **claim** or **claims** arises from a negligent act, error or omission occurring in the performance of the **Insured's Business**.

4.15 Partnership duties

Any actual or alleged breach of the **Insured's** partnership or shareholder agreement or arrangements, including any equivalent agreement or arrangement where the **Insured** is a Limited Liability Partnership or a company without share capital.

4.16 Market fluctuation

Insurers shall not be liable to indemnify the **Insured** against any **Claim** arising solely out of the depreciation or loss of investments when such depreciation or loss is a result of normal or abnormal fluctuations in any financial, stock or commodity or other markets which are outside the influence or control of the **Insured**.

It is agreed, however, that this clause shall only apply where the **Insured** has made a guarantee or warranty as to the performance of any investments.

4.17 Retroactive date

Any **Claim** arising from the carrying out of the **Business** prior to the **Retroactive date**, if any, stated in the **Policy schedule**.

4.18 USA/Canada jurisdiction

Any **Claim** brought (or the enforcement of any judgement or award entered against the **Insured**) in the courts of the United States of America or Canada or their dominions or protectorates or territories in which it is contended that the laws of the United States of America or Canada should apply.

4.19 Regulatory Expenses

Any costs and expenses incurred by the **Insured** meeting any regulatory requirement or responsibility including but not limited to the appointment of a skilled person under s.166 FSMA 2000.

Section 5: Claim conditions

5.1 Notification

The **Insured** shall notify the nominee named in the **Policy schedule** and as amended from time to time as soon as practicable within the **Policy period** or at the latest within 14 days after expiry of any:

- a **Claim** made against any **Insured** during the **Policy period**
- b **Circumstance** of which the **Insured** becomes aware during the **Policy period**
- c Notice received during the **Policy period** of any intention to make a **Claim** against any **Insured**
- d Reasonable cause discovered during the **Policy period** for suspicion of dishonesty or fraud on the part of any **Insured** whether giving rise to a loss or **Claim** hereunder or not
- e Potential requirement for indemnity or potential loss discovered during the **Policy period** in relation to costs as referred to in Insuring Clause 2.2 Mitigation costs
- f Potential requirement for indemnity or loss discovered during the **Policy period** in relation to cover as referred to in 3.1.a Loss of documents, 3.2 Criminal prosecutions, 3.4 Investigation costs, 3.5 Compensation for attendance or 3.8.c Cyber liability

Notifications made under Clause 5.1.b and 5.1.c which subsequently give rise to a **Claim** shall in each case be deemed to have been notified to **Insurers** within the **Policy period**.

5.2 Co-operation

- a As soon as practicable following receipt thereof by the **Insured**, the **Insured** must deliver to the nominee named in the **Policy schedule** and as amended from time to time any preliminary letter of **Claim**, pre-action protocol letter, claim form, other legal procedural documents, summons, arbitration notice or other such similar correspondence and documents to those described.
- b The **Insured** shall provide **Insurers** with all information and assistance that **Insurers** and/or their representatives and others appointed by **Insurers** may reasonably require.

5.3 Legal defence and settlement

- a **Insurers** are entitled but not obliged to assume the legal defence in the name of the **Insured** of any **Claim** covered under this **Policy** and **Insurers** shall have full discretion in managing any negotiation or proceedings as to the resolution of such **Claim**
- b **Insurers** shall be entitled to select and appoint the lawyers and other representatives that will defend and represent the **Insured** in respect of any **Claim**. **Insurers** will give consideration to any preference expressed by the **Insured**. Provided that the **Insured's** chosen lawyer or other representative has the necessary expertise to undertake this work and agrees to operate on a similar fee basis as **Insurers'** lawyers or other representative, **Insurers'** consent to such appointment will not be unreasonably withheld or delayed.
- c Subject to Clause 6.1 below, **Insurers** shall be entitled to settle a **Claim** if they so choose
- d The **Insured** agrees in relation to any **Claim** or **Circumstance** not to admit liability for or settle any such **Claim** or **Circumstance**, make any admission, offer payment or assume any obligation in connection with any **Claim** or **Circumstance**, or incur any costs in connection with any such **Claim** or **Circumstance**, without **Insurers'** prior written consent, such consent not to be unreasonably withheld or delayed.
- e The **Insured** must not disclose the nature or terms of this **Policy** to any person unless required to do so by law or in compliance with the rules of their regulatory body, in negotiating a contract with any client unless **Insurers** have agreed to such disclosure
- f **Insurers** shall not be liable for any settlement, costs, admission, offer, payment or assumed obligation without their prior written consent, such consent not to be unreasonably withheld or delayed.
- g **Insurers** may at any time pay to the **Insured** the **Indemnity limit** (having deducted any sums already paid) or any lesser amount for which such **Claim** may be settled and having paid such sum **Insurers** shall relinquish the control of such **Claim** and be under no further liability in connection with such **Claim** except for **Defence costs and expenses** incurred prior to the date of such payment and for which **Insurers** may be responsible under this Insurance for matters arising prior to the date of such payment

- h* Prior to settling any **Claim** within the **Policy excess** the **Insured** shall obtain from the claimant a signed form of discharge in full and final settlement of the **Claim** and the **Insured** shall advise **Insurers** of the final amount for which the **Claim** was settled or resolved.

If the **Insured** can establish to **Insurers'** reasonable satisfaction that they have taken reasonable steps to deal with the claimant in a professional and business like manner, **Insurers** will not seek to argue that they have been prejudiced in the event that the **Insured's** handling or assessment later appears to be incorrect with the benefit of hindsight. In the event that any such **Claim** subsequently results in a payment being required under this **Policy**, **Insurers** agree that they shall not allege that their position has been prejudiced by any prior actions of the **Insured** in the defence or settlement of any such **Claim** unless any such actions, in the opinion of an arbitrator to be mutually agreed upon by the **Insured** and **Insurers**, are considered to have been unreasonable and prejudicial to **Insurers'** interests. In such circumstances **Insurers** shall only be liable for those amounts which would have existed in the absence of actions by the **Insured** and which in the opinion of the arbitrator are deemed unreasonable and prejudicial to **Insurers'** interests.

Section 6: General conditions

6.1 Senior Counsel and Insured's right to contest

In the event that

- a* **Insurers** recommend settlement of a **Claim** and the **Insured** does not agree to the settlement of the **Claim** or
- b* The **Insured** wishes to settle a **Claim** and **Insurers** do not agree to the settlement of the **Claim**

a Senior Counsel (agreed upon by the **Insured** and **Insurers** or failing such agreement to be nominated by the Chairman for the time being of the Bar Council of England and Wales or where appropriate by a similar official of any similar body in any other applicable jurisdiction), shall advise whether the **Claim** should be settled or contested taking into account all likely costs, prospects of success and the damages and costs likely to be recovered by the third party claimant and the commercial interest of the **Insured**. The costs of this exercise will be allocated by the agreed or appointed party on a fair and equitable basis and **Insurers** and **Insured** will abide by that allocation.

For purposes of this condition, only definition *b* of **Insured** applies.

6.2 Subrogation

- a* Where **Insurers** have paid a **Claim** under this **Policy** they will be entitled to any rights the **Insured** has against any party in relation to the **Claim** to the extent of **Insurers'** payment
- b* The **Insured** must assist **Insurers** and provide information as the **Insurers** may reasonably require to exercise their rights of subrogation, including bringing any action or suit in the **Insured's** name. This may include providing and signing statements and other documents and the giving of evidence
- c* **Insurers** will not subrogate against any current or former principal, partner, member, director or **Employee** of the **Insured** or any **Appointed Representative** or **Persons responsible to the Insured** under this **Policy** unless that person is found to have committed a criminal, fraudulent, malicious or dishonest act or omission

6.3 Alteration to risk

Notwithstanding Section 6.13, the **Insured** must notify **Insurers** within the **Policy period** of any material alteration to the risk including but not limited to any material change in the nature of or cessation of the **Business**.

The conduct of a regulated activity transacted by the **Insured** for the first time during the **Policy period** and for which they have **FCA** authorisation shall not be deemed to be a material change.

6.5 Several liability of Insurers

The obligations of the subscribing **Insurers** where there is more than one **Insurer** named in the **Policy schedule** subscribing to this insurance are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing **Insurers** are not responsible for the subscription of any co-subscribing **Insurers** who for any reason do not satisfy all or part of their obligations.

6.6 Authorisation

The **Insured** named in the **Policy schedule** shall act on behalf of all **Insureds** with respect to the giving and receiving of notice under this **Policy**, including the giving of notice of any **Claim**, the payment of the **Premium**, the receipt and acceptance of any **Endorsements** attaching to and forming part of this **Policy**.

6.7 Third party rights

No party who is not an **Insured** shall be entitled to enforce any term of this **Policy** for its own benefit under the Contracts (Rights Against Third Parties) Act 1999 or otherwise.

6.8 Waiver or amendment

The terms of this **Policy** shall not be waived or amended except by **Endorsement** to form part of this **Policy**.

6.9 Confidentiality

The **Insured** shall not disclose the terms of this **Policy** or advise the amount of the **Premium** paid to any third party except that the existence of the **Policy**, **Policy** number, lead **Insurer**, **Indemnity limit** and **Policy excess** available thereunder may be disclosed to an insurer, to a client or a prospective client, wholesale broker or placing agent where this is necessary to maintain agency facilities, provided that no such disclosure shall be permitted where the **Insured** is aware or ought reasonably to be aware that the person to whom disclosure is going to be made has made or is likely to make a **Claim** against the **Insured**

6.10 Document management

Insurers may hold the **Proposal** (including any attachments thereto) and any documents relating to this Insurance and any **Claim** in electronic form and may destroy the originals. An electronic copy of any such document will be admissible in evidence to the same extent as, and carry the same weight as, the original.

6.11 Indemnity to employees

If the **Insured** at any time requires, **Insurers** will indemnify any **Employee** in like manner to the **Insured** provided the **Employee** as though they were the **Insured** observes and complies with and is subject to the terms of this **Policy**.

6.12 Take over and mergers

In the event of a take over or merger whereby there is a sale of the **Insured** or a merger with or acquisition by another entity such that the **Insured** is not the surviving entity and no longer:

- a Controls the composition of the board of directors or
- b Controls more than half the voting power or
- c Holds more than half of the issued share capital

then this **Policy** shall apply only to any **Claim** arising from the **Business** of the **Insured** carried out prior to the date of such take over or merger, unless otherwise agreed by **Insurers**.

6.13 Acquisitions

Subject to all other terms, conditions and exclusions, this **Policy** is automatically extended to indemnify any firm acquired or created by the **Insured** during the **Policy period** for a period of 60 days, provided that:

- a In the 12 month period immediately preceding an acquired firm's acquisition, its fee income did not exceed 15% of the **Insured's** declared fee income/turnover for the last financial year
- b The activities of an acquired firm are the same as the **Business** of the **Insured**
- c In the 5 year period immediately preceding the acquisition, the acquired firm has had no **Claim** or loss of the nature covered by this **Policy** and has not been aware of **Circumstances** which may give rise to a **Claim** or loss of the nature covered by this **Policy**
- d The **Insured** has undertaken due diligence prior to any such acquisition and that the due diligence exercise has not identified any potential liabilities which could result in a **Claim** under this **Policy**
- e An acquired firm is both incorporated in the UK and carries on all its **Business** activities outside of the USA or Canada

The indemnity provided under this extension will only be given for any civil liability committed after the date of the acquisition or creation, unless specifically agreed by the **Insurers**.

Any further indemnity provided by **Insurers** beyond the 60 days above shall be on terms as specifically agreed by them on receipt of full details of the said acquisition.

6.14 Other insurance

The insurance provided by this **Policy** shall apply only in excess of any other valid insurance, with the sole exception of any insurance written as specific excess insurance over the **Indemnity limit** provided by this **Policy**.

6.15 Fraudulent conduct

If the **Insured**:

- a Knowingly makes a fraudulent or exaggerated **Claim** under the **Policy**
- b Knowingly makes a false statement in support of a **Claim**
- c Submits a knowingly false or forged document in support of any **Claim**
- d Makes a **Claim** for any loss (as defined in the **Policy**) caused by the **Insured's** wilful act or caused with the **Insured's** agreement, knowledge or collusion

then **Insurers** will:

- i Not pay the **Claim**
- ii Not pay any other **Claim** which has been or will be made under the **Policy** after the date of the fraudulent act described in a to d above
- iii Cancel the **Policy** from the date of the fraudulent act without any refund of **Premium**
- iv Inform the police of the circumstances

It shall be for the **Insurers** to demonstrate that a claim has been made fraudulently by the **Insured** and/or that a fraudulent act has taken place.

6.16 Policy excess

It is a condition of this **Policy** that the **Insured** pays the **Policy excess** stated in the **Policy schedule**, in respect of each and every **Claim**/claimant falling to be dealt with under Section 2, Insuring Clauses. **Insurers' Indemnity limit** is over and above the **Policy excess**.

The **Insured** must make payment on demand of the **Policy excess** in order to comply with the terms of any settlement that **Insurers** have agreed.

The **Policy excess** does not apply to **Defence costs and expenses** unless otherwise amended by specific **Endorsement**.

Section 7: Definitions

Appointed Representative means any person who is, has been or becomes during the **Policy period** an **Appointed Representative** to the **Insured** as set out in s39 of The Financial Services and Markets Act 2000 solely in respect of work performed on behalf of the **Insured**.

Business means Financial Advisers, insurance brokers, insurance intermediaries, insurance agents, insurance consultants, mortgage brokers and/or as specified in the **Policy schedule** and/or declared in the **Proposal to Insurers**.

Where the **Insured** is liable for **Persons responsible to the Insured**; or for the liability arising out of Joint venture/consortium under Section 3.6; **Business** includes the other professional duties of that **Person responsible to the Insured** or joint venture/consortium for which the **Insured** is liable.

Circumstance means information discovered by the **Insured** that may result in or give rise to a **Claim** against the **Insured**. If that information has been notified to **Insurers** due to that product or class of investment being the subject of adverse press comment or regulatory investigation, it will only constitute a **Circumstance** if, following a review of the **Insured's** files, a potential error or omission committed by the **Insured** has been discovered and full details are provided to **Insurers** in respect of each identified potential claimant.

Claim means

- a Any written or oral demand for monetary damages or other relief including non pecuniary relief
- b Any civil, arbitration or adjudication proceedings including any counterclaim or appeal
- c Any request by the **Insured** for indemnity under Insuring Clause 2.2

Any **Claims** arising out of or in connection with the same originating cause or source shall be deemed to be one **Claim**.

Any loss or losses for which indemnity is available, arising out of or in connection with the same originating cause or source, shall be deemed to be one **Claim**.

Computer virus means a piece of unauthorised executable code which propagates itself through a computer system.

Defence costs and expenses means any fees, expenses, costs and disbursements incurred by **Insurers** or by the **Insured** with **Insurers'** prior written consent such consent not to be unreasonably withheld or delayed, in investigating, adjusting, settling or defending a **Claim** that may be covered by this **Policy** Any internal or overhead expenses of the **Insured** or the cost of any **Insured's** time is not included.

Documents means deeds, wills, agreements, maps, plans, books, letters, policies, certificates, forms and other documents of any nature, whether printed, written or reproduced by any method including computer records and electronically stored data but does not mean bonds or coupons, stamps, bank or currency notes, money or any negotiable instrument.

Employee means any person employed by the **Insured** under a contract of service or apprenticeship during or prior to the commencement of the **Policy period**.

Endorsement means a change to the terms of the **Policy**.

FCA means the Financial Conduct Authority and any successors in title

General insurance activities means contracts of insurance as detailed under Part I of Schedule 1 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001

Indemnity limit means the maximum total liability of **Insurers** as specified in the **Policy schedule** or as may be specifically endorsed to this **Policy** to indemnify the **Insured** within the terms and conditions of this **Policy**.

Insured means:

- a* The person, firm, partnership or company or other entity, specified as the **Insured** in the **Policy schedule** and any predecessor person, firm, partnership or company or other entity for which the **Insured** is legally liable in consequence of the acquisition of firm(s) prior to the **Policy period**, and
- b* Any person who is or becomes during the **Policy period** a principal, partner, member, director of the **Insured** described in *a* above and
- c* Any former principal, partner, member or director of the **Insured** or predecessor described in *a* above, and
- d* In the event of the death or incompetence or bankruptcy of any principal, partner, member or director of the **Insured** described in *a* above, such persons estate, heirs, legal representatives or assigns, for legal liabilities incurred due to any act, error or omission of such deceased, incompetent or bankrupt person

Insurers means the Insurance companies or Lloyd's Underwriters noted in the **Policy schedule**.

Investigation means a civil, criminal, administrative or regulatory examination, investigation or other proceeding conducted by any official body or institution empowered under Statute to investigate the affairs of the **Insured** or possible misconduct by an **Employee** or **Persons responsible to the Insured**. **Investigation** does not mean routine regulatory supervision, inspection or compliance reviews.

Investigation costs mean reasonable fees, costs and expenses (except remuneration of any **Employee** or **Persons responsible to the Insured**, cost of their time or costs or overheads of the **Insured**) incurred with **Insurers'** consent, which shall not be unreasonably withheld or delayed, in connection with preparing for and attending an **Investigation**.

Person(s) responsible to the Insured means any person who is during or prior to the commencement of the **Policy period**

- a* a locum, consultant, sub-consultant or agent of the **Insured** or
- b* self-employed person appointed by the **Insured**

to perform professional services on behalf of the **Insured** so as to enable the **Insured** to perform their **Business**. **Appointed Representatives** are excluded from this definition.

Policy means this **Policy** wording, the **Policy schedule** and any **Endorsements**.

Policy excess means the amount specified in the **Policy schedule**. The **Policy excess** does not apply to extensions 3.1, 3.2 and 3.4 of this **Policy**.

Policy period means the time for which this **Policy** is in force as stated in the **Policy schedule**.

Policy schedule means the document attaching to this **Policy** wording and headed **Policy schedule** and bearing the **Policy** number applicable to this Insurance.

Premium means the amount stated against **Premium** in the **Policy schedule**.

Proposal means the written **Proposal** made by the **Insured** to **Insurers** together with any other related particulars and statements that have been supplied to **Insurers** and which have been taken into consideration by the **Insurers** when deciding whether to provide this insurance and upon what terms.

Retroactive date means the date specified against **Retroactive date** in the **Policy schedule**.

Section 8: Disputes clause

Disputes arising from or in connection with this **Policy** shall be subject to the jurisdiction of the Courts of England and Wales.

Disputes arising from or in connection with this **Policy** may be referred by the **Insured** to a recognised mediation service.

Section 9: Complaint procedure and Financial Services Compensation Scheme

Insurers strive to provide an excellent service to all customers but occasionally things can go wrong. **Insurers** take all complaints seriously and endeavour to resolve all customers' problems promptly. If the **Insured** has a question or complaint about this insurance they should contact Aon in the first instance:

Aon UK Limited
Central Complaints Team
Briarcliff House
Kingsmead
Farnborough GU14 7TE

If after taking this action the **Insured** remains dissatisfied then they may write to **Insurers'** Director responsible for Professional Indemnity Insurance, using the contact details for **Insurers** shown in the **Policy schedule**.

If, having taken the above actions, the **Insured** still remains dissatisfied, they may seek assistance from the Financial Ombudsman Service;

Exchange Tower
London E14 9SR

telephone: 0300 123 9123 or 0800 023 4567

email: complaint.info@financial-ombudsman.org.uk

website: www.financial-ombudsman.org.uk

The Financial Ombudsman Service only deals with complaints falling within certain criteria. Upon contact, they will be able to advise the **Insured** whether any dissatisfaction is an eligible complaint that they are able to consider.

Financial Services Compensation Scheme

Insurers are covered by the Financial Services Compensation Scheme. The **Insured** may be entitled to compensation from the Scheme if **Insurers** are unable to meet their obligations under this contract.

Entitlement to compensation under the Scheme depends on the type of business and circumstances of the claim. Further information about compensation scheme arrangements is available from the Financial Services Compensation Scheme;

PO Box 300
Mitcheldean
Gloucestershire
GL17 1DY

telephone: 0800 678 1100 or 020 7741 4100

fax: 020 7741 4101

website: www.fscs.org.uk

Section 10: Data protection

The **Insurers** may use personal information in order to write and administer this **Policy**, including any claims arising from it and for other purposes described in the **Insurers'** Fair Processing Notice (or Privacy Policy).

This information may include basic contact details such as names, addresses, and policy number, but may also include more detailed personal information about individuals (for example, their age, details of assets, claims history and more sensitive information such as health and criminal convictions) where this is relevant to the risk the **Insurers** are insuring or services the **Insurers** are providing or to a claim that is being reported.

The **Insurers** are parts of global groups and information may be shared with their group companies in other countries as required to provide coverage under this **Policy** or to store information. The **Insurers** also use a number of trusted service providers, who will also have access to personal information subject to the **Insurers'** instructions and control.

Individuals have a number of rights in relation to their personal information, including rights of access and, in certain circumstances, erasure.

This section represents a condensed explanation of how the **Insurers** use personal information. For more information, please refer to the lead **Insurer's** Fair Processing Notice (or Privacy Policy), which is available via the website stated in the **Policy schedule**. A paper copy of this is also available by contacting the lead **Insurer** at the address shown in the **Policy schedule**.

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

aon.co.uk

Aon UK Limited

The Aon Centre
The Leadenhall Building
122 Leadenhall Street
London EC3V 4AN

t +44 (0)20 7623 5500

f +44 (0)20 7621 1511

Registered office The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN
Registered No. 210725 | VAT Registration No. 480 8401 48

Published by Aon UK Limited. © Copyright Aon UK Limited 2018. All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any way or by any means, including photocopying or recording, without the written permission of the copyright holder, application for which should be addressed to the copyright holder.

Aon UK Limited is authorised and regulated by the Financial Conduct Authority.
FCA registration number 310451.

TD8372-10/18

