



Frank Risk Management
Frank Risk Management Ltd

TERMS OF BUSINESS ARRANGEMENT

1. Agreement

1.1 You have appointed

Frank Risk Management Ltd

PO Box 19 497, Hamilton

15 Clifton Road, Hamilton

www.frankrisk.co.nz

info@frankrisk.co.nz

Phone: 07 903 5000

Fax: 07 839 3611

as your broker in accordance with the terms of this agreement. By allowing us to continue to act as your broker you agree to be bound by the terms of this agreement. We agree to be bound by the terms of this agreement.

1.2 This agreement sets out the terms and conditions ("the terms") on which we will provide our services to you. These terms apply to all services we provide to you and are subject to any additional or alternative terms which we may advise you of in writing. As your insurance broker we normally act as your representative regarding arranging insurance on your behalf. We will make recommendations and suggestions to you regarding potential insurers based on your requirements however the final choice of insurer will remain your responsibility.

1.3 These terms apply until they are varied by agreement in writing between you and us, or until our appointment is cancelled. We may vary the services we offer you from time to time by written notice to you.

1.4 These terms are in addition to any other terms set out in any letter of authority, appointment, or authorisation signed by you, or any other terms we may provide you with from time to time including the insurance register & Declaration form, if we have issued one to you. In the event of any inconsistency between these terms and such additional terms, the letter of authority, appointment, authorisation and additional terms will prevail over these terms.

1.5 We are members of:

- (a) The Insurance Brokers Association of New Zealand Inc. (IBANZ), a professional body representing the interests of member insurance brokers, and we subscribe to the IBANZ Code of Practice. This can be found at www.ibanz.org.nz
- (b) NZBrokers which supplies management, marketing, professional, technical and buying benefits and services to us.

- 1.6 Our business is governed by the Insurance Intermediaries Act 1994 and the Financial Advisers Act 2008.
- (a) The Insurance Intermediaries Act governs our handling of premiums, claims and investment monies.
 - (b) The Financial Advisers Act governs many aspects of our relationship with you. For more information see www.fma.govt.nz
- 1.7 Our role is limited to the provision of insurance broking and risk management related advice and services. Under no circumstances do we or will we act as an insurer. Nor do we provide safety inspections, valuations or advice on every potential hazard or threat to your business. In particular
- (a) we are not qualified valuers and you should always be sure to satisfy yourself that all sums insured are adequate.
 - (b) We cannot guarantee that all risks to your assets, person or business will be covered by any insurance we arrange. You should carefully read all policies and other documentation we issue so you understand what is or is not covered;
- 1.8 We may arrange insurance for you with insurers domiciled in New Zealand or elsewhere or a combination of both. We may engage the services and assistance of third-party brokers, reinsurance brokers, consultants or others to assist us with the provision of the arranging and placement of such insurance for you.
- 1.9 We may provide you assistance with the placing and servicing of insurance for risks domiciled outside New Zealand, or the management of risks outside New Zealand. We may engage the services and assistance of third-party brokers, consultants, insurance brokers, reinsurance brokers or others to assist us with the provision of such services to you.
- 1.10 We make no representation or warranty concerning the solvency or ability of any insurer to pay claims. In New Zealand, insurers are required to comply with the provisions of the Insurance (Prudential Supervision) Act 2010 and required to have a current financial strength rating. Exemption from this requirement may apply from time to time. We will inform you of such ratings or non-rating in the terms of the above Act.
- 1.11 We will negotiate with insurers on your behalf and will do our best to ensure that policies and endorsements for insurance we place on your behalf are issued by your insurers promptly and correctly. These documents detail the precise terms and conditions relating to the insurance we have arranged for you and the information contained in them is important. You should carefully read and store these documents.
- 1.12 If your insurances were arranged by another party prior to our appointment:
- (a) We will not be responsible for any premium payments made in relation to those insurances prior to our appointment (unless otherwise agreed with you)
 - (b) We will review the policies within 60 days of our appointment, or upon the receipt of the relevant documentation, whichever is the later and discuss with you any relevant issues we identify with the current policies; and
 - (c) We will not be responsible for the adequacy or apportionment of your insurance arrangements prior to our review, but will suggest changes as we see fit.
- 1.13 Upon our receipt of premiums and related statutory charges from you, we will deal with them in accordance with the Insurance Intermediaries Act 1994.
- 1.14 You can provide us with instructions in person, by telephone, email or in writing using our contact details above or by communicating directly with your account manager / broker.
- 2. Remuneration**
- 2.1 In accordance with normal market practice, insurers with whom we transact provide premiums that include brokerage / commission.

- 2.2 The brokerage / commission is a percentage of the premium (excluding government charges, levies and taxes). Some insurers provide higher commissions than others. The rate of commission can vary according to the type of insurance and cover provided and the way the transaction is arranged.
- 2.3 On commercial insurance accounts we rebate all insurer commissions back to our commercial clients. We are remunerated by charging a disclosed fee on the insurance transaction for carrying out our broking services as described in these terms of business.
- 2.4 On domestic insurance transactions we may be remunerated by commission as described in 2.1 & 2.2 above. We may also charge an administration fee. We will always disclose our total remuneration.
- 2.5 Where we arrange the placing and servicing of insurance overseas, our overseas representatives, including Frank Risk Management (Wellington) Ltd, may also charge a placement fee in accordance with normal market practice. This is not in addition to the invoice you receive from us.
- 2.6 If you are part of a rewards program such as Smart Trade, we pay a fee to Smart Trade based on the quantum of your insurance transaction, this enables the loyalty program provider to administrate and issue you with reward points
- 2.7 If you request us to provide services in addition to those already agreed, including alternatives to your existing policies, we may charge you an additional fee. Such additional fees will be disclosed to you on the premium invoice.
- 2.8 If we arrange premium funding for you, we may be remunerated from the premium funding loan provider. We do this to cover the administration costs with the setting up and management of the premium loan. This is usually calculated as an overall percentage of the amount funded and in some cases a percentage of the funders net income. The income generated from premium funding activities ranges between 1% - 3.5% of the total premium funded. The percentage of remuneration does vary in relation to the administration required and the size of the loan. If further specific clarification is sought on a particular loan, please contact us for the individual agreement.
- 2.9 We may earn interest on funds held in our 'premium holding account'; during this time it will generate interest at the standard banking rate.
- 2.10 We may also receive non-financial benefits from insurers such as training, professional development courses, and function invitations.
- 2.11 We reserve the right to set off any outstanding sums that you owe us in connection to any contract of insurance, from any money we receive on your behalf in relation to that insurance.
- 2.12 We reserve the right to make an administration charge for issuing replacement policies, certificates, copy policies or certificates requested by other parties.
- 2.13 In the event of a policy being cancelled mid-term, and not replaced by another policy, we will refund the returned premium we receive from insurers, subject to any cancellation or administrative fee imposed by the insurer or us. We reserve the right to retain our fee for arranging and managing the insurance.

3. Your Responsibilities

- 3.1 You should carefully read and understand the information we provide to you. If you have not received or have misplaced your insurance schedule or any other please ask for another copy as it sets out your important obligations in relation to your insurance policies.
- 3.2 Insurance is a contract of "utmost good faith" and it is a minimum standard that requires both the buyer and seller in a transaction to act honestly toward each other and to not mislead or withhold critical information from one another. The doctrine of utmost good faith applies to many common financial transactions. It is also known in its Latin form as "uberrimae fidei". Any fraudulent claims made, or information provided fraudulently

constitute a breach of the utmost good faith relationship, and can forfeit all benefits under the policy.

- 3.3 You have a duty of disclosure. You are responsible on an ongoing basis for providing us with all material facts relating to the insurance contracts we arrange on your behalf. Material facts are those that would influence an insurer when they were deciding whether to accept the risk, and if accepted the terms and conditions that would apply. Failure to provide full and accurate information may mean that your cover is reduced, or in the case of non-disclosure of material facts the insurer may be able to avoid (cancel) the contract from the very beginning. If you are in any doubt as to what facts are considered to be material you should disclose them to us.
- 3.4 You must provide accurate, complete and timely information to us. You are responsible for all information you provide in any proposal, claim form or other material document. We are not responsible for checking the accuracy or completeness of any information you provide to us or any insurer. We will not be responsible for any consequence resulting from a failure by you to disclose all material facts to an insurer (including, without limitation, the possibility of your insurance policies being rendered void or limited).
- 3.5 You must advise us on an ongoing basis of any change in your business that might affect your insurances. This may include acquisitions, disposals, mergers, sale of principal assets, geographic locations of business, or any changes to business operations which could increase risk to the business.
- 3.6 If you want to vary any insurance e.g. by increasing the sum insured or adding other property, you must provide us with details of the changes you require and any other information you need to disclose to insurers. Any adjustment to the premium will be advised to you.
- 3.7 You must advise us (or your insurers) as soon as is reasonably practicable of an event or circumstance that may give rise to a claim or potential claim under your insurance policy(ies). If you do not inform us (or your insurers) of such a claim or potential claim you may prejudice your rights under your insurance contracts. You will be advised if you need to complete a claim form or produce documentation to support your claim.
- 3.8 After receiving your insurance documents from us, you must check them and advise us promptly of anything that does not meet your requirements.
- 3.9 You must pay the premium(s), any statutory charges, government levies, taxes, GST and fees when due as set out in our invoice(s). We will give full information about premium payment options when we provide documentation.
- 3.10 If you do not pay the premium on time, we are required to advise the insurer. The insurer has the right to cancel the insurance and you will not be insured. The insurer may also charge a short-term premium for the time they have insured the risk.
- 3.11 Please note that we have no obligation to fund any premium, taxes or fees (if applicable) on your behalf and we will have no responsibility for any loss you may suffer as a result of insurers canceling the insurance or taking any prejudicial steps as a result of late payment.

4. Disclosure of Interest

- 4.1 We make every attempt not to have a situation where there is a conflict of interest. Should a situation arise where a conflict of interest could be perceived we declare it as soon as it is practicable for us to do so.
- 4.2 We are a member of NZBrokers Management Limited (NZBrokers).
- 4.3 The relationship NZBrokers has with insurers may allow us to secure preferential coverage terms and premiums for our clients. From time to time we may use this facility.

- 4.4 The shareholders of the company, and the company itself, are also shareholders, either directly or indirectly [as interrelated arrangements through other legal entities they control] in Initio Ltd. Initio Ltd operates an online insurance market place and underwriter agency mainly for the provision of domestic insurance products.

5. Privacy Statement

- 5.1 We are committed to protecting your privacy in accordance with the Privacy Act 2020.
- 5.2 We collect 'personal information' specific to, and required for, the services and products that we provide to our clients.
- 5.3 We use this information in order to advise you about the management of your risks and your insurances needs.
- 5.4 If the information is not provided, we may not be able to provide the services you require.
- 5.5 We may provide your information to relevant third-party suppliers as required to arrange your insurances and to carry out specialist activities. This may include insurers or service providers which may provide us with additional support in connection with our provision of services. They are required to abide by the Privacy Act and use the personal information for the sole purpose of supplying their specific services.
- 5.6 We will take all reasonable steps to protect any personal information that we hold from misuse, interference, and loss. We will take all reasonable steps to protect any personal information from unauthorized access, modification, and disclosure.
- 5.7 You have the right to ask for a copy of any personal information we hold about you, and to ask for it to be corrected if you think it is wrong. If you would like to ask for a copy of your information, or to have it corrected, please contact us at info@frankrisk.co.nz, or 07 903 5000, or PO Box 19497, Hamilton 3244.

6. Complaints and Disputes

- 6.1 As a registered financial service provider, we are members of the Financial Services Complaints Limited (FSCL) dispute resolution service. This is a requirement of our registration and of the Financial Service Providers (Registration and Disputes Resolution) Act 2008.
- 6.2 Our Disputes Process is explained in full on our web site at <http://www.frankrisk.co.nz/documents> If you do not have access to the internet please ask us and we will provide you with a hard copy of our complaints policy.
- 6.3 As a requirement of membership of our chosen dispute resolution provider, we have a compliant internal dispute resolution process. What this means is that if you have a complaint of any type about our services or our products, you are encouraged to notify us of your complaint and we will attempt to resolve it internally. If we cannot agree on a solution it is referred to our external complaints resolution service.

7. General

- 7.1 You may cancel our appointment by giving us written notice of cancellation or by appointing another broker.
- Upon such cancellation notice being received, we will cease providing you services and:
- (a) withdraw from any negotiations in progress, including, without limitation, any claims or renewals of policies;
 - (b) return any premiums we have received from you but not yet disbursed.
- If a contract of insurance is cancelled before the expiry of the period of insurance, we may refund the net premium we receive from your insurers(s). We reserve the right to retain our fees, commissions or brokerage charged when the policy was arranged.
- 7.2 We will not cancel a contract of insurance without instruction from a person(s) who is/are authorised to represent each of the parties who are named as insureds in the contract of

insurance or the approval of any interested parties noted in the contract. We cannot cancel a policy without the insurer's approval and some insurance contracts contain a non-cancellation clause or cancellation penalties which, for the avoidance of doubt, you will be responsible for paying.

- 7.3 We will keep all information you provide us about your business confidential and only disclose it in the normal course of negotiating, arranging and administering your insurance and, except where disclosure is required by law or where the information is already in the public domain.
- 7.4 You consent to being entered into our marketing database and, for the purposes of the Unsolicited Electronic Messages Act 2007, you expressly consent to receiving email communications from us with regard to our business or the insurance industry. You may revoke such consent at any time, and we will remove you from our marketing database.
- 7.5 Any failure by us to enforce any right or obligation under these terms, will not in any way limit or waive our right to subsequently enforce such right or obligation.
- 7.6 If any part of these terms becomes invalid or unenforceable for any reason whatsoever, the remaining terms will continue to apply subject to any modifications as is necessary to continue to give them effect.
- 7.7 These Terms of Business Arrangement are governed by the laws of New Zealand and the parties submit to the exclusive jurisdiction of the New Zealand Courts.
- 7.8 We accept no liability for instructions received until we acknowledge receipt and acceptance of the instructions to you in writing.
- 7.9 No cover or action by us shall be deemed to be taken or given until confirmed by us in writing.
- 7.10 We shall be entitled to rely on all written instructions without further enquiry, including email instructions.

8. Disaster Recovery Planning

- 8.1 As part of the overall risk management service, Frank Risk Management have designed a customised web tool for creating Emergency Response Plans (EME).
- 8.2 You will keep the user details required to access the EME site secure and confidential and not reveal the same to any other person. You acknowledge that you are entirely responsible for all activities that occur through the use of your user details.
- 8.3 You will notify us immediately if you become aware of or suspect
 - (a) that any unauthorised person has obtained access to the user details or the site, or
 - (b) any other breach of security.
- 8.4 You will comply with the reasonable instructions of Frank Risk Management in respect of the use of and access to the site.
- 8.5 Client acknowledges that Frank Risk Management may from time to time suspend or restrict client's access to the site to the extent reasonably necessary to enable upgrades, updates or maintenance to the site.
- 8.6 Frank Risk Management may immediately restrict the clients use of the site in whole or in part if the use of the site
 - (a) Presents a material security risk or will interfere materially with the proper continued operation of the site.
 - (b) Is subject to an order from a court or government body stating that such use must stop; or
 - (c) Violates any applicable laws or regulations or the Intellectual Property Rights of any third party.
- 8.7 The site is provided on an 'as is' basis. To the extent permitted by law, all representations, conditions or warranties (whether express or implied, statutory or otherwise, and including

warranties of merchantability and fitness for a particular purpose) in respect of the site are expressly excluded.

- 8.8 Frank Risk Management will retain exclusive ownership of all rights in the materials contained in the report, including copyrights.
- 8.9 It is agreed that Frank Risk Management is not responsible or liable, directly or indirectly, for any inaccuracy of information contained within the Disaster Recovery Plan. Further, it is expressly understood, the responsibility for keeping the Disaster Recovery Plan accurate and current is solely that of the client.
- 8.10 Upon termination of agreement, you agree to cease using the site.