

GLENCAIRN LIMITED
71 FENCHURCH STREET
LONDON EC3M 4BR

TERMS OF BUSINESS AGREEMENT

Please read this document carefully.

This document sets out the terms on which Glencairn Limited (“we”) will be pleased to act as (re)insurance advisers and intermediaries to:

XYZ Ltd (“you”)

and this supersedes any previous agreement between us. It contains relevant details of our regulatory and statutory responsibilities.

These terms can only be varied in a subsequent written document (including for this purpose email) signed by a duly authorised employee of ours. In the event of any inconsistency between the express terms of this document and the express terms of any specific written agreement entered into between us after the date we signed this document, the express terms of that other specific agreement shall prevail.

We specifically draw your attention to the following:

- Non-statutory trust (see 6.2)
- Segregation of designated investments (see 6.3)
- Interest on client money (see 6.4)

Please contact us immediately if there is anything in these terms of business which you do not understand or with which you disagree.

1. INFORMATION ABOUT GLENCAIRN LIMITED

Glencairn Limited, whose address is shown above, is an independent Lloyd’s accredited broker.

With effect from 14th January 2005, Glencairn is authorised and regulated by the Financial Services Authority (FSA), United Kingdom. Our permitted business is arranging, advising on, assisting in the administration and performance of and dealing as an agent in general insurance and reinsurance contracts. Our FSA registration number is 304785. Subsequent to this agreement becoming effective at 00.01hrs 14th January 2005, you will be able to verify our regulatory status and FSA registration number on the FSA’s Register by visiting the FSA’s website <http://www.fsa.gov.uk/register> or by contacting the FSA on Telephone Number 0845 606 1234.

As independent (re)insurance intermediaries, we act as the agent of you, our client. We are subject to the law of agency, which imposes various duties on us. However, in certain circumstances we

may act for and owe duties of care to other parties. We will advise you when these circumstances occur so you will be aware of any possible conflict of interest.

The company's immediate parent undertaking is Glencairn UK Holdings Limited for which consolidated accounts are not prepared. The directors consider the ultimate holding company to be Glencairn Group Limited, a company registered in England and Wales. Copies of its financial statements can be inspected at 71 Fenchurch Street, London, EC3M 4BR or at Companies House.

We are required to comply with the FSA Principles and Regulations relevant to an (re)insurance intermediary. These include the following:

- A firm must conduct its business with integrity, and pay due regard to the interests of its clients and treat them fairly.
- A firm must conduct its business with due skill, care and diligence.
- A firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading.
- A firm must act with due care, skill and diligence, paying due regard to the interests of its clients and treat them fairly. The firm must manage any conflicts of interest fairly.
- A firm which holds client money has to arrange adequate protection for that money when it is responsible for it.
- A firm must take reasonable care to organise and control its affairs responsibly and effectively with adequate risk management systems.
- A firm must take reasonable care to ensure the suitability of its advice for any client who is entitled to rely on its judgement.

2. DURATION OF AGREEMENT AND TERMINATION

2.1 This Agreement shall commence on 14th January 2005 and shall continue indefinitely, subject to the termination provisions below.

2.2 We reserve the right at any time and without liability or continuing obligation to terminate this Agreement forthwith in the event that we are not satisfied that we can proceed without being able to observe in full our responsibilities to third parties at law and/or under any regulatory requirements to which we may from time to time be subject. Without prejudice to the generality of the foregoing we shall be entitled to terminate this Agreement forthwith without prior notice if you, at any time, are the subject of a petition for your winding up (which is not discharged within seven days of service of the petition on you) or if an order is made for your winding up or a resolution passed for your winding up or if a receiver should be appointed over any of your assets or if an administrator is appointed to you or if you shall enter into any composition or arrangement for the benefit of your creditors, or become unable to pay your debts within the meaning of Section 123 of the Insolvency Act 1986 (as amended).

- 2.3 Either party shall be entitled to terminate this Agreement by giving more than 90 business days notice in writing.
- 2.4 In the event of termination where the business transfers to a new intermediary/adviser you undertake to ensure that all run off duties, including but not restricted to outstanding claims servicing, connected with the business placed through us are transferred to the new intermediary/adviser, without charge to us. In the event that the run off does not transfer to a new intermediary/adviser you agree to pay an appropriate fee to us to cover all our time at our hourly rates applicable from time to time for servicing the run-off from the date this Agreement terminates.

3. SCOPE OF AGREEMENT

3.1 Duty of Disclosure.

You have an obligation to disclose to (re)insurers, before the contract is concluded, any fact or circumstance which is known to you (or which ought to be known to you) in the ordinary course of your business and which is material to the risk. A factor or circumstance is material if it would influence the judgment of a prudent (re)insurer in fixing the premium or determining whether he would take the risk.

Should you not act with the utmost good faith or fail to disclose any material fact or circumstance to (re)insurers, (re)insurers may avoid the contract.

We would also remind you that your obligation to disclose information is continuous for the duration of the individual policy and or contract.

3.2 Services Provided.

The services provided by us to you under this Agreement will comprise the following:

- 3.2.1 Assistance in the collection, collation and/or interpretation of all necessary and available information relevant to any proposed transactions for broking and/or underwriting purposes, it being understood that you are responsible for taking decisions as to whether to proceed with a proposed transaction in the light of that information and for selecting and providing to us all information which needs to be provided to underwriters to discharge your duty to disclose all information which is material to an underwriter in assessing whether he should accept the risk and, if so, on what terms;
- 3.2.2 Subject as mentioned in 3.2.1 above, assistance in the production of all necessary (re)insurance documentation, underwriting slips and necessary underwriting information describing any proposed transactions;
- 3.2.3 Assistance in identifying potential (re)insurers for any proposed transactions. It is our objective to only use (re)insurers who are rated BBB+ or higher by Standard & Poors', or in the absence of a S&P rating an AM Best rating equivalent to S&P BBB+ or higher, at the time of placing the risk. We will only use an (re)insurer whose rating is lower than Standard &

Poors' BBB+ or A M Best equivalent rating with your written instructions. We do not guarantee the security of any (re)insurer and shall not be liable for any losses which you may incur as a result of any solvency difficulties of any (re)insurer. You should note that the ratings vary from time to time and we cannot be responsible for changes subsequent to placing the risk;

- 3.2.4 Negotiation of the terms of any proposed transactions with leading (re)insurers and, upon your acceptance of such terms, to seek adequate support and participation from other (re)insurers in the market. We will always expect your acceptance to be given/confirmed in writing;
- 3.2.5 Finalisation in conjunction with you of necessary documentation for the Policy of (Re)Insurance, Policy wording/contract and the issuance of Cover Note(s) and Debit Note(s). You are responsible for checking promptly after receipt that such documentation meets your requirements;
- 3.2.6 Provision of such other customary insurance brokering services, advice and assistance as may reasonably be required during the period of any proposed transactions; and
- 3.2.7 Assistance in the advice to re(insurers) of any claim(s) which you notify to us in accordance with the terms and conditions of the policy(ies) and the negotiation, collection and payment of any valid claim made in accordance with the terms and conditions of the policy(ies), subject always to Clause 2.4 herein.

4. REMUNERATION

- 4.1 Our remuneration may be as a fee, or as brokerage, which is a percentage of the (re)insurance premium paid by you and allowed by the (re)insurer with whom the (re)insurance is placed. Unless otherwise agreed in writing between us, remuneration on any transaction we conduct for you shall be by means of brokerage. Brokerage and fees are usually deemed to be earned for the policy period at the time of placing and we will be entitled to retain all fees and brokerage in respect of the full policy period in relation to policies placed by us (as more fully defined in our financial statements). We will be entitled to draw down our commission immediately on receipt of funds subject to any terms or conditions which (re)insurers may impose on us.
- 4.2 In addition to client fees and/or brokerage payments we may receive remuneration by way of administrative fees or commissions for services provided to underwriters. We may also act as reinsurance brokers to underwriters with whom we have placed (re)insurance.
- 4.3 In the event of termination of a policy or contract, we shall be entitled to receive the same proportion of any and all such remaining remuneration and/or commissions as may be due for the remainder of the period the policy was to be in force (as denoted in the Cover Note and/or policy) as we would have received had such termination notice not been received.

Notwithstanding that any such policy of insurance is non-cancellable except for non-payment of premium, in the event that you instruct us to seek terms from (re)insurers for cancellation of the policy mid-term for any reason, you agree that we may deduct from any return premium that we may negotiate on your behalf and collect from (re)insurers, any remaining

commissions that we would have been entitled to receive had such cancellation not taken place.

5. PAYMENT OF PREMIUMS AND CLAIMS

- 5.1 In placing your business, (re)insurers will stipulate a date by which payment of premium must be made to them. A breach of this term of trade may result in the cancellation of the policy. Any settlement of premium must be received as cleared funds by us on a date to be specified by us in each case, which will be in advance of the due date shown by the (re)insurers, to provide us with adequate time to process the payment on to your (re)insurers. You hereby acknowledge the consequence of not paying us the premium due by such time.
- 5.2 Our relationships with (re)insurers are governed by Terms of Business Agreements. A number of such Agreements include provision that:
- Unless agreed otherwise in writing by the (re)insurer the notification of a claim is not deemed to be notification to the (re)insurer until such time as we pass the notification on, and
 - Settlement of claims to us as your agent is deemed fully to satisfy that (re)insurers obligations for payment to you.

By this Agreement you acknowledge and agree to such conditions. Client monies are held by us under a non-statutory trust (as described in Clause 6.2).

6. CLIENT MONEY

- 6.1 Client money is money of any currency that we receive and hold in the course of carrying on insurance mediation on behalf of our clients (including you) or which we treat as client money in accordance with the FSA client money rules. A copy of these rules is available on request.

Client money can be held in one of the following ways:

- a) It can be held on behalf of (re)insurers where we act as agent to the (re)insurer;
- b) It can be subject to a statutory trust in accordance with the FSA client assets sourcebook (CASS); and
- c) It can be subject to a non-statutory trust, in accordance with CASS.

6.2 Non-Statutory Trust

We will be holding your client money in a general client bank account which will be subject to a non-statutory trust in accordance with Section 5.4 of CASS. All money in that bank account will be held for those clients whose money we hold as part of a common pool of money, so those particular clients do not have a claim against a specific sum in a specific account – they only have a claim to the client money in general. Use of the non-statutory trust is permitted by the FSA because of the systems and controls which we have in place. We are not permitted to make advances of credit to ourselves out of the client money trust. The trust

permits us, in our capacity as trustee, to make advances of credit to the firm's clients or on their behalf (commonly referred to as "Funding"), e.g. to meet a premium payment warranty deadline, but subject to our right to charge interest as provided in Clause 6.6 below. By signing this Agreement you give us permission to use our discretion to allow advances of credit to be made on behalf of the firm's clients and insurers in our capacity as trustee (which we will only do subject to strict controls) where it is in the best interests of our clients so to do.

6.3 Segregation of Designated Investments

We keep client money separate from our own money. We may do this by paying it into a client bank account. However, we may also do this by arranging to hold separately permitted designated investments with a value at least equivalent to the money that would otherwise have been paid into a client bank account. If we do this we will be responsible for meeting any shortfall in our client money resource which is attributable to falls in the market value of such an investment.

6.4 Interest on Client Money

Any interest earned on client money held by us and any investment returns on any segregated designated investments will be retained by us for our own use.

6.5 Payment to Third Parties

We may transfer client money to another person, such as another intermediary or settlement agent, for the purpose of effecting a transaction on your behalf through that person.

This may include brokers and settlement agents outside the UK. The legal and regulatory regime applying to an intermediary or settlement agent outside the UK will be different from that of the UK and, in the event of a failure of the intermediary or settlement agent, this money may be treated in a different manner from that which would apply if the money were held by an intermediary or settlement agent in the UK. You may notify us if you do not wish your money to be passed to a person in a particular jurisdiction.

6.6 Funding

Notwithstanding Clause 6.2 above, our policy is not to fund premium on your behalf to (re)insurers, nor to fund claims to you due from (re)insurers. By this Agreement you undertake not to deduct amounts due to you from us (e.g. claims), from amounts due to us from you (e.g. premiums). You acknowledge that any funded amount whether arising as a result of a payment by us or a deduction by you from amounts payable to us is to be refunded to us immediately, and that for the duration of any funding such funded amounts are not considered to be a gift from us. We shall be entitled to receive interest on the sums which we have funded at the rate of 2% over base rate from time to time of the Barclays Bank Plc, P O Box 544, 54 Lombard Street, London, EC3V 9EX, from the date the funding commenced to date of payment.

7. BANK ACCOUNTS

Client money will be deposited with one or more approved banks as defined in the FSA's Handbook of rules and guidance.

We may on occasion choose to hold client money with a bank which is not an approved bank in the UK. In such circumstances the legal and regulatory regime applying to the bank with which the client money is held will be different from that of the UK and, in the event of a failure of the bank, the client money may be treated differently from the treatment which would apply if the client money were held by an approved bank in the UK. Where we propose to hold client money with a bank which is not an approved bank we will request your consent in writing to the use of the particular bank.

You may notify us if you do not wish your money to be held in a particular jurisdiction.

8. COMPLAINTS

If you have a complaint about our performance or our services then please contact the Compliance Officer, either:

In writing : 71 Fenchurch Street, London, EC3M 4BR

By telephone: 020 7548 9700 or

By email: compliance@glencairngroup.com

We will acknowledge your complaint within 5 business days and investigate it thoroughly and inform you of the results of that investigation..

If we are unable to settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London, E14 9SR. Their website is:- www.financial-ombudsman.org.uk

The existence of the Financial Ombudsman Service does not prejudice your right to take legal action if you so wish.

9. COMPENSATION

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation for some or all of your loss from the FSCS if we cannot meet our obligations. This depends on the type of business, the circumstances of the claim and whether you are eligible to be covered by them – which may depend on the form and size of your business and where the risk is located.

Full details and further information on the scheme are available from the FSCS, whose customer services team can be contacted on telephone number 020 7892 7300 or fax number 020 7892 7301. Alternatively, you can email them on enquiries@fscs.org.uk or write to them at:-
Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.

10. MONEY LAUNDERING/PROCEEDS OF CRIME ACT

We comply with UK money laundering regulations and will obtain evidence of the identity of clients for whom we act at the start of a business relationship. This might, in the case of individual policyholders, be evidenced by sight of a current signed passport and a utility bill or bank/building society statement showing name and address. For companies (other than listed ones) evidence of identity will usually comprise a copy of the certificate of incorporation, a list of directors, a list of shareholders and evidence of the registered address.

We are obliged to report to the National Criminal Intelligence Service any evidence or suspicion of money laundering at the first opportunity and we are prohibited from disclosing any such report to you.

Claims payment will be made in favour of you, or in accordance with instructions agreed between you and your (re)insurers and detailed in the contract documents. If you require a payment to be made to a third party then you must confirm the required payee name and details and provide a brief explanation for your request, including their relationship with you.

11. DATA PROTECTION

We are registered under the Data Protection Act 1998 and as data controllers we undertake to comply with the Act in all our dealings with personal data.

12. LAW AND JURISDICTION

These terms of business shall be governed by and construed in accordance with English law. In relation to any legal action or proceedings arising out of or in connection with these Terms of Business we both irrevocably submit to the exclusive jurisdiction of the English courts.

13. CONFIDENTIALITY

You and we each undertake with the other as follows:

13.1 To use all confidential information (any information disclosed by one of us to the other which is either marked as confidential or by its nature is clearly confidential – such as the markets we recommend or the terms offered by those markets) for the sole purpose of negotiating and implementing any proposed transactions; and

13.2 (Save as is necessary in the performance of our duties to you, e.g. in communications with underwriters) not to disclose without the prior written consent of the other to any third party (other than our respective professional advisers or as may be required by law, or any rule of any regulatory authority or professional body by whose rules such party may from time to time be bound) any confidential information or advice which such party may receive directly or indirectly from the other for the purposes of any proposed transactions, provided that this restriction shall not apply to any information which is at the date of this Agreement or subsequently comes into the public domain otherwise than by reason of a breach of this Agreement by us (if we are the party making such disclosure) or you (if you are making such disclosure).

14. ELECTRONIC MAIL (“E-MAIL”) COMMUNICATIONS

14.1 Unless we both agree otherwise, unencrypted e-mail shall be considered an acceptable means of sending messages and/or documents to each other and/or third parties.

14.2 As e-mail delivery is not 100% reliable, the sender of a message may request confirmation of receipt. When requested, this must be given without unreasonable delay.

14.3 There is a risk that confidential e-mail communications may be intercepted by third parties and/or tampered with. If a higher level of security (e.g. encryption) is required for e-mail communications, this must be explicitly agreed by both parties.

15. GENERAL

15.1 We may in future revise the terms and conditions set out in this Agreement and in that event such revised terms and conditions shall only apply in relation to services provided after the date of receipt of the same by you, but so that such revised terms will not affect the respective rights and obligations of the parties accrued prior to the effective date of the change.


15.2 Any notice by either party to the other must be given in writing and may be delivered in person or be sent by first class mail or by fax in the case of ourselves to the address set out above for the attention of the director signing this letter and in your case to the person signing this Agreement on your behalf at the address shown on this Agreement, or as advised in writing from time to time.

15.3 A person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, however this does not affect any right or remedy of a third party which exists or is available apart from that Act.

15.4 A Waiver of any term of this Agreement shall be effective only if given in writing and signed by the waiving party and then only in the instance and for the purpose for which it is given. No failure or delay on the part of any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof.

Please indicate your acceptance of the above terms and conditions by signing and returning to us the attached copy of this document.

For and on behalf of Glencairn Limited

 _____ **Date** _____

For and on behalf of _____

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[*Signature, name, title and address*] **Date**