

SERVICE COMPANY COVERHOLDER UNDERTAKING TO LLOYD'S (THE UNDERTAKING)

The undertaking must be given by the service company coverholder as an approved coverholder under the terms of paragraph 15 (b) of the Intermediaries Byelaw. Words and terms in bold type in this document have the meanings given in the Definitions Byelaw (which includes the definition of a “service company coverholder”)¹.

In consideration of our registration by Lloyd's as an **approved coverholder** which is classified as a **service company coverholder** we undertake and confirm to Lloyd's (which includes its representatives and agents) that:

1 General

- 1.1 We will deal with Lloyd's in good faith and in an open and co-operative way.
- 1.2 We will comply with, and act in accordance with, the rules and requirements Lloyd's makes from time to time in relation to **coverholders** including **service company coverholders** and **binding authorities** including **service company agreements** (the 'rules') and any direction given to us by Lloyd's.
- 1.3 We will conduct our business with integrity and with due care and skill. We will also take all reasonable steps to avoid harming the name, reputation and standing of Lloyd's. This will include complying at all times with the guidelines Lloyd's issues on using the Lloyd's name.
- 1.4 We will only describe or hold ourselves out as a Lloyd's **service company coverholder** while we remain classified by Lloyd's as a **service company coverholder** and are a party to a **service company agreement**.

2 Underwriting authority

- 2.1 We will enter into contracts of insurance on behalf of **members** of a **syndicate** managed by our associated Lloyd's **managing agent**, or issue quotations or insurance documents, only in accordance with the terms of the **service company agreement**.
- 2.2 We will not exercise any authority we have under a **service company agreement**, including entering into contracts of insurance and issuing quotations or insurance documents, until that **service company agreement** has been registered at Lloyd's.
- 2.3 We will not sub-delegate our authority to enter into contracts of insurance, or our authority to issue documents evidencing contracts of insurance, to any party other than to another **approved Lloyd's coverholder (or a restricted coverholder)** in accordance with the terms of a **binding authority** and we shall only do so with the prior written agreement of our associated **managing agent**.

3 Administrative arrangements (including insurance monies)

- 3.1 We will take reasonable care to organise and control our affairs responsibly and effectively

¹ The byelaws referred to in this undertaking can be found at [Lloyds.com](https://www.lloyds.com)

- 3.2 We will make sure that all monies received or payable by us, from or on behalf of our associated Lloyd's **managing agent** ('insurance monies'), are held in accordance with the requirements set out in the **service company agreement**. We will also comply with any other requirements Lloyd's may issue about the way insurance monies must be held.
- 3.3 We will also comply with any requirements of the jurisdiction in which we are domiciled, or in which we trade, provide services or do business, or in any other jurisdiction as required, about the way insurance monies must be held.

4 Dealing with customers

- 4.1 We will deal with customers and clients (including policyholders and prospective policyholders) ('customers') openly and in good faith.
- 4.2 We will charge premiums and fees, and retain any commissions, discounts or brokerage, only in accordance with the terms of a **service company agreement** or any relevant regulatory requirements.
- 4.3 We will pay due regard to the information needs of our customers and communicate information to them in a way which is clear, fair, prompt and not misleading. We will also handle all complaints from customers in a fair, prompt and orderly way.
- 4.4 Where we have authority under the terms of a **service company agreement** to administer or agree claims we will do so in a fair, prompt and orderly way.
- 4.5 We will manage any conflicts of interest, between ourselves and our customers in a fair and open way.

5 Dealings with the Lloyd's market

- 5.1 We will deal with our associated Lloyd's **managing agent** and any other **managing agents** or **Lloyd's brokers** with whom we deal openly and in good faith. We will report to our associated **managing agent**, and account for all monies received or paid, accurately, fairly, promptly and, where relevant, account in accordance with any local settlement systems.
- 5.2 We will always comply with the terms of the **service company agreement** we enter into with our associated Lloyd's **managing agent** unless we are directed otherwise by Lloyd's.

6 Compliance with local requirements

- 6.1 We will always comply with all relevant local insurance, fiscal and taxation laws, regulations and requirements of the jurisdiction in which we are domiciled, or in which we trade, provide services or do business, or in any other jurisdiction as required. This will include maintaining any necessary local licences, permits or other authorisations.
- 6.2 If we cease or fail to comply with any relevant laws, regulations or requirements, or cease or fail for whatever reason to maintain any necessary local or required licences, permits or other authorisations, we will immediately take all appropriate action and notify Lloyd's and our associated Lloyd's **managing agent**.

7 De-registration or immediate suspension of the firm

If:

- Lloyd's revokes our approval, or suspends us in accordance with the rules; or
- Lloyd's makes or issues an instruction, condition or direction that we or the Lloyd's **managing agent** must cease entering into contracts of insurance under a **service company agreement**;

we will, subject to any specific instruction, condition or direction made or issued by Lloyd's, do the following:

- i immediately cease exercising any authority conferred upon us under a **service company agreement**;
 - ii promptly destroy or return (to Lloyd's or our sponsoring Lloyd's **managing agent**) all unused documents that would indicate or imply, if used, that contracts of insurance we accept are entered into on behalf of **members** of Lloyd's;
 - iii promptly remove from our computer, back-up and printing systems any ability to use any stamp, mark or other thing that would indicate or imply that contracts of insurance we accept are entered into on behalf of **members** of Lloyd's;
 - iv handle the run-off of the business (including claims) in a fair, prompt and orderly way (unless a third party has been appointed by the Lloyd's **managing agent** or Lloyd's has appointed a third party to handle the run-off (the 'third party'));
 - v co-operate fully with any third party, including providing the third party access to our premises and providing relevant books, records and other documents;
- AND
- vi comply with the **service company agreement's** provisions in relation to expiry, cancellation or termination of the **service company agreement**.

8 Lloyd's powers

When requested by Lloyd's (or its representative or agent) we will do the following:

- i answer any questions and provide any information, documents, books, records and other materials which, in the opinion of Lloyd's (or its representative or agent) relates or purports to relate either to the operation of a **service company agreement** or to our ongoing registration as an **service company**;
- ii give Lloyd's (or its representative or agent) all reasonable facilities in our premises in order to examine such materials; and
- iii provide to Lloyd's any undertakings or declarations which, in the opinion of Lloyd's (or its representative or agent) Lloyd's believes to be necessary or appropriate.

9 Miscellaneous

- 9.1 We will immediately notify our associated Lloyd's **managing agent** and Lloyd's (as appropriate) of any matters which relate to us and of which the Lloyd's **managing agent**, or Lloyd's would reasonably expect notice. This shall include if there are any circumstances that would mean that we may cease to be eligible in accordance with Lloyd's rules to be classified as a "service company coverholder".
- 9.2 We acknowledge that any failure by us to comply with the terms of the rules or this undertaking may affect our continuing suitability to be classified as a **service company coverholder** and/or to remain on the register of **approved coverholders**.
- 9.3 We agree that Lloyd's (including its representative or agent) shall not be liable for breaches on our part of any provision in this undertaking and we further agree to indemnify Lloyd's against all costs, claims, demands or losses (including without limitation consequential losses and all interest, penalties and legal and other professional costs and expenses) which Lloyd's may incur as a result of breach of this undertaking by us.

10 Data protection

- 10.1 By providing this undertaking we also confirm that we wish to remain on the register of **approved coverholders** as a classified **service company coverholder** and that we have read and accepted the terms regarding the use of personal and business sensitive data as set out in Appendix 1 of this form. We confirm that we are authorised by our employees or other individuals to provide their personal data as necessary, and to make statements on their behalf.
- 10.2 We understand and agree that Lloyd's may for the purposes described in Appendix 1, transfer personal data to individuals and organisations located outside the EEA in countries which may not provide legal protection of information which is equivalent to the protection provided in the United Kingdom. We hereby expressly consent to such personal data being disclosed to those parties identified in Appendix 1 and understand that details of the individuals, organisations and countries involved will be provided on request.
- 10.3 We acknowledge that, our name and address will be included in the public register of **approved coverholders** (as a **service company coverholder**).

11 Third party contract rights

None of the provisions of this undertaking shall be enforceable by any third party in accordance with The Contracts (Rights of Third Parties) Act 1999, or any other law which may be applicable in other jurisdictions, which would otherwise give a **person** who is not a party to a contract the right to enforce any of the provisions under this undertaking. Further, any failure to comply with this undertaking shall not invalidate or call into question any contract of insurance we enter into on behalf of a Lloyd's **managing agent**. The authority to enforce compliance with this undertaking will rest solely with Lloyd's.

12 Governing law

We irrevocably agree that this undertaking and all matters relating to our on-going approval shall be subject to the laws of England and irrevocably agree that the courts of England shall have exclusive jurisdiction to settle any dispute or controversy (of whatever nature) arising out of or relating to this undertaking or our on-going approval. Accordingly, any suit, action or proceedings arising out of or relating to this undertaking or our on-going approval shall be brought in such courts. The foregoing shall apply unless Lloyd's, in its absolute discretion, elects that the governing law and applicable courts shall be those of the jurisdiction in which we are domiciled or do business.

This undertaking must be signed by the managing director, chief executive or the principal of the **service company coverholder**. The Signatory must be authorised to sign this undertaking on behalf of the **service company coverholder**.

Name of **service company**
(company name):

Signature:

Name of person signing the
undertaking (in BLOCK
CAPITALS):

Position in your firm:

Date (day/month/year):

Appendix 1 – Important information about data protection

Data protection notice

1 Data controller

Any information related to delegated **underwriting** will be processed within the United Kingdom and so all personal information will be protected by the UK Data Protection Act 1998. For the purposes of this Act, Lloyd's is known as the data controller and holds information for the purposes set out in its notification to the Data Protection Commissioner. You can view this notification at www.dpr.gov.uk/search.html

2 Proposed uses of personal information

2.1 Lloyd's will classify information it receives from you (the "**service company coverholder**") including in any subsequent disclosures as either:

- class A information (which may be business-sensitive or personal information which will only be used by Lloyd's in line with the terms set out in 2.2 below); or
- class B information (which will be made publicly available as per paragraph 3 below).

2.2 Class A information supplied to Lloyd's by you and your sponsor will be used by the following.

- The Society including its representatives and agents. (This will include Lloyd's general representatives, attorneys in fact and Lloyd's agents.)
- Interested third parties such as Xchanging ins-sure services, Xchanging claims services and the Lloyd's Market Association (among others).

Lloyd's can use class A information for the purpose of monitoring your role as a **service company coverholder**.

2.3 Lloyd's may use all information provided in this form or elsewhere for any of the purposes set out in the Intermediaries Byelaw, the requirements made under that byelaw and subject to the confidentiality provisions in the Miscellaneous Provisions Byelaw (No 4 of 2006, Part B).

2.4 Lloyd's may check all the information it receives about you or your sponsor against the information held in Lloyd's records. In order to check the information, Lloyd's may need to contact you, your associated Lloyd's **managing agent** and any other relevant Lloyd's **managing agent** or **Lloyd's broker**.

3 Registers of service companies

3.1 Lloyd's will maintain a password-protected register of class A information which will be made available only to your associated Lloyd's **managing agent** (and any **Lloyd's broker**) which is/are party to your **service company agreement**.

Appendix 1 (continued)

- 3.2 Lloyd's will keep a public register of class B non-sensitive business information on **service company coverholders**. This register will give your name and address as an **service company** and details of the jurisdiction in which you are domiciled. This public register will be available on www.lloyds.com

4 Security and confidentiality of information

- 4.1 All information obtained from you or the sponsor, and any information about you or the sponsor as a result of any other application you or the sponsor has made to, or any other agreement you or the sponsor may have with, Lloyd's or authorised parties, will be securely held by Lloyd's and its agents on paper or on computer (or both).
- 4.2 Information may be stored on a secure password-protected database which can be accessed through the internet or Lloyd's intranet. By virtue of the internet, the database may be accessed worldwide by authorised parties.
- 4.3 Lloyd's will treat personal information as confidential (even if you cease to be an **approved coverholder** and/or classified as a **service company coverholder**). However, the information that appears on the Lloyd's register of **service companies** will be publicly available (as explained at 3.1 and 3.2 on the previous page).

5 Disclosure

Except as previously explained, nothing about your on-going approval will be disclosed to anyone other than those listed in 2 of this appendix unless:

- the requirements of the Council, including the confidentiality provisions in the Miscellaneous Provisions Byelaw (No 4 of 2006, Part B) permits such disclosure; or
- you or your sponsor (as appropriate) requests, or consents to, Lloyd's disclosing the information.

6 Access to information

- 6.1 **Service company coverholders**, sponsors and their directors, partners and employees have the right of access to the personal data Lloyd's and its associates hold about them. They also have the right to prevent it from being used for direct marketing purposes.
- 6.2 Enquiries relating to the use of personal data should be addressed to:

Data Protection Officer
Compliance
Lloyd's
One Lime Street
London
EC3M 7HA
United Kingdom.