



## **Professional Indemnity Insurance**

### **Finance Brokers**

## **THE INSURANCE ACT AND THE DUTY OF FAIR PRESENTATION**

The Insurance Act provides clarity around what information a purchaser of insurance has to provide to the insurer, which of their staff is responsible for doing that and to whom they have to provide it. The new duty is now described as a 'duty of fair presentation', effectively requiring non-consumer policyholders to undertake a reasonable search of information available to them, and defining what a policyholder knows or ought to know. It is important to note that 'entering into an insurance contract' includes not only the main policy and each renewal of it, but any variations or amendments. Each time a contract is varied, the duty arises afresh in relation to that variation.

### **Fair Presentation and Material Circumstances**

Before the insurance policy takes effect you have a duty to make a fair presentation of the risk to be insured under the insurance policy.

A *fair presentation of the risk* is one:

- which;
  - a) discloses to the Insurer every material circumstance which the proposer knows of or ought to know of, or failing that;
  - b) disclosure which gives the Insurer sufficient information to put the Insurer on notice that it will need to make further enquiries for the purposes of revealing those material circumstances; or
- disclosure which would be reasonably clear and accessible to the Insurer; and;
- in which every material representation as to a matter of fact is substantially correct, and every material representation as to a matter of expectation or belief is made in good faith.

The proposal form will form the basis of a contract between you and the Insurer. Inaccuracies or misrepresentations could lead to the policy being voided, and/or a claim being refused. If you have any doubt whether particular information or a material circumstance is relevant to Insurer's ability to underwrite your application for insurance, you should declare the information as soon as possible. A *material circumstance* is one that would influence the Insurer's decision as to whether or not to agree to insure you. If you are in any doubt as to whether a circumstance is material, you should immediately disclose it to the Insurer.

### **Remedies**

Importantly, the Act introduces a new system of proportionate remedies where the duty to make a fair presentation has been breached. The ability to avoid will be retained in some cases where the insured breaches the duty to make a fair presentation in relation to disclosure/misrepresentation – see brief details below of how Remedies will apply.

### **Remedies for Material Non-Disclosure or Misrepresentation**

Consequences of a deliberate or reckless breach may be:

- a) the insurer may avoid the contract and refuse all claims; and
- b) need not return any of the premiums paid

For example, an insured deliberately conceals known and material information from its presentation of the risk and does not even provide sufficient information to put the insurer on enquiry, making it an unfair presentation. This entitles avoidance but with no obligation to return premium.

### **Proportionate Remedies; for non-deliberate or reckless breaches**

1. If the insurer would not have entered into the contract on any terms: the insurer may avoid the contract and refuse all claims but must in that event return the premiums paid.
2. If the insurer would have entered into the contract but on different terms (other than terms relating to the premium): the contract is to be treated as if it had been entered into on those different terms if the insurer so requires, even if the insured would never have accepted such terms.
3. In addition, if the insurer would have entered into the contract but would have charged a higher premium (whether the terms relating to matters other than the premium would have been the same or different): the insurer may reduce proportionately the amount to be paid on a claim.

In sub-paragraph (3) above, 'reduce proportionately' means that the insurer need only pay on the claim X% of what it would otherwise have been under the terms of the contract (or, if applicable, under the different terms provided for by virtue of paragraph 2, because 2 and 3 can apply together). The calculation is as follows:

$$X = \frac{\text{Premium actually charged}}{\text{Higher Premium}} \times 100$$

### **Insurers Remedies for Fraudulent Claims**

The Act provides the insurer with clear statutory remedies when a policyholder submits a fraudulent claim. If a claim is tainted by fraud, the policyholder forfeits the whole claim, they cannot recover the part of the claim that would genuinely have been payable.

The Act also provides that the insurer may refuse any claim arising after the fraudulent act and can serve notice that it is treating the contract as terminated from the date the offence was committed. However, previous valid claims arising prior to the fraudulent act are unaffected.

The insurer need not return premium following notice of termination based upon the submission of a fraudulent claim.

**If you need further clarification on the Insurance Act 2015 please do not hesitate to contact your Broker.**

## Finance Brokers - Guide to Completing this Proposal Form

**When submitting this proposal form to your Broker or to The PI Desk, please make sure 'YOU' ('you' means the proposer/the firm & its staff entitled to indemnity under this insurance contract) answer all questions fully leaving no blank spaces (if necessary comment as N/A, 'not applicable' or 'none'). If the form is not satisfactorily completed we will not provide any terms but may make further enquiries of you or will automatically decline.**

If there is insufficient space to complete all answers, please continue at the end of the form or provide additional information on the firms headed paper. Providing as much information as possible will help underwriters to understand the business and enable Insurers to offer terms quickly. Failure to provide underwriters with relevant information in an appropriate manner may adversely influence the ability of Insurers to offer suitable terms.

The form must be signed and dated by a Director, Partner or Principal or an identified Officer of the proposing entity.

Insurance cover is not effective until the underwriters and/or Insurers have accepted a proposal form and any terms and payment method offered to the proposer have been accepted in writing.

If the proposer has not been trading for at least 3 years in this profession, please enclose CV's of all Directors, Partners and/or Principals. If the proposer is a new start-up please provide full details of past experience, qualifications along with the CV's.

Where available, email addresses, web site addresses, brochures, the proposer's standard contract conditions and/or agreements should be provided to assist the underwriting process.

### Claims and/or Claims Circumstances

If the proposing firm has received any complaint(s) or claim(s) or is aware of any circumstance(s) that may give rise to a claim please provide full details and forward a complaints/claims log in a durable format which has been fully completed; is up to date and which should incorporate all complaints/claims from inception of the business. Please also include any complaints/claims notified to any predecessor firm and/or whilst conducting business for or on behalf of any other firm.

Professional Indemnity (PI) policies respond on a claims-made basis, which means that cover is only provided for matters arising where Professional Indemnity Insurance is in force at the time of the notification of a complaint or claim to Insurers. Where a retroactive date is noted on the policy certificate/schedule, then no cover is provided for any matter arising from business conducted prior to the retroactive date. If a PI policy is allowed to lapse at renewal or mid-term due to unpaid premiums then cover is automatically cancelled and no cover is provided in any event.

Please note that Professional Indemnity Insurance schedules/certificates are issued as annual contracts and you cannot cancel the Insurance mid-term unless specifically agreed by Underwriters.

### New Business Start Up Venture

If this proposal form relates to a new business startup, please complete the questions by giving your best estimated information for your first year of trading. When estimating your projected fee income, we recommend that you provide a realistic estimate of what you think is achievable based on your business plan. If you exceed your projections the policy cover/limits can be amended.

### Retroactive Cover

It is very important that you provide details of any retroactive date applying to your business. Where a retroactive date is stated on your expiring policy schedule, this will be applied on the quotation document and thereafter the policy schedule. In this event, the policy will only provide indemnity for claims arising from activities/work declared to the Insurer and which has been undertaken on or after the retroactive date shown. It is your responsibility to ensure that there is no work or liabilities arising from work undertaken prior to the retroactive date which needs to be covered under your policy.

### Predecessor Companies and/or Partners, Principals Previous Businesses

If cover is required in respect of liabilities arising out of predecessor companies or any partners, principals previous businesses, please include full written details within the proposal form. If there is insufficient space to provide this information, please include an additional page, covering letter or email with full details.

### Limits of Indemnity

You must arrange and maintain a limit of indemnity that is adequate to meet your requirements (and/or regulatory requirements) and any claims that may be brought against you both now and in the future. If you are subject to a minimum requirement by your professional body you must not take this as being adequate and the level of cover should meet the protection requirements of you and your business. We can provide quotations for any limit you request but will not accept any responsibility for the choice you make. If you are in any doubt as to what limit of indemnity will meet your business needs then please discuss this with your broker.

**If you require any assistance in completing this form please contact your Insurance Broker in the first instance.**

**Please note that we will communicate with you preferably by email so please provide a valid and regularly used email address.**

## Submission / Contact Details

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Email the completed form to the Insurance Intermediary/Broker dealing with your Professional Indemnity Insurance

Alternatively if you are dealing with the PI Desk Ltd, email to: [enquiries@thepidesk.co.uk](mailto:enquiries@thepidesk.co.uk)

Fax to: 0114 242 2372 or

Post to: The PI Desk Ltd, Suite B, Sheffield Business Centre, Europa Link, Sheffield, South Yorkshire, S9 1XZ

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For all Underwriting queries call on: 0114 242 1176

Larger cases, claims or technical queries contact: [roger.crowther@thepidesk.co.uk](mailto:roger.crowther@thepidesk.co.uk)

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# Professional Indemnity Proposal Form Finance Brokers

Please print your answers clearly to assist the Insurers' consideration of the proposal

## 1 – General Information

Contact Name			
Name(s) of Proposer/Firm to be Insured			
Trading Address			
Date firm established			
email:			
Web Site:			
Telephone:		Mobile:	

This insurance can be extended to include associated, subsidiary and predecessor businesses, or the previous Business activities of any Principal, provided that they are listed below or on a separates sheet and all the information you give in this proposal form relates to all the companies named:

Name of Business	Location (City/Town)	Nature or Operation of Business	Dates Trading from / to

## 2 – Details of Principals / Staff

Full Names of Sole Trader / Directors / Partners	D.O.B	Qualifications	Number of years in this capacity (in this firm)

Does the firm have at least 3 years experience trading in this profession? Yes  No

If this is a new start up business and/or where any Principal has less than 3 years experience please attach full CV's

Please state the total number of: (including part time workers)

Principals, Partners, Directors	
Technical / Sales Staff / Consultants (excluding Administration staff)	
Self Employed Individuals	
Appointed Representatives or IAR's– Please list at the end of the form	
Administrative and all other staff	

## 3 – Professional Associations

Are you regulated by the Financial Conduct Authority?	Yes <input type="checkbox"/> No <input type="checkbox"/>	FCA Number:
What are your FCA permissions?	Consumer Credit Permissions only <input type="checkbox"/>	MCD Credit Intermediary or Full Permissions <input type="checkbox"/>
Are you a member of any Professional Body or Trade Association?	Yes <input type="checkbox"/> No <input type="checkbox"/>	Please State

#### 4 – Gross Income/Fees – Financial Information

- a) Please give the amount of the total Gross Brokerage, Commissions and Fees received by the firm for the last 4 financial years shown in your prepared accounts as well as an estimate for the current year – This should include all the gross income generated by Appointed Representatives (Please do not insert Nett Profit figures )

	Please insert ALL Actual Year Ends (dd mm yyyy)	Gross Turnover
Last Complete Financial Year		£
Previous Financial Year end		£
Previous Financial Year end		£
Previous Financial Year end		£
Please advise/estimate what the firm expects to receive to the next financial year end. This should include the total gross brokerage/commission/fee income the firm expects to achieve to the next year end.		£

- b. In respect of the above declared income(s) please split your activities by percentage and state the approximate number of cases completed for each of the following activities conducted in the last financial year - if you are a new start up business show projected number in your target market for the next 12 months. (Please ensure the total equals 100%).

	Approx. % of Turnover	Approx. No. of cases
Buy to Let Mortgages – Residential	%	Cases
Commercial Property Mortgages / Loans/Finance	%	Cases
Industrial Unit Business Mortgages / Loans/Finance	%	Cases
Business Finance / Refinance / Consolidation & Associated Consultancy	%	Cases
Secured Loans	%	Cases
Unsecured Loans	%	Cases
Bridging Loans	%	Cases
Asset Finance	%	Cases
Development Finance	%	Cases
Crowd Funding / Peer to Peer Finance	%	Cases
Coronavirus Business Interruption / Recovery Loan Scheme	%	Cases
Vehicle Finance, Hire Purchase, Leasing, PC Purchase / PC Hire (Motor Trade)	%	Cases
Commercial Vehicle / Fleet / Lease / Business / Finance	%	Cases
Hire Purchase & Finance Leasing (Heavy Plant, Agricultural etc)	%	Cases
Invoice Factoring / Discounting	%	Cases
Other – If your work/activities cannot be identified above please give an accurate description of your professional services below or at the end of the form:-	%	Cases
	100 %	

- c. Please give the THREE largest Loan value cases transacted in the last three years
- | Type of Loan / Transaction | Size of Loan |
|----------------------------|--------------|
| Type of Loan / Transaction | £            |
| Type of Loan / Transaction | £            |
| Type of Loan / Transaction | £            |
- d. Please give the average Loan value in respect of all business transacted in the last three years
- |  |   |
|--|---|
|  | £ |
|--|---|

e. Changes to Business:

Have any major changes in the firm's activities/structure taken place in the past twelve months? Yes  No

Are any major changes in the firm's split of activities/structure/fee growth expected in the next twelve months that underwriters should consider? Yes  No

If Yes to any question in this section, please provide further information below.

## 5 – Overseas Business/Clients

*Please provide full details*

a) Has the firm ever arranged or does it expect to arrange any Mortgage or Loan for British Expats? Yes  No

b) Has the firm ever arranged or does it expect to arrange any Mortgage or Loan for non-UK passport holders living overseas? Yes  No

c) Are all Mortgages / Loans arranged via a UK Lender and repaid from a UK bank account for a property or business physically situated in the UK? Yes  No

d) Has the firm **ever** conducted business with non-UK based Lenders / Financial Institutions or transacted any business in relation to any overseas based property? If YES, please provide full details in the space below or at the end of the form. Yes  No

e) Has the firm ever conducted or intends to conduct business with any clients connected with Russia, Belarus or the Ukraine and/or connected with Russian Oligarchs and/or with any Politically Exposed Persons and/or with anyone from Sanctioned countries? If YES, please provide full details in the space below or at the end of the form. Yes  No

f) If ANY business is transacted with British Expats, please describe the full compliance process and how such business is conducted below, confirm 100% of cases undergo peer review and go through full Identity, KYC, AML and Sanctions checks and are signed off by the principal of the firm.

## 6 – Risk Management

- a. Are you involved in the Lending of your own Funds? Yes  No
- b. Are you involved in the Lending of your own funds via Crowd Funding platforms? Yes  No
- c. Do you act as a Packager or Correspondent Lender for other Financial Institutions? Yes  No

If YES to a. or b. or c. above what processes do you have in place to prevent financial crime

- d. What is the total amount of your own Lending (if any) in the last 12 months? £

- e. In all cases do you take steps to ensure that you adequately understand your client's requirements? Yes  No
- f. In respect of any activity - when engaging with customers, do you issue standard terms of business, form of contract or engagement agreement in every case? Yes  No
- g. Can you confirm that you undertake KYC and AML checks on all borrowers and that the result of such checks will be held on file? Yes  No

If No to any of the above 3 questions in this section please provide further details of your processes

- h. If you were to take on new staff, would you always conduct thorough due diligence and obtain written references when engaging new partners, directors, employees and/or self-employed agents? Yes  No

- i. Has the Firm, any past or present Partner, Principal, Director or Employee or other individual therein ever been subject to any Regulatory or Trade Association disciplinary procedures, enforcement action or been required to undertake any remedial action in the conduct of any business activities? Yes  No   
If Yes, please provide further details at the end of the form.

- j. Can you confirm that for the classes of business conducted you operate good practice and that all staff are suitably trained to transact the sale of those products declared within this proposal form? Yes  No

- k. Can you confirm that for the classes of business conducted you hold copies of all client files indefinitely in a durable and reproducible format and that such files provide a clear audit trail demonstrating that any product arranged was suitable for the client and met their specific requirements? Yes  No   
If you cannot confirm that you operate such procedures, please detail why in the notes section at the end of the form.

## 7 – Principals/Directors/Employees & Associated Companies

- a. Has any Partner, Principal, Director or Employee ever been convicted of any criminal offence, been made personally bankrupt or been associated with any business which has had to cease trading? Yes  No
- b. In respect of this or any other company, has the business discharged any employee or severed any relationships with any partner or director within the last 10 years? Yes  No
- c. Does the Proposer undertake work for any Associated Company, Partnership, Company or Organisation in which he/she or any Partner, Principal, Director or Employee holds a position whereby he/she is able to make major decisions on behalf of such Partnership, Company or Organisation? Yes  No

If Yes to any of the above 3 questions in this section please provide further details

- d. What percentage of income (if any) is derived from Associated Companies as detailed above?  %

- e. Is cover required for any work for Associated Companies? (Cover is restricted to claims made by independent third parties) Yes  No

## 8 – Current / Previous Coverage

a. Has this business been previously insured for professional Indemnity? Yes  No

How many years have you held continuous cover? Years

b. Please provide details below of your current insurer for the last 12 months:

Name of Insurer:	
Limit of Indemnity (state whether aggregate or any one claim basis)	£
Self-Insured Excess:	£
Renewal Date:	
Retroactive Date (located on current policy schedule):	
Annual Premium Paid (excluding IPT):	£

Please attach a copy of your current schedule if this is easier

## 9 – Limit of Indemnity required for this Professional Indemnity insurance

Please select/tick the level of indemnity required to meet your trade body or regulatory requirements :

£250,000 in the aggregate	<input type="checkbox"/>	
£500,000 in the aggregate	<input type="checkbox"/>	
£450,000 any one claim limited to £750,000 in the aggregate	<input type="checkbox"/>	<i>Minimum required for FCA regulated MCD Credit Intermediaries</i>
£1 million in the aggregate	<input type="checkbox"/>	
£2 million in the aggregate	<input type="checkbox"/>	
Other	<input type="checkbox"/>	Please provide amount £

Please insert the level of excess you require – (this is the amount you pay on each claim) £

(Please note that Underwriters will require minimum limits and excesses, depending on size and type of work undertaken)

## 10 – Claims History

a. Whether successful or not - Has the firm ever received any complaints or claims for any alleged negligent act, error or omission? If yes, please provide details at the end of the form and/or provide your up-to-date complaints/claims register. Yes  No

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b. In all its trading years, has the firm ever received any Subject Access Requests for any Mortgage, Loan or other Finance Contract? If yes, please provide full information at the end of the form and/or provide your up-to-date complaints/claims register. Yes  No

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c. Are any of the partners, Directors, Principals or employees, after full enquiry of all areas of the proposer's business, aware of any matter or circumstances that may give rise to a claim against the firm, its predecessors in business or any present or past partner, principal, director or employee? Yes  No

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d. Has any previous Insurer, declined a proposal for renewal for this firm or any director / principal / partner, imposed special terms, cancelled any insurance or been unable to offer renewal terms for any reason? Yes  No

If Yes to any part of the above question - please give full details below or on the Supplementary sheet at the end of the form and provide a full up to date Complaints/Claims register showing amounts paid and status



**11 - When do you want this Insurance to start (Insert start date or tick one other box - do not backdate)**

Start Date:  Or on renewal date of your existing TPIDL PI Insurance  Or T.B.A.

**12 – Declaration**

Please read the following carefully

**Data Protection**

At The PI Desk Ltd we recognise our responsibility to treat your personal information with care and to comply with all relevant legislation. For full details please refer to our Privacy Notice which governs how we use and protect your personal information. The Privacy Notice will be provided with any quotation but in the meantime it is available on request or can be obtained from our website [www.thepidesk.co.uk](http://www.thepidesk.co.uk).

**Duty of Fair Presentation and Disclosure of Material Circumstances:**

Since an Insurance Contract is based upon the Duty of Fair Presentation, it is important that those seeking Insurance should provide full disclosure of any material circumstance to Insurers and that any changes to this information should be updated throughout the period of insurance. The Courts will find a circumstance to be 'material' where it would affect the judgement of a prudent Insurer as to whether or not to accept the risk at the particular terms offered. You are reminded that if you are in doubt whether or not any circumstance is material we recommend that you disclose the information to Insurers.

**Declaration**

I hereby confirm that I am authorised to complete this proposal form on behalf of all parties entitled to coverage under this insurance and understand that signing this proposal form does not bind the Proposer or the Insurer to complete and/or enter into any binding contract of insurance.

I declare that all Principals, Partners and/or Directors have read, understood and agreed that all the statements and particulars given, including those answers written for me by any other person and that to the best of my/our knowledge and belief, the contents of this proposal form, all attached additional information and other particulars which have been given separately to Underwriters and/or Insurers by me or our agents are true and complete and that no material circumstances have been omitted, suppressed, misrepresented, or misstated.

I undertake to inform the Underwriters and/or Insurers of the change to any material circumstance that occurs prior to the point at which this insurance contract has been agreed and/or prior to the inception of the policy.

I agree that Underwriters and/or the Insurers may contact any previous Insurers for further information and/or clarification if required.

Full Name:  Position:   
 Signature:  Date:

**N.B. APPLICATIONS MUST BE SIGNED WITHIN 30 DAYS OF THE PROPOSED START DATE AND CANNOT BE BACK DATED**

***Please take a couple of minutes to check the information on the proposal form and always save a copy for your records***

Please use this space for additional information including any AR's requiring cover

**Complaints**

Name of Complainant	Date notified	Product type / Nature of complaint	Status – Open/Closed & amount paid

General Complaints Information