

INITIAL DISCLOSURE DOCUMENT (IDD) - IMPORTANT INFORMATION

What is the purpose of this document?

This document sets out important information about who we are, the services we provide and the terms on which we agree to act for you and details of our statutory and regulatory duties.

This document will supersede any IDD or terms of business agreement that we may have previously sent to you. It is important that you read this document carefully as it contains details of our statutory responsibilities and your contractual obligations. If there is anything that you do not understand you should inform us otherwise we will assume you are providing informed consent to these terms.

References in this document to 'we', 'us', and 'our' shall mean Discount Insurance, a trading name of Arthur J. Gallagher Insurance Brokers Limited and references to 'insurers' shall include insurers, underwriters, managing agents and, where applicable, reinsurers with whom we place business.

Who are we?

Discount Insurance is a trading name of Arthur J. Gallagher Insurance Brokers Limited which is a company incorporated in Scotland (registered number SC108909) whose registered office is at Spectrum Building, 55 Blythswood Street, Glasgow G27AT. You can find out more about us at www.ajginternational.com.

Who regulates us?

We are authorised and regulated by the Financial Conduct Authority (FCA). The FCA is the independent watchdog that regulates the provision of financial services. Our registration number is 311786. We are permitted by the FCA to act as a general insurance intermediary, to arrange credit and collect payments. You can check these details by visiting the FCA's website (www.fca.org.uk/register) or by contacting the FCA on 0800 111 6768.

Whose products do we offer?

We only offer products from a limited panel of insurers, a list of which is available upon request.

For Tenants Liability, Static Caravan, Touring Caravan and Military Kit insurance we only offer cover from a single provider

We only offer products from a single insurer for any optional ancillary products.

We may place your insurance using alternative access to insurers, including through our managing general agents, which may include our group managing general agent, Pen Underwriting and our other group companies who may have similar arrangements with insurers. Please see the section headed **Conflicts of Interest** for further information.

What service(s) can we provide to you?

Our services to you may include (but are not restricted to): arranging insurance policies with insurers in order to meet your needs, helping you to make changes to your insurance policy, providing assistance to you in submitting a claim and any other related services. In certain circumstances, insurers may have delegated authority to us to carry out certain activities, such as binding risks, handling claims or issuing documents.

We will be acting on a 'non-advised' basis; this means that we are happy to offer you information about the features and benefits of our products and services so you can decide which of these best suits your requirements. We are acting as the agent of the insurer and this is why we will not be making a recommendation to you about which insurance you should select.

How are we paid for our services?

Payment for our services may be by way of:

- a) Brokerage/commission, which is a percentage of the insurance premium paid by you and given to us by the insurers with whom we place your business; or
- b) Administration charges in addition to any insurance premiums for the administration, arranging, amending, renewing and cancelling of any policy of insurance.

Payment for our services may be a combination of a) and b).

Details of any fees/charges will be declared to you in advance of them being incurred so that you are able to make an informed decision. Unless we specifically agree otherwise, brokerage/commission and fees are earned when we arrange an insurance policy for you, or in the case of any other service when we commence providing that service to you. This means that if the insurance policy is subsequently terminated, amended or cancelled, you may not get back the full amount you paid, subject to any statutory cooling off rights you may have.

We may receive additional payments such as a profit share or profit commission from insurers, for instance, from insurers payable under a delegated underwriting authority or other facility or individual contract in recognition of overall profitability. We may also earn income from arranging premium finance. We may also earn income from insurers or other sources in other ways. For example, we may receive income from insurers for ancillary services provided solely on their behalf. Upon request, we will be pleased to provide details of any income we are due or have received as a result of placing your business.

Premium Finance Arrangements

Where you decide to enter into a credit scheme for the payment of premium, you will receive separate terms and conditions from the relevant premium finance company or insurer which will govern that arrangement. You agree that, in accordance with the terms of any such credit scheme or otherwise, we may instruct your insurer to cancel your policy if you are in default under the credit scheme and that any return premium or other payment due from the insurer may be applied to discharge your liability or liability we have assumed on your behalf, under the credit scheme without further reference to you. Where you have instructed us to obtain insurance on your behalf, to the extent that we are required to meet your premium payment obligations, we reserve the right to recover those monies from you.

Conflicts of Interest

Circumstances may arise where we have a conflict of interest between us (including our managers, employees or agents) or another of our group companies and you, or between you and another of our clients. We always aim to treat you fairly and avoid conflicts of interest. We never deliberately put ourselves in a position where our interests, or our duty to another party, prevent us from discharging our duty to you.

We may arrange insurance for you through another company in the Arthur J. Gallagher group which acts on behalf of one or more insurers. An example may include the use of underwriting teams within Pen Underwriting Limited. In arranging an insurance solution that meets your demands and needs, we will ensure that our duty to you does not conflict with the duties that an Arthur J. Gallagher group company owes to the insurers that it represents.

Your Policy Documentation

You will receive written terms and conditions of any insurance policy we arrange for you. Please check these documents and advise us as soon as reasonably practicable if the terms of the cover arranged are not in accordance with your requirements. Please pay special attention to the claims notification provisions and to any warranties and conditions as any failure to comply with these terms may invalidate your cover.

What to do if you have a complaint

We are committed to delivering the highest standards of customer care and we have procedures in place to investigate complaints. You should contact us in the first instance and we will try to resolve your complaint within three working days.

By e-mail: info@discountinsurance.co.uk

By telephone: 020 8847 8000

In writing: Discount Insurance, 27 Great West Road, Brentford, London, TW8 9BW

If we are unable to resolve your complaint after three working days, your complaint will be passed to our central complaints team

We are committed to delivering the highest standards of customer care and we have procedures in place to investigate complaints. We undertake to:

- Try and resolve the complaint within 3 working days and write to you confirming if we have done so;
- Acknowledge any formal complaints promptly;
- Respond fully to your concern or complaint within four weeks or less. If for any reason this is not possible, we will write to you to explain why we have been unable to conclude the matter quickly. If we have been unable to resolve your complaint in eight weeks, we will write to you explaining the reason as to why this has not been possible. We will also advise you of your right to refer your complaint to the Financial Ombudsman Service (if applicable).

Lloyd's of London

If we are unable to resolve a complaint which relates to the performance of your policy or the insurer, and your policy is underwritten at Lloyd's, you may refer your complaint to Lloyd's for review. Lloyd's' contact details are below, and further information on the referral process can be found on the Lloyd's website.

Address: Lloyd's Complaints Team, One Lime Street, London. EC3M 7HA

Telephone: 020 7327 5693 (calls to this number are free from "fixed lines" in the UK) or 0300 123 9123 (calls to this number are charged at the same rate as 01 and 02 numbers on mobile phone tariffs in the UK).

Email: complaints@Lloyds.com

Website: www.lloyds.com/complaints

Financial Ombudsman Service

If you still feel that we have not been able to resolve the matter to your satisfaction, after this process you may have the right (subject to eligibility) to refer your complaint to the Financial Ombudsman Service; the address is:

The Financial Ombudsman Service
Exchange Tower
London E14 9SR
Telephone: 0800 0234 567 (from landline)
Telephone: 0300 123 9 123 (from mobile)
Email: complaint.info@financial-ombudsman.org.uk

Whether or not you make a complaint to us and/or refer your complaint to the Financial Ombudsman Service, your statutory right to take legal action will not be affected.

Online Dispute Resolution Platform

The European Commission has established an Online Dispute Resolution Platform (ODR Platform) <http://ec.europa.eu/consumers/odr> that is specifically designed to help EU consumers who have bought goods or services online from a trader based elsewhere in the EU and subsequently has a problem with that online purchase.

The ODR platform will refer your complaint to the Financial Ombudsman Service which will then pass it on to Arthur J. Gallagher.

Are we covered by the Financial Services Compensation Scheme (FSCS)?

You may be entitled to compensation from the Financial Services Compensation Scheme ('FSCS') should we be unable to meet our obligations and subject to eligibility. Details of the circumstances in which you can make a claim – and instructions on how to do so – can be found on the FSCS website: <http://www.fscs.org.uk>. Separately, your insurer and/or you may be covered by a different compensation scheme.

How your money is handled

In our role as intermediary between you and your insurer, we may hold money either paid by you to be passed on to your insurer or paid to us by your insurer to be passed on to you. For your protection, money received from you, or money to be paid to you, will be held by us in accordance with FCA rules.

Where we have an agreement with your insurer to hold money as their agent, any premiums you pay to us are treated as having been received by the insurer as soon as they are received by us. Claims payments and/or premium refunds are treated as received by you when they are actually paid to you. Where we receive monies as agent of your insurer, we can only deal with that money in accordance with the instructions of the insurer. This means that, for example, if you want us to return such monies to you, we can only do so with the agreement of the insurer.

Where we do not have an agreement with your insurer to hold money as their agent, we will hold premiums you pay to us as your agent. Money we receive from your insurer which is payable to you will be your property whilst we hold it. Money we hold as your agent is referred to as "Client Money". FCA rules require us to keep Client Money separate from our own money. We hold Client Money with an approved bank, segregated in a client account subject to a Non-Statutory Trust ("NST"). The aim of the NST is to protect you in the event of our financial failure.

We may invest Client Money held in the NST in accordance with FCA rules relating to Client Money. If we do invest money in this way, we will be responsible for meeting any shortfall in the value of the investments at the time of their realisation. Any interest or profits earned on Client Money held by us will be retained by us for our own use, rather than paid to you.

How do we maintain your privacy?

We are the data controller of any personal data you provide to us. We collect and process personal data in order to offer and provide insurance services and policies and to process claims. Personal data is also used for business purposes such as fraud prevention and detection, financial management, to generate risk modelling, conduct analytics including to advise, improve and develop our products and services and to comply with our legal and regulatory obligations. This may involve sharing information with, and obtaining information from, our group companies and third parties such as (re)insurers, other brokers, loss adjusters, credit reference agencies, service providers, professional advisors, our regulators or fraud prevention agencies. We may record telephone calls to help us to monitor and improve the service we provide as well as for regulatory purposes.

Please see our Privacy Notice for further information on how your personal data is used, shared, disclosed and retained, your rights in relation to your personal data and how to contact our Data Protection Officer. Our Privacy Notice can be found at <https://www.ajg.com/uk/brokerage-privacy-policy/>. From time to time we may make important updates to our Privacy Notice and these may in turn affect the way we use and handle your data. Please ensure you review our Privacy Notice periodically to ensure you are aware of any changes.

If you are providing us with personal data of another individual that would be covered under the insurance policy we may be placing or services we may provide to you, you shall ensure that you have obtained all appropriate consents, where required, tell them you are providing their information to us and show them a copy of this notice. You must not share personal data with us that is not necessary for us to offer, provide or administer our services to you.

Termination

Without prejudice to any rights that have accrued under this agreement or any other rights or remedies, either party may terminate the services contemplated under this agreement by giving not less than 30 days' notice in writing to the other.

We are not required to act for you, or to continue to act for you, if we reasonably consider that to do so would put us in breach of, or would expose us or our affiliates to fines, penalties or sanctions under, any laws, regulations or professional rules. In such circumstances, we will be entitled to terminate our existing relationship with you with immediate effect and will not be responsible or liable to you for any direct or indirect loss which you or any other party may suffer as a result.

You may also have cancellation rights, including if applicable statutory rights, in respect of your insurance policy, details of which will be set out in separate documentation.

Financial Crime

You confirm that you will comply with all laws, statutes and regulations that apply to you relating to anti-bribery and corruption, including the UK Bribery Act 2010 and (if applicable) the US Foreign and Corrupt Practices Act 1977.

Please be aware that we are required to obtain adequate "Know Your Client" information about you. In order to prevent bribery, corruption, fraud or other financial crime, we may take further steps, including notification to the relevant authorities, carrying out status and credit checks using credit reference agencies, and other screening background checking as appropriate. The policies we arrange may include clauses on financial and trade sanctions, anti-money laundering and export controls; ("Sanctions"). You should take legal advice where necessary and pay special attention to relevant policy clauses.

To comply with financial crime or Sanctions requirements, we may be prohibited from providing broking or risk consulting services, including placement and claims handling services; may be required to take actions such as freezing the funds in which parties subject to Sanctions have an interest; or may make regulatory notifications or licence applications as required or appropriate in accordance with Sanctions. Your insurers and other third parties we deal with, such as financial institutions, may also apply their own policies or restrictions.

You acknowledge and agree that we reserve the right to take steps to comply with financial crime or Sanctions legislation (and we will not be liable to you for this or for similar steps taken by third parties). You should advise us of all of the countries connected to the (re)insurance you require. We reserve the right not to perform obligations under this agreement to the extent that this would be contrary to our commercial risk appetite or where performance would be impracticable including because of bank policies restricting the processing of premiums, claims funds or fees related to such countries or related parties.

Please be aware that we are generally restricted from providing broking, claims handling or other services that relate to Cuba and Iran - including because of significant difficulties in processing payments and other commercial and reputational considerations.

Your Disclosure Obligations

You are required to make a fair presentation of the risk to an insurer which discloses every material circumstance which you know or ought to know relating to the risk to be insured. This includes information known by your senior management and those responsible for arranging your insurance as well as information which would reasonably have been revealed by a reasonable search of information available to you. A circumstance is material if it would influence the judgment of a prudent insurer in determining whether to provide insurance for the risk and, if so, on what terms. Disclosure must be reasonably clear and accessible to a prudent insurer. Material representations of fact must be substantially correct and material representations of expectation/belief must be made in good faith. Failure to comply with the duty of fair presentation could mean that your policy of insurance is void or that insurers are not liable to pay all or part of your claim(s).

The above duty of disclosure is the applicable duty under the laws of England, Wales, Scotland and Northern Ireland. You may have different obligations if your policy of insurance is subject to a different law. As a minimum, we expect you to disclose your information in accordance with the duty set out above.

For Personal Lines Customers Only

Please note that the Consumer Insurance (Disclosures and Representations) Act 2012 governs your disclosure obligations with us and they are different to the obligations contained in this "Your obligations" section. You will find more information about your disclosure obligations and in your policy documentation.

Limitation of Liability

This section shall apply to all services which we provide to you pursuant to this agreement. If we or any of our group companies are liable to you in respect of any losses, liabilities, damages, costs, expenses or claims arising out of or in connection with the services (collectively "Losses") and (subject to the following paragraph) any other person is liable to you in respect of some or all of the same Losses (on any basis), our liability and that of our group companies in respect of such Losses shall be limited so as to be proportionate to the relative contribution of ourselves and our group companies having regard to the extent of responsibility of such other person for those Losses.

In determining the existence and extent of the responsibility of such other person for Losses for the purposes of the preceding paragraph, no account should be taken of any agreement limiting the amount of damages payable by such person or of any actual or possible shortfall in recovery of this amount (whether this is due to settling or limiting claims, or any other reason).

To the extent permissible under applicable laws, regulations or rules, the aggregate liability of ourselves and our group companies to you and your group companies in respect of all Losses however caused, including arising as a result of breach of contract or statutory duty, negligence or any other act or omission or breach of duty shall be limited to £10 million (ten million pounds), or such other amount in US \$ or any other currency that is specifically agreed with you in writing.

Notwithstanding the preceding paragraph, we and our group companies shall not be liable to you and your group companies, whether as a result of breach of contract or statutory duty, negligence or any other act or omission or breach of duty, for any loss of profit or any special, indirect or consequential Losses arising under or in connection with the services provided.

You agree that we and our group companies have a legitimate interest in limiting the exposure of our and our group companies' directors, officers and employees to litigation and that you will not bring or assist in bringing any claim against any of our or our group companies' directors, officers or employees in their personal capacity arising out of or in connection with the services provided.

The limitations of liability and exclusions contained in this section shall not apply to:

- any Losses or liabilities arising as a result of (a) fraud, willful default or gross negligence by us or any of our group companies; or (b) death or personal injury, in each case in jurisdictions where such limitations or exclusions would not be permitted under applicable laws, regulations or rules; or
- any of our (or our group companies') Losses or liabilities to the extent that the limitation or exclusion of such Losses or liabilities would not otherwise be permissible under applicable laws, regulations or rules.

For the avoidance of doubt this section shall be for the benefit of ourselves and our group companies and any of our or their respective directors, officers, employees or consultants involved in the provision of the services. Any such person shall be entitled to rely upon and enforce its terms.

This Limitation of liability does not apply to personal lines customers.

December 2020