

As a Property Management Company we have a large property portfolio and, whilst we are authorised to act as an intermediary, we choose to use the services of a broker who will have the experience and knowledge of the market place to place business on our behalf. We do not, therefore, act as an 'intermediary' in arranging the insurance cover for the properties we manage (i.e., no advice, we are not the 'broker') – we act as the property manager on behalf of our clients.

For the 2014 renewal of our block policy, we have carried out a review of our broker and Insurers. To do so we provided four brokers, including our existing broker, Willis, with details of our property schedule and details of claims paid under the policy. All brokers were asked to provide premium indications and the additional covers that could be made available to our clients.

A SUMMARY OF THE RESPONSES INCLUDING THE BROKERS AND INSURERS INVOLVED ARE AS FOLLOWS:

BROKER: WILLIS LIMITED
INSURER: ALLIANZ COMMERCIAL
PROPOSAL: The renewal proposal indicated a minimum of 3% increase for all properties with higher increases being applied to developments with claims. In addition a minimum premium would be applied. We were not provided with any options to offer increased cover.

BROKER: One Risk Ltd
INSURER: New India Assurance Co Ltd
PROPOSAL: Declined to provide a quotation

BROKER: One Risk Ltd
INSURER: Aviva
PROPOSAL: Renewal proposal indicated an overall 13% increase on 2013 premiums. We were advised additional covers relating to tenanted properties, unoccupied properties and a wider range of contents cover that would be available subject to additional premiums.

BROKER: Oval Insurance Broking Limited
INSURER: Royal & Sun Alliance
PROPOSAL: Declined to provide a quotation as they have not been competitive in the past.

BROKER: Oval Insurance Broking Limited
INSURER: Tokio Marine
PROPOSAL: Renewal proposal indicated a 27% overall increase on 2013 premiums.

BROKER: JLT Specialty Ltd
INSURER: Axa
PROPOSAL: Renewal proposal indicated an overall 40% increase on 2013 premiums

BROKER: JLT Specialty Ltd
INSURER: Zurich
PROPOSAL: Renewal proposal a 3% increase subject to claims experience with higher increases to apply to developments with high claims payments. A minimum premium of £100.00 applies for buildings insurance cover with increased covers available for tenanted and unoccupied properties. In addition they would review contents cover with a view to offering a reduced premium.

After a thorough evaluation, we appointed JLT Specialty Ltd as our broker in March 2014 and asked that they proceed with finalising quotations with Zurich based on all of our developments, including claims information.

We have a commitment from both JLT and Zurich that, whilst they may not be offering immediate savings, we can all work together to ensure long term savings are made, subject to claims experience.

YOUR SUM INSURED WILL INCREASE FROM RENEWAL BY 2.3% WHICH WILL IN TURN INCREASE YOUR PREMIUM FOR RENEWAL 2014

Index linking reflects the cost of inflation directly relating the associated cost of rebuilding a property. The most common index in the UK is the Royal Institution of Chartered Surveyors (RICS) rebuilding cost index, and this is what Ross & Liddell use. The RICS index is updated 3 months in arrears, so the index for February will be applied to renewals due in May.

The building sum insured that you select is increased by the insurer over the course of the policy year in line with the Retail Price Index (RPI). There is no additional charge for the increase during the policy year, but at renewal the new premium will be based on the inflated value. The index is based on an average of all house rebuilding cost and takes account of regional trends, labour and materials costs, through to demolition and surveyor costs.

POLICY WORDING / COVER

JLT have negotiated a policy wording with Zurich for R&L clients only with a brief summary of the changes as follows:

- Residential properties restricted to alternative accommodation only (loss of rental income is now available as an optional extension)
- Accidental damage by tenant (in addition to malicious damage) is excluded (now available as an optional extension)
- Cover now includes enhanced Glass and Loss of Rental income for business premises; as a result the additional policies for these covers will no longer be required
- Playground equipment can be included
- Full cover is available for unoccupied properties subject to an additional premium
- Whilst there are no major changes to the policy cover, we now have in place a simplified wording. A copy of the revised wording is available on our website www.ross-liddell.com or upon request from our insurance department. In the meantime Insurer Key Facts are attached which detail the main benefits and exclusions to the policy.

MINIMUM PREMIUMS NOW APPLY

Cover is now subject to a minimum premium of £100.00 per property; however this will not apply if your property is fully insured for the re-instatement costs of your property including proportion of common areas. Should you require a quotation to provide cover on the correct basis, please contact insurance dept who will be able to arrange a quotation for you.

POLICY EXCESSES

GLASS:
£50.00 each and every claim
PLAYGROUND EQUIPMENT
£500.00 each and every claim
PRIVATE CLAIMS:
Subsidence £1,000
Malicious damage £250.00
Escape of water £200.00
any other loss £100.00
COMMON AREA CLAIMS:
Subsidence £1,000
Malicious damage £250.00
Escape of water £300.00
any other loss £200.00

Additional excesses may be imposed if there is a high claims frequency at your development, you will be notified accordingly.

RESPONSIBILITY TO ENSURE YOUR SUM INSURED IS ADEQUATE

It is important to note that index linking does not guarantee that your sum insured is accurate and it is essential that your original rebuilding cost is calculated properly and that you continue to review the sum insured on a regular basis. You, as the owner of the property, need to ensure the building sum insured represent the full re-instatement cost of your property including common areas; failure to do so will result in a claim not being met in full.

DO I HAVE TO INSURE WITH ROSS & LIDDELL

The simple answer is yes if your title deeds stipulate that a common policy is required and that it must be arranged by your property manager. If your title deeds do not stipulate a common policy requirement, you should consider the benefits of a common policy; in particular, the cover for your legal liabilities arising out of the ownership of common areas. We would be happy to discuss this further with you.

UNOCCUPIED PROPERTIES DO NOT HAVE FULL COVER

Cover is reduced for any properties that are unoccupied for more than 30 consecutive days. The reduced cover excludes damage caused by theft, vandalism, malicious damage, burst pipes and leaking of oil. In addition, an unoccupied property condition applies to the policy.

Under the new policy, there is now the option to increase to full cover during periods of un-occupancy; however you must still comply with the unoccupied property condition which is detailed on your certificate of insurance and on our website.

UNOCCUPIED PROPERTY CONDITION

This is detailed within your certificate of insurance and must be strictly complied with at all times, failure to do so may result in a claim not being paid under the policy

TENANTED PROPERTIES DO NOT HAVE FULL COVER

Cover excludes malicious or accidental damage by tenants, and loss of residential rent. You now have the opportunity to include this cover up to a limit of £10,000 per property with loss of rent at 25% of the property building sum insured. The cover also extends to include Landlord contents up to £10,000, eviction of unlawful occupants up to £50,000 with loss of rent including the cost of re-letting. This extension is subject to £500.00 excess for each and every claim and is available to you at an annual cost of £75.00.

CONTENTS COVER

If you would like a quotation for contents insurance or any of the additional covers relating to unoccupied or tenanted properties, please contact Rita or Michelle in our Insurance department.

DEMANDS AND NEEDS STATEMENT

The products listed below meet the demands and needs of those wishing to benefit from the protections described (N.B. not all the covers will be relevant to you). These products allow you to choose a level of insurance cover from a range of options.

YOUR INSURANCE CERTIFICATE AND STATEMENTS SHOW:

- 1.the cover you have either selected; or
- 2.the cover that is a requirement in connection with the management and maintenance of your property.

The options selected will depend upon your own requirements and on circumstances such as the Title Deed(s) of your property, any requirements you may need to adhere to in order to comply with the decisions of the co-proprietors of the property, and the risk associated with the insured property.

You should check your insurance documents carefully to ensure you have the required cover.

Full details of all covers can be found in the policy document, a copy of which is available on our website www.ross-liddell.com or upon request to our Insurance Department on **0141 221 9266**.

Ross & Liddell has made no personal recommendations when arranging your insurance and, as detailed in our terms of business, no advice has been given or offered. (N.B. not all the covers will be relevant to you.)

— BUILDINGS COVER

The options include Comprehensive All Risks for Retail and Private Dwellings, Fire, Storm & Tempest depending on the property risk insured. Terrorism cover is also available.

— CONTENTS COVER

Cover is on a fully comprehensive, new for old basis; however a reduction is made for wear and tear on certain items. Cover can be extended to include personal possessions away from the home.

— LANDLORD'S COVER

This policy covers loss of or damage to contents and also extends to include malicious/accidental damage by tenant's.

— PROPERTY OWNERS LIABILITY

Property Owners Liability is in respect of legal liability for accidental injury (including death and disease) or accidental damage to material property.

— LIFT/ENGINEERING INSURANCE

Statutory inspection for boilers, lifts and associated equipment for which you as owners are responsible. Cover extends to include sudden and unforeseen damage.

BUILDING SUM INSURED

If you require guidance on the correct sum insured we suggest that you arrange for a professional valuation to be carried out. The cost of this, however, would be incurred by you. The sum Insured should represent the full rebuilding cost of your property as new, including your proportion of common areas and professional fees, removal of debris cost etc. It is the insured's responsibility to ensure that the amount represents the rebuilding cost of the property and we strongly recommend that you review your Sum Insured on a regular basis and make any necessary adjustments.



ACCEPTING OUR TERMS OF BUSINESS

By asking us to quote for, arrange or handle your insurances, you are providing your informed agreement to these Terms of Business. We draw your particular attention to:

- The section headed 'Use of personal data' and specifically the paragraph explaining how 'sensitive personal data' will be used.

For your own benefit and protection, you should read these terms carefully. If you are unsure about any aspect of our Terms of Business or have any questions regarding our relationship with you, please contact our Insurance Department located at the undernoted address :-

Ross & Liddell Ltd
60 St Enoch Square
GLASGOW G1 4AW
Tel: 0141 221 9266

E-Mail: insurance@ross-liddell.com

THE FINANCIAL CONDUCT AUTHORITY

Ross & Liddell Ltd is authorised and regulated by the Financial Conduct Authority (FCA). Our Financial Services Register number is 310429.

Our permitted business is introducing, arranging, advising, dealing as agent and assisting in the administration and performance of general insurance contracts.

You may check this on the Financial Services Register by visiting the FCA's website, www.fsa.gov.uk/register/ or by contacting the FCA on 0800 111 6768.

OUR SERVICE

We arrange your insurance on your behalf as your Property Manager but we do not offer advice, make any recommendation or act as an insurance intermediary when arranging your insurance. However, we may ask some questions to help us assess the type of property to be insured and the risks associated with the property. The assessment will be based on the information we may have as Managers of your property, together with any other information you may provide us with. This assessment may also include any requirement to insure your property as part of a common insurance policy, in accordance with the title deeds of your property, and will include consideration of the terms and conditions of the title deeds of your property, and any insurance in force over the whole of the common property.

If it is a requirement of the title deeds that a common insurance policy has to be in existence, then it may be that you will have no alternative but to participate in that policy.

With regards to claims, these should be notified to your Property Manager or our Insurance Dept who are based in Glasgow, who will handle the needs of the claimant subject to the policy terms and conditions.

OUR PRODUCT RANGE AND THE RANGE OF INSURERS USED

As your Property Manager we will arrange on your behalf insurance products recommended by our appointed independent brokers. Where these products are recommended from a limited choice of insurers or from a single insurer we will obtain information about which insurance companies they use and provide that to you on request.

Neither we nor our broker will, in any circumstances, guarantee the solvency of any insurer.

COMPLAINTS AND COMPENSATION

We aim to provide you with a high level of customer service at all times but, if you are not satisfied, please contact us at the undernoted address :-

Insurance Department
Ross & Liddell Ltd
60 St Enoch Square
GLASGOW G1 4AW
Tel: 0141 221 9266
E-Mail: inscomplaints@ross-liddell.com

When dealing with your complaint, we will follow our complaint handling procedures; a summary of these procedures is available on request or by visiting our website at www.ross-liddell.com.

THE FINANCIAL OMBUDSMAN SERVICE (FOS)

If we are unable to resolve your complaint to your satisfaction within eight weeks, or if you remain dissatisfied following receipt of our final response letter, you can ask the FOS to formally review your case. You must contact the FOS within six months of our final response. The FOS contact details are as follows: Financial Ombudsman Service South Quay Plaza 183 Marsh Wall London E14 9SR.

You can telephone on: 0845 080 1800 or e-mail: complaint.info@financialombudsman.org.uk

This is a free and impartial service and will not affect your legal rights. You are entitled to contact the FOS at any stage of your complaint.

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. If you are eligible to claim from the FSCS, compensation is available as follows:-

Insurance advising and arranging is covered for 90% of the claim, without any upper limit. For compulsory classes of insurance (such as Third Party Motor or Employers Liability), insurance advising and arranging is covered for 100% of the claim without any upper limit.

Further information about compensation scheme arrangements is available from the FSCS on 0800 678 1100 (Freephone) or 0207 741 4100 or www.fscs.org.uk.

PAYMENT FOR OUR SERVICES

- We do not charge you a fee for arranging your insurance, but we currently obtain a commission payment from the Insurers via our brokers. This reflects the amount of work undertaken by us which would normally be actioned by the insurance company. Such tasks include Policy production, monitoring of claims experience and collecting premiums.
- You will receive details of the insurance premium which will include insurance premium tax and VAT if applicable upon receipt of your cover request. The cost of insurance will be included within your statement which will be issued at least annually.
- Please note that payments received from clients in respect of accounts due to the company, either now or in the future, will be allocated in the following order:
 - Works and services already paid for by Ross & Liddell
 - Works and services in progress and to be paid for after completion of such works, or the provision of such services
 - Works and services instructed by Ross And Liddell at the date of payment by the client but not yet paid by Ross And Liddell
 - Works and services paid for in advance

INSURANCE

Please note that if a client has more than one outstanding account due to Ross & Liddell, any monies received will be applied in the order specified above, spread proportionately over these outstanding accounts, unless instructed otherwise by the client.

The provision of Ross & Liddell's services, or any contracts or covers effected by Ross & Liddell, will not be adversely affected if any outstanding sums due to Ross & Liddell are the subject of an agreed instalment arrangement between the client and Ross & Liddell. Interest will not be payable on any clients common charge account credit balances that may arise.

HOW TO MAKE A PAYMENT

Payment of your account can be made by the following methods:

- Bank Giro Credit
- All major Credit/Debit Cards (except American Express) on our website, in person at our offices or over the telephone
- Direct Debit/Instalment Arrangement
- Cheque
- Cash in person at any of our offices
- PC Banking (contact us for account details)

CANCELLATION OF INSURANCES

You should make any request for cancellation of a policy in writing, however it should be noted that if the cover is provided on an annual basis under a Group Co-Proprietors policy a return premium is not provided at any time during the policy period.

YOUR RESPONSIBILITIES

You are responsible for answering any questions in relation to any proposal for insurance cover honestly and to the best of your knowledge, providing complete and accurate information which insurers will require. This also applies to your responses in relation to any assumptions you may agree to in the process of applying for insurance cover. This is particularly important before taking out a policy but also at renewal or if you make a mid-term amendment to your policy. If you fail to disclose information, or

misrepresent any fact which may influence the insurer's decision to accept the risk or the terms offered, this could invalidate the policy and mean that claims may not be paid.

You must check all details on any proposal form or Statement of Facts and pay particular attention to any declaration you may be asked to sign.

It is important that you read all insurance documents issued to you and ensure that you are aware of the cover, limits and other terms that apply. Particular attention must be paid to any warranties and conditions as failure to comply with them could invalidate your policy.

You must inform us immediately of any changes in circumstances which may affect the services provided by us or the cover provided by your policy.

If you are unsure about any matter, please contact us for guidance.

USE OF PERSONAL DATA

We will process any personal information we obtain in the course of providing our services to you in accordance with the Data Protection Act 1998. In administering your insurances it will be necessary for us to pass such information to insurers and other product or service providers which may also provide us with business and compliance support.

We may also disclose details to relevant parties, as necessary to comply with regulatory or legal requirements. We may contact you in order to promote products or services which may be of interest to you. We will not otherwise use or disclose the personal information we hold without consent.

Some of the details you may be asked to give us, such as information about offences or medical conditions, are defined by the Act as sensitive personal data. By giving us such information, you signify your consent to it being processed by us in arranging and administering your insurances.

Subject to certain exceptions, you will be entitled to have access to your personal and sensitive personal data for which you will be charged a fee of £10. If at any time you wish us, or any company associated with us, to cease processing any of the personal data or sensitive personal data we hold, or to cease contacting you about products and services, please write to your Property Manager at the address stated above.

CONFLICTS OF INTEREST

Occasions can arise where we, clients or product providers, may have a potential conflict of interest with business being transacted for you. If this happens, and we become aware that a potential conflict exists, we will write to you and obtain your consent before we carry out your instructions and we will detail the steps we will take to ensure fair treatment.

CLAIMS HANDLING ARRANGEMENTS

You should take note of the required procedures in the event of a claim, which will be explained in the policy documentation. Insurers require immediate notification of a claim or circumstances which might lead to a claim. We will employ due care and skill if we act on your behalf in respect of a claim.