



## **Terms of Business Agreement for Brokers working with Coface branch in Ireland**

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*In these Terms of Business, 'we', 'us', and 'our' means Coface branch in Ireland.*

## PART 1 - OUR RESPONSIBILITIES AND DEALINGS WITH BROKERS

*We want to ensure that our insurance clients receive the highest possible level of service and we recognise the important role that brokers play in ensuring that this level of service is provided.*

*Given the increasing requirements placed on brokers and us by our regulatory authorities and the need to conform to these requirements, we have set out here the terms on which we work with brokers in respect of our credit insurance contracts.*

*These terms include procedures for the appointment, provision of authority and termination of a broker, an explanation of our commission levels and the arrangements for the payment of that commission.*

*These standard terms are intended to clearly reflect our respective responsibilities and rights and can only be varied by our written agreement.*

### 1. OUR STATUS

Coface in Ireland is a branch of Compagnie Française d'Assurance pour le Commerce Extérieur SA registered in Ireland under number 905089 at Suite 5 Adelphi House, Upper Georges St, Dun Laoghaire, Co Dublin.

Compagnie Française d'Assurance pour le Commerce Extérieur SA (Coface) is incorporated in France with limited liability and is listed in the Trade Register of Nanterre (France) under no 552 069 791, the registered office is 1, place Costes et Bellonte, 99270 Bois-Colombes, France.

Coface is authorised in France by the Autorité de Contrôle Prudentiel et de Résolution. In Ireland Coface is subject to limited regulation by the Central Bank of Ireland for class 14, reference no C33633.

### 2. OUR RESPONSIBILITIES

We are aware of our regulatory requirements and responsibilities. We will endeavour to communicate with brokers in a timely, accurate and clear way, providing an effective point of contact for any questions, and as appropriate include brokers in any direct written communication with clients.

#### 2.1 General

In the course of our business with brokers we undertake to:

- 2.1.1 Act with due care and diligence.
- 2.1.2 Observe high standards of integrity and deal openly and fairly with our brokers.
- 2.1.3 Advise you if there is any adverse change to our regulatory status.

#### 2.2 Broker support

We will ensure that we provide brokers with as much support as possible, making every effort to answer questions in a timely, accurate and clear fashion.

### **2.3 Contract administration**

We undertake to provide brokers with advice and assistance on how to administer contracts. We endeavour to keep our processes as efficient as possible, and provide help in respect of our online credit management services.

### **2.4 Communication**

We will communicate directly with you as agent for the client; however we reserve the right to communicate with clients directly from time to time where necessary.

### **2.5 Contract delivery and renewal**

Our contract delivery and renewal processes will be clearly explained to brokers; we will make sure our timescales are reasonable and ensure our documentation is accurate and timely.

### **2.6 Credit limits**

We will make every effort to provide an explanation for credit limit decisions.

### **2.7 Claims**

2.7.1 We will pay claims that are valid under the terms of the contract and submitted in the correct manner with all necessary supporting documentation, or provide reasons for the non-payment of all or part of a claim.

2.7.2 All notifications of claims will be brought to the broker's attention as soon as possible.

### **2.8 Training**

We undertake to train brokers in our contracts and procedures and ensure that our employees are trained to fulfil the responsibilities of their roles.

### **2.9 Complaints**

We will handle complaints promptly, fairly, consistently and at a suitably senior level. We will record and document all complaints, monitor them regularly, and retain records for at least three years from the date of the receipt of complaint. Our full complaints procedure is published on our website.

### 3. OUR DEALINGS WITH BROKERS

*We will deal with a broker if they are recognised by us as defined in these Terms of Business and once we have received a completed submission.*

*Any letter of appointment, authority or withdrawal from appointment must be on the client's letterhead, dated and signed by a person with the authority to do so.*

#### **3.1 New business**

- 3.1.1 If we receive a new business submission from only one broker in respect of the client we will deal with this broker.
- 3.1.2 If we receive a new business submission from more than one broker in respect of the same client, we will normally deal equally with all the brokers giving each the same terms as provided to the others, although we reserve the right not to do so if we so choose.
- 3.1.3 Once we receive a letter of appointment and/or a fully completed Coface Questionnaire / Application form we will deal exclusively with the broker named in the letter and/or associated with the Questionnaire / Application form.

#### **3.2 Existing business**

- 3.2.1 In this, and the following Section 6 entitled Commission, the 'expiry date' of the contract may be different to the 'renewal date' (i.e. the date renewal terms are accepted). For the purposes of broker recognition for the payment of commission it is the expiry date of the outgoing contract period that is of consequence and not the conclusion of renewal negotiations/acceptance of terms.
- 3.2.2 During renewal negotiations we will deal exclusively with the broker named in the letter of appointment. Should we be asked to deal with more than one broker regarding the preparation and negotiation of renewal terms we will only do so if we receive a letter from the client on their letterhead giving the 'new' broker an authority to negotiate with us.
- 3.2.3 If we receive a dated and signed letter(s) of authority from a client on their letterhead, formally instructing us to negotiate renewal terms with a new broker, we will also deal equally with such broker(s) giving each the same terms as provided to the other(s) although we reserve the right not to do so if we so choose.
- 3.2.4 A broker will only be recognised as the newly appointed broker for the forthcoming contract period if we receive a letter of appointment from the client on their letterhead naming this broker prior to the expiry date of the contract. This letter of appointment must be signed and dated and must confirm that the outgoing broker has been notified. Henceforth, the newly appointed broker deals with all matters relating to that contract, including, for example, earlier claims.
- 3.2.5 If we receive a letter of appointment naming this broker on or after the effective date of the new insurance period, the new broker will be noted as the broker of the contract but will not be paid any commission for the contract period. However, we will still expect the newly appointed broker to deal with all matters relating to that contract, including, for example claims.

### 3.3 Categorisation of brokers

We recognise two categories of brokers, 'specialist' and 'general'. The placing in or withdrawal of a broker from either category is at our sole and absolute discretion.

#### 3.3.1 Specialist brokers

In brief, specialist brokers must have the resources, knowledge and competence to provide clients with a full day-to-day servicing role.

#### 3.3.2 General brokers

In brief, general brokers must have the resources and capability to provide clients with a basic servicing role. A full day-to-day servicing role will be provided by our experienced staff whose knowledge and skills are at the disposal of general brokers.

### 3.4 Termination of the relationship

The recognition of a broker under this Terms of Business Agreement is at our sole and absolute discretion. If we want to withdraw recognition we will give 90 days' written notice.

3.4.1 We will withdraw recognition of a broker without notice if the broker:

- a) Commits an act of bankruptcy, or becomes insolvent, or compounds with his creditors, or if a resolution is passed or proceedings start for his liquidation, or if a receiver, administrator or manager is appointed in respect of all or part of his assets or undertaking.
- b) Breaches these Terms of Business and either the breach cannot be remedied or, if it can be, it is not done within 30 days of the broker receiving written notification from us specifying the breach.
- c) Ceases to be authorised by the Central Bank of Ireland or other regulatory body, or ceases to hold adequate Professional Indemnity insurance, or is deemed not to have sufficient resources and competence to adequately service a Credit Insurance contract.
- d) Ceases to be registered under the General Data Protection Regulation or ceases to hold and process data in accordance with that Regulation.
- e) Fails to bring to our immediate attention any non-disclosure of material information by a client or a prospective client that has come to their attention.
- f) Is administering and operating accounts in a manner that is causing, or likely to cause, prejudice to the client or us.

3.4.2 We reserve the right to cease both to do business with and to pay commission to any broker in respect of any contract or account which, in our opinion, the broker is failing to service or administer satisfactorily.

3.4.3 In the event a client commits an act of bankruptcy, or becomes insolvent, or compounds with their creditors, or if a resolution is passed or proceedings start for their liquidation, or if a receiver, administrator or manager is appointed in respect of all or part of his assets or undertaking then we will deem the agreement between you and the client as terminated.

3.4.4 In the event of a termination, for whatever event, we are entitled to a rebate in respect of commission paid in advance for the year, which we may without prejudice to any other rights, set off against any future earnings due to you.

## PART 2 – BROKER RESPONSIBILITIES AND INFORMATION

*Brokers must meet particular requirements in the areas of regulatory authorisation (or Professional Indemnity insurance and competence), operational responsibilities, communication, management and training.*

*We expect brokers at all times to;*

*Conduct business with utmost good faith and integrity and organise their affairs in a prudent manner.*

*Act with due care and diligence.*

*Observe high standards of integrity in all matters relating to our prospects, clients and contracts and deal openly and fairly with us.*

### 4. BROKER RESPONSIBILITIES

#### **Business development**

*Brokers should make prospects aware of the credit and political risks of trading on credit terms and explain how the features and benefits of our range of credit insurance contracts can help reduce these risks.*

#### **Client service**

*Brokers should help clients to manage their contract so that the client fulfils his obligations under the contract, and optimises the benefits he receives from it.*

#### **4.1 Binding authority**

Where you hold a binding authority from your client, we may accept at our discretion, in good faith, your binding authority and execute contracts on your acceptance.

If you do not hold such binding authority, then we will only execute contracts upon the client's acceptance.

It is your responsibility to advise us whether or not you hold a binding authority and of any changes to your binding authority.

#### **4.2 Regulatory authorisation**

Brokers in either category must;

- 4.2.1 Be registered under the General Data Protection Regulation and process data in accordance with that Regulation.
- 4.2.2 Have the appropriate authorisation from the Central Bank of Ireland and comply with all regulatory requirements at all times.
- 4.2.3 Notify us immediately in writing of any application of variation or cancellation of their Central Bank of Ireland authorisation.
- 4.2.4 If registered in another EEA state, notify us immediately in writing if there is a change to their Passport.

- 4.2.5 Notify us immediately in writing if there is a Central Bank of Ireland investigative or disciplinary action taken against them.
- 4.2.6 Comply with all other applicable regulatory and legal requirements when transacting credit insurance business under this Agreement.

### **4.3 Operational responsibilities**

Brokers in either category must:

- 4.3.1 Make every reasonable effort to ensure the client discloses all material facts which might influence us in deciding whether or not to accept the risk, what the terms should be or what premiums to charge, furthermore, to explain to the client the consequences of not doing so.
- 4.3.2 Inform us immediately in the event that they are aware of any non-disclosure of material information by a client or a prospective client.
- 4.3.3 Provide us with accurate information in sufficient time for us to prepare an initial and, if applicable, a renewal offer.
- 4.3.4 Present our initial and, if applicable, renewal terms to the client in an accurate manner and give sufficient time for the client to consider the offer prior to the end of the contract.
- 4.3.5 Explain all the essential provisions of the contract to the client in full, including all important details of cover and benefits together with significant exclusions, conditions and other obligations and ensure that they thoroughly understand its terms and conditions and their obligations under the contract.
- 4.3.6 Be responsible for bringing to the client's attention the importance of promptly paying premium, returning a true and accurate activity declaration, notifying us of overdues and claims along with the provision of all necessary supporting documentation and also to make the client aware of the consequences of failing to adhere to the above.
- 4.3.7 Notify us within ten business days at the latest from receipt of notice of any key changes in the client's credit management procedures, personnel or business activity.
- 4.3.8 Notify us within ten business days at the latest of any key changes in their own procedures, personnel or business activity including any changes in their legal and regulatory status.
- 4.3.9 Prior to renewal, remind the client of their duty to disclose all circumstances material to the insurance.
- 4.3.10 Ensure the client is aware of the CofaNet Essentials online credit decision management service.
- 4.3.11 Be aware that a client's notification of a claim or non-payment made to them is not deemed notification to us and all notifications must be brought to our attention immediately.

In addition, specialist brokers must:

- 4.3.12 Ensure that the client's contract includes all relevant clauses or options, taking into account the client's trade sector.
- 4.3.13 Keep abreast of any changes that may influence the client's sector and remain aware of any impact this may have on their credit insurance contract and act accordingly.
- 4.3.14 Ensure the client is operationally familiar with CofaNet Essentials, our online credit decision management service, including connection to the service and adequate training on its functionality, particularly the inputting of credit decision requests.
- 4.3.15 Ensure the client understands their obligations with regard to debt collection.

- 4.3.16 Inform the client about both our pre-legal and legal debt collection management services.
- 4.3.17 Be capable of explaining claims procedures and decisions if a client has a question.

#### **4.4 Communication**

Brokers in either category must:

- 4.4.1 Establish and maintain an effective working relationship between us, the broker and the client.
- 4.4.2 Make every reasonable effort to ensure that in all communication between us and/or the broker, the client discloses all material facts.
- 4.4.3 Facilitate our access to the client.

In addition, specialist brokers must:

- 4.4.4 Provide us, upon request, with a written record of any broker-client meetings relating to the client's contract.

### **5. MANAGEMENT AND TRAINING**

Brokers in either category must:

- 5.1.1 Nominate a specific person who is responsible for all training and compliance matters. This person must have the necessary training and experience to advise their staff of relevant professional development programmes to ensure individuals within their firm reach the level of competence required by the Central Bank of Ireland and us.

In addition, specialist brokers must:

- 5.1.2 Ensure that all brokers who deal with our contracts attend one of our broker development programmes within twelve months of handling one of our prospects or clients and thereafter at least once every two years.
- 5.1.3 Or with our prior written consent, provide an in-house training programme.

In addition, general brokers must:

- 5.1.4 Ensure that all brokers who deal with our contracts attend one of our broker development programmes within twelve months of handling one of our prospects or clients and thereafter at least once every three years.

## PART 3 – COMMISSSION AND GENERAL

### 6. COMMISSION

*Commission is payable to brokers in part for selling a contract and in part for the on-going servicing and advice provided to the client.*

#### 6.1 Payment

All commission is payable annually up-front at the exchange rate in force on the last working day of the month before the month of calculation, if applicable:

- 6.1.1 Once we have received the first contract payment from the client.
- 6.1.2 On the 22nd of the month in which we receive the contract payment, provided the contract payment is received by the 14th of that month. If contract payments are received after the 14th of the month, commission is payable on the 22nd of the following month.
- 6.1.3 In the event of a termination of a contract, we are entitled to a rebate in respect of commission paid in advance which we may, without prejudice to any other rights, set off against any future commission earnings due to you.
- 6.1.4 In the event that the contract payments made to us do not reach the minimum value as specified in the contract documents, we shall be entitled to a rebate of the commission overpayment.

#### 6.2 Rates

See Commission Payments Addendum – section 8.

#### 6.3 Change of appointed broker

If we receive a letter of appointment naming a different broker and the contract renews with that new broker, the following commission payment will apply:

- 6.3.1 If we receive the letter of appointment prior to the expiry date of the contract, we will pay the newly appointed broker commission for the forthcoming contract period.
- 6.3.2 If we receive the letter of appointment after the expiry date of the contract (even if renewal negotiations have not yet concluded) we will pay commission for the forthcoming contract to the broker who held the contract on the expiry date.

#### 6.4 Disclosure

We will fully disclose to the client our commission arrangement with brokers if they request this information.

#### 6.5 Contract payment

We will not accept contract payment in the name of the broker or another third party. Contract payment is calculated as being the minimum contract payment as defined in the contract plus contract payment relating to any adjustments based on declarations received, as may be applicable.

## 7. GENERAL

- 7.1** Headings in this Agreement are for convenience only and shall not affect the interpretation of this Terms of Business Agreement.
- 7.2** Any failure or delay in exercising any right or remedy under this Agreement shall not prevent us from exercising those rights or remedies in the future nor does it set a precedent for future course of dealings.
- 7.3** We reserve the right to alter this Terms of Business Agreement. If we make any substantial changes, we will give brokers 90 days' written notice.
- 7.4** The 'Data Protection' link on the homepage of our website includes our Privacy Notice and forms part of this Agreement. Furthermore, we expect brokers to guard against any improper disclosure, loss of data or abuse of computer 'passwords' and comply with provisions of the General Data Protection Regulation.
- 7.5** If any term of provision of this Agreement shall, in whole or part, be held to any extent to be illegal or unenforceable, that term or provision shall to that extent be deemed not to form part of this Agreement and the enforceability of the rest of this Agreement shall not be affected thereby.

## 8. COMMISSION PAYMENTS ADDENDUM

*We will pay commission on contract payment payable to the Insurer only and not charges payable to the service provider if charged separately.*

### **Standard rates – Specialist brokers**

15% of the contract premium payment for the first contract period and each subsequent contract period (subject to 6.1).

### **Standard rates - General brokers**

A rate negotiated at the time we receive a completed Questionnaire.

### **New-new business rates**

Defined as business that is either brand new to the market or for a firm that has not been credit insured in the previous 12 months; 20% of the contract premium payment for the first contract period and 15% of each subsequent period's contract premium payment (subject to 6.1).

### **Global solutions business**

15% for all new and existing contracts where the turnover of the client is EUR 250 million or more and there are policies in more than one country.

*In no event shall the commission level exceed 20%.*

*All broker commission will be paid annually in advance, regardless of the length of the contract.*

*These brokerage rates apply to Domestic and Export policies where the client is based in Ireland or the UK. These rates do not apply to policies domiciled outside Ireland or the UK.*

*We reserve the right to amend this addendum from time to time at our discretion giving brokers prior notice.*