



3 Year Agreement

SAMPLE

Policy No.	####POLICYNUMBER####
Policyholder	####NAME####
Inception Date	####DATE1####

Introduction

It is agreed that a three year agreement applies subject to the following terms and conditions:

Period of Agreement: #####DATE1##### to #####DATE2#####

The Policyholder undertakes to maintain the Policy in force for the Period of Agreement as shown above and for which the Policyholder will pay the Insurer the premium, payable on the first day of each Period of Insurance

Premium Rates

- The Insurer will charge, and the Policyholder will pay the Insurer, the premium as set out below together with Insurance Premium Tax thereon:

Term 1

First period of insurance from #####DATE3##### to #####DATE4#####:

Vehicle Description	Premium (+IPT)
Goods vehicles up to 44t	£ per vehicle
Goods vehicles up to 18t	£ per vehicle
Goods vehicles up to 7.5t	£ per vehicle
Vans up to 3.5t	£ per vehicle

Trailers	Premium (+IPT)
	£ in total

Term 2

Second period of insurance from #####DATE5##### to #####DATE6#####:

A premium based on the Expiring premium per vehicle charged net of Insurance Premium Tax for the first period, #####DATE7##### to #####DATE8#####, subject to:

Operating Loss Ratio	Premium Per Vehicle Change
0%	-20% (reduction)
Between 1% and 19%	-15% (reduction)
Between 20% and 29%	-10% (reduction)
Between 30% and 39%	-5% (reduction)
Between 40% and 50%	No Change

Operating Loss Ratio	Premium Per Vehicle Change
Between 51% and 65%	+5% (increase)
Between 66% and 70%	+10% (increase)
Between 71% and 75%	+15% (increase)
Between 76% and 80%	+20% (increase)
Between 81% and 85%	+25% (increase)
Between 86% and 90%	+30% (increase)
91% & Above	+35% (increase)

For clarification purposes, Expiring Premium is the premium assigned to that specific vehicle at the expiry of period #####DATE9#### to #####DATE10####.

Term 3

Third period of insurance from #####DATE11#### to #####DATE12####

A premium based on the Expiring premium charged per vehicle net of Insurance Premium Tax for the second period, #####DATE13#### to #####DATE14####, subject to:

Operating Loss Ratio	Premium Per Vehicle Change
0%	-20% (reduction)
Between 1% and 19%	-15% (reduction)
Between 20% and 29%	-10% (reduction)
Between 30% and 39%	-5% (reduction)
Between 40% and 50%	No Change
Between 51% and 65%	+5% (increase)
Between 66% and 70%	+10% (increase)
Between 71% and 75%	+15% (increase)
Between 76% and 80%	+20% (increase)
Between 81% and 85%	+25% (increase)
Between 86% and 90%	+30% (increase)

Operating Loss Ratio	Premium Per Vehicle Change
91% & Above	+35% (increase)

For clarification purposes, Expiring Premium is the premium assigned to that specific vehicle at the expiry of period #####DATE15#### to #####DATE16####.

2. a. The Operating Loss Ratio for the second period of insurance will be determined as follows:

$$\frac{\text{Total Paid \& Outstanding Claims}}{\text{Earned Premium}} \times 100\%$$

- b. Total paid and the outstanding claims means the sum of the claims paid and amounts outstanding as assessed by the Insurer occurring during the period #####DATE17#### to #####DATE18####.
- c. Earned premium means the total premium net of Insurance Premium Tax and commission paid for the period #####DATE19#### to #####DATE20####.
3. a. The Operating Loss Ratio for the third period of insurance will be determined as follows:

$$\frac{\text{Total Paid \& Outstanding Claims}}{\text{Earned Premium}} \times 100\%$$

- b. Total paid and the outstanding claims means the sum of the claims paid and amounts outstanding as assessed by the Insurer occurring during the period #####DATE21#### to #####DATE22####.
- c. Earned premium means the total premium net of Insurance Premium Tax and commission paid for the period #####DATE23#### to #####DATE24####.
4. For the purposes of calculating the Long Term Agreement, the Operating Loss Ratio will be rounded down to the nearest whole number.

Conditions of Agreement

5. The Insurer may terminate or amend the premium and/or other terms and conditions of this Agreement
- As permitted by the terms and conditions of the Policy
 - Or, if
 - there is any change in legislation practice reinsurance or insurance industry practice or legal precedent established in any court of law which has a material effect upon the Policy and/or on this Agreement
 - anything shall occur which materially increases the risk
 - any Company or business (insured under the Policy) is acquired or disposed of by the Policyholder
 - the Policyholder changes the cover (as defined in the Policy)
 - the number of all motor vehicles declared before each period of insurance amount to less than 80% of the number of all motor vehicles declared at the commencement date of this Agreement
 - limitations are imposed by the Reinsurers
6. The Insured shall submit a signed declaration to confirm that no further claims are to be reported after the reviewed rating.

7. Any imposition of or increase in Insurance Premium Tax will be paid by the Policyholder in addition to the premium.

SAMPLE

Signed this #####DATE25####

Direct Commercial Ltd

Signature	
Name	Philip Cunningham
Title	Director

For and on behalf of the *'policyholder'*

Signature	
Name	
Title	