



# 3 Year Agreement

[WWW.DIRECTCOMMERCIAL.CO.UK](http://WWW.DIRECTCOMMERCIAL.CO.UK)

Policy No.	A1400
Policyholder	Example Transport Ltd
Placing Broker	Mr A Broker
Inception Date	1 <sup>st</sup> March 2023

Direct Commercial Ltd is authorised and regulated by the Financial Conduct Authority; FR 307505. Company Registered in England & Wales; Company Number 3133493. Registered address: Redwing House, Hedgerows Business Park, Colchester Road, Chelmsford Essex CM2 5PB

## Introduction

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

**Period of Agreement:** 1<sup>st</sup> March 2023 to 28<sup>th</sup> February 2026

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 1<sup>st</sup> March 2023 to 29<sup>th</sup> February 2024

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 1<sup>st</sup> March 2024 to 28<sup>th</sup> February 2025

A premium based on the Expiring premium per vehicle charged net of Insurance Premium Tax for the first period, 1<sup>st</sup> March 2023 to 29<sup>th</sup> February 2024, 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 47%	No Change
Between 48% and 62%	+5% (increase)
Between 63% and 67%	+10% (increase)
Between 68% and 72%	+15% (increase)
Between 73% and 77%	+20% (increase)
Between 78% and 82%	+25% (increase)
Between 83% and 87%	+30% (increase)
88% & Above	+35% (increase)

For clarification purposes, Expiring Premium is the premium assigned to that specific vehicle at the expiry of period 1<sup>st</sup> March 2023 to 29<sup>th</sup> February 2024.

### Term 3

Third period of insurance from 1<sup>st</sup> March 2025 to 28<sup>th</sup> February 2026

A premium based on the Expiring premium charged per vehicle net of Insurance Premium Tax for the second period, 1<sup>st</sup> March 2024 to 28<sup>th</sup> February 2025, 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 47%	No Change

Operating Loss Ratio	Premium Per Vehicle Change
Between 48% and 62%	+5% (increase)
Between 63% and 67%	+10% (increase)
Between 68% and 72%	+15% (increase)
Between 73% and 77%	+20% (increase)
Between 78% and 82%	+25% (increase)
Between 83% and 87%	+30% (increase)
88% & Above	+35% (increase)

For clarification purposes, Expiring Premium is the premium assigned to that specific vehicle at the expiry of period 1<sup>st</sup> March 2024 to 28<sup>th</sup> February 2025.

- 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 1<sup>st</sup> March 2023 to 29<sup>th</sup> December 2023
- c. Earned premium means the total premium net of Insurance Premium Tax and commission paid for the period 1<sup>st</sup> March 2023 to 29<sup>th</sup> December 2023.

- 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 1<sup>st</sup> March 2024 to 29<sup>th</sup> December 2024
- c. Earned premium means the total premium net of Insurance Premium Tax and commission paid for the period 1<sup>st</sup> March 2024 to 29<sup>th</sup> December 2024.

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
  - a. As permitted by the terms and conditions of the Policy
  - b. Or, if
    - i. 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
    - ii. anything shall occur which materially increases the risk
    - iii. any Company or business (insured under the Policy) is acquired or disposed of by the Policyholder
    - iv. the Policyholder changes the cover (as defined in the Policy)
    - v. 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
    - vi. 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.
8. It is recognised that {**Mr A Broker**} act as the policyholder's agent/s in the placing of this agreement. Any request by the Policyholder to replace them must be submitted in writing to Direct Commercial Ltd. [**Mr A Broker**] may not be replaced without Direct Commercial's written agreement.

## Direct Commercial Ltd

Signature	
Name	Philip Cunningham
Title	CEO
Date	

For and on behalf of the *'policyholder'*

Signature	
Name	
Title	
Date	

[Placing broker]

Signature	
Name	Mr A Broker
Title	
Date	

[Sub-agent where applicable]

Signature	
Name	
Title	
Date	