

**Angel Underwriting Limited
Direct Debit Option
Information for Agents**

Introduction:

As an alternative to full premium payment with 45 days credit, Angel now offers a Direct Debit Option on many of its Directors and Officers and Professional Indemnity programmes, where premiums are collected directly from the insured. Using the Direct Debit scheme premiums can be collected in full after 45 days from inception, or spread over 10 interest free monthly instalments. Once we have collected the first instalment we pay your commission in full. The Direct Debit Option can be selected directly by you in the Angel Quick Quote system, appearing as an option at the end of the binding process.

Key Advantages of Using the New Scheme.

- Cash flow improvements for your insureds by spreading the cost of their insurance premiums into smaller, more manageable instalments.
- Reduced overall transaction time by eliminating the need for insureds having to apply for credit and waiting for premiums to be paid by the finance company.
- No need for you to become involved in the administration and accounting of many small monthly payments.
- Ease of use – selection of the Direct Debit option takes only three mouse-clicks – one to choose Direct Debit, and two to choose the frequency of payments (annual or monthly).
- Much simpler renewal process for many smaller risks
- Ability to provide a valuable service enhancement to Insureds.

How it Works

Activating the Direct Debit option is very straightforward. Simply generate an Indication or Quotation as normal, and:

1. If the Direct Debit Option is available, the covering letter to the Indication or Quotation documentation will say so. In addition, the document package will contain the following:
 - An Information and Terms sheet which explains to the insured how the Direct Debit option works, and the terms under which it is offered.
 - A Payments Schedule, which sets out the amounts and dates of debits to the Insured's account
 - A Direct Debit Instruction which, once completed and signed by the Insured, gives us the ability to debit the account they specify.
 - A Credit Agreement regulated by the Consumer Credit Act, 1974. This is required where the policyholder opts for instalment payments, and is an individual or sole trader, a partnership with less than four partners or an unincorporated entity whose members are not limited companies.
2. If the Insured is happy with the above documentation and wishes to select the Direct Debit Option, proceed with the binding of the policy as normal. The Direct Debit Option and the attendant payment frequency (annual or monthly) can be selected on the final page of the binding process in the Quick Quote system.
3. Once the policy has been bound, the Quick Quote system compiles the documentation in 1. above in final form, together with:
 - A Declarations Sheet which refers to the Direct Debit Administration Fee (see 7 below).
 - A Premium Advice Note. This replaces the debit note normally issued, and advises you of the total that will be collected from the insured and confirms the amount of commission payable to you.
4. Before the Direct Debit can be activated, we need the Direct Debit Instruction included in the documentation package, completed and signed by the insured. If the Credit Agreement referred to in 1. above is applicable, this also should also be completed and signed by the insured. These documents need to be returned to us by the date shown in the Direct Debit Instruction – we will not be able to accept the Instruction after this date:

5. One we receive the signed Direct Debit Instruction and (if applicable) the Credit Agreement, we will activate the direct debit and pay your commission to you once we have collected the first direct debit instalment.
6. Two months prior to each renewal of the policy, we will contact you to confirm the eligibility of the policy for renewal. In many cases, we also expect to confirm that no application form is necessary, and that the policy will automatically renew unless we receive instructions to the contrary. However, we must be informed if any of the details provided on the original policy application (or on any previously advised updates to the original policy application) have changed. We must also be advised of any changes to the policy required by the Insured. We also send a renewal letter directly to the insured; this is necessary to enable us to continue to debit their account after the existing policy has expired.
7. On initial and renewal Direct Debit transactions, we charge an annual Direct Debit administration fee of £10.00 for single payment policies, and £25.00 for instalment policies. We believe that the benefits of the Direct Debit option far outweigh these nominal fees.

Frequently Asked Questions

Does the Direct Debit option change my status as the Insured's broker?	No. Even though we collect premiums directly from the Insured, we make it clear in our documentation that your status as broker remains unchanged, and that we do not provide insurance advice. Further, although we are required to communicate directly with Insureds in respect of matters affecting their direct debit arrangements with us, we copy you in respect of all such communications, and your clients will doubtless appreciate your assistance in dealing with the matters in question.
Does the Direct Debit option change my commission?	No. As noted above, you will continue to be entitled to your commission, which will be paid in full once we collect the first instalment from the Insured.
Does the Direct Debit option change the underlying coverage?	No. The coverage is unaffected. However, the notice period for cancellation for non-payment of premium is 15 days under the Direct Debit option, and the policy will be affected to this extent if its equivalent notice period is different from 15 days.
Does the Direct Debit option introduce any additional cost?	None other than the nominal administration fees set out in 7. above.
What happens if I bind a risk without Direct Debit, and my client subsequently asks for this option?	No problem. Provided that we receive a completed and signed Direct Debit Instruction and, if applicable, a signed Credit Agreement, within the time limit specified in the Instruction, we will switch the policy to a Direct Debit basis, and issue replacement documentation.
What happens if I bind a risk with Direct Debit, and my client subsequently rejects this option, or doesn't complete the necessary documentation in time?	Again, no problem. We will simply switch the policy to a conventional basis, and issue replacement documentation, including a conventional debit note.
If a Direct Debit policy is cancelled, will I have to return my commission?	The Direct Debit option does not alter existing commission arrangements. Hence if commission is returnable on a conventional policy cancellation, the same amount is returnable on a Direct Debit basis. In the event of a Direct Debit cancellation, we will debit your account in respect of any such returnable commission.
Is the Direct Debit option available on all policies?	Unfortunately not. Because of restrictions agreed with our Insurers, certain policies will not be eligible. However, as these rules are coded into our system, the system will only allow the Direct Debit option to be selected where it is in fact available.
Why is the Credit Agreement needed?	The Consumer Credit Act, 1974 provides that where a consumer is allowed to pay for a product or service in more than 4 instalments, a Credit Agreement must be concluded between the consumer and the supplier of credit. However, this only applies to "consumers" as defined by the Act, and hence does not include limited companies or partnerships with four or more partners.
Does promotion of and assistance with the Direct Debit option introduce additional regulatory requirements for me?	We suggest that you take independent advice on this.

Further Information

We believe that our Direct Debit option provides a very valuable and cost-effective additional service to Insureds, and by helping our Insureds we hope to enhance our own business and that of our producers. If you have any questions or require any further information please contact Paul Towers at pt@angelunderwriting.com or 01206 215500.