

Company Number: 9653373

THE RULES

OF

FIRE & RESCUE INDEMNITY COMPANY LIMITED

November 2015

THE RULES OF FIRE & RESCUE INDEMNITY COMPANY LIMITED

| | |
|----------------|---|
| PART 1 | INTRODUCTION |
| PART 2 | PROTECTION |
| PART 3 | SCOPE OF PROTECTION |
| PART 4 | MEMBERSHIP |
| PART 5 | CESSATION OF MEMBERSHIP |
| PART 6 | CLAIMS |
| PART 7 | THE FUNDS OF THE MUTUAL |
| PART 8 | COMMUNICATIONS AND NOTICES |
| PART 9 | DISPUTES, GOVERNING LAW AND JURISDICTION |
| PART 10 | GENERAL TERMS AND CONDITIONS |
| PART 11 | INTERPRETATION |
| PART 12 | DEFINITIONS |

CONTENTS

PART 1 INTRODUCTION

- | | |
|----------------------------|---|
| 1. The Rules Prevail | 6 |
| 2. Amendments to the Rules | 6 |

PART 2 PROTECTION

- | | |
|--|---|
| 3. Protection | 6 |
| 4. Power of the Board to Make Payments | 6 |
| 5. Discretion | 6 |
| 6. Limit of Protection | 7 |
| 7. Conditions of Protection | 7 |
| 8. Right to Seek Recovery | 7 |
| 9. Right of Set-Off by the Mutual | 7 |

PART 3 SCOPE OF PROTECTION

- | | |
|--|---|
| 10. Protected Risks | 7 |
| 11. Related Losses | 8 |
| 12. Conditional Recovery of Related Losses | 8 |
| 13. Omnibus Rule | 8 |

PART 4 MEMBERSHIP

- | | |
|---|----|
| 14. Application for Membership | 8 |
| 15. Discretionary Decision of the Board | 9 |
| 16. Commencement of Membership | 9 |
| 17. Certificate of Entry and Protection Schedule | 9 |
| 18. Terms and Conditions of Membership | 9 |
| 19. Protection Schedule and Protection Wording: Conclusive Evidence | 10 |
| 20. Special Terms of Membership | 10 |
| 21. Particulars and Information Provided by Members | 10 |
| 22. Payment of Contributions and Termination Events | 10 |
| 23. Variation of Protection | 10 |
| 24. Protection Period | 10 |
| 25. New Indemnity Year | 11 |

PART 5 CESSATION OF MEMBERSHIP

| | |
|--|----|
| 26. Withdrawal from Membership | 11 |
| 27. Termination of Membership | 11 |
| 28. No Right to Surplus | 12 |
| 29. Contributions Due on Cessation of Membership | 12 |
| 30. Recovery of Unpaid Contributions | 12 |
| 31. Reinstatement of Membership and Protection | 12 |

PART 6 CLAIMS

| | |
|---------------------------------------|----|
| 32. Consideration of Claims | 12 |
| 33. Information | 13 |
| 34. Preventing and Minimising Loss | 13 |
| 35. Reduction or Rejection of Claims | 13 |
| 36. Waiver by the Board | 14 |
| 37. Claims Made After Membership Ends | 14 |
| 38. Exclusions | 14 |
| 39. Conduct of Claims | 15 |
| 40. Appointment of Experts | 15 |
| 41. Terms of Appointment of Experts | 15 |
| 42. Insurance – Rateable Proportion | 16 |
| 43. Interest | 16 |

PART 7 THE FUNDS OF THE MUTUAL

| | |
|--|----|
| 44. Application of Contributions | 16 |
| 45. Supplementary Contributions | 16 |
| 46. Effect of Non-Payment of Contributions | 17 |
| 47. Penalty for Late Payment | 17 |
| 48. Set-off | 17 |
| 49. Closing an Indemnity Year | 17 |
| 50. Disposal of Surplus | 17 |
| 51. Closed Indemnity Year – Allocation of Credits and Deficits | 18 |
| 52. Reserves | 18 |
| 53. General Reserve | 18 |
| 54. Investment | 19 |
| 55. Types of Investment | 19 |

| | |
|---|----|
| 56. Pooling Investment Funds | 19 |
| 57. Allocation of Investment Gains and Losses | 19 |
| 58. Application of Investment Gains | 19 |
| 59. Investment Losses | 19 |

PART 8 COMMUNICATIONS AND NOTICES

| | |
|---|----|
| 60. Written Communications | 20 |
| 61. Notices to be Served on the Mutual | 20 |
| 62. Notices to be Served on Members | 20 |
| 63. Deemed Date of Service and Proof of Service | 20 |

PART 9 DISPUTES, GOVERNING LAW AND JURISDICTION

| | |
|----------------------|----|
| 64. Adjudication | 21 |
| 65. Arbitration | 21 |
| 66. Sole Arbitrator | 21 |
| 67. Binding Decision | 21 |
| 68. Sole Remedy | 21 |
| 69. Governing Law | 21 |
| 70. Jurisdiction | 22 |

PART 10 GENERAL TERMS AND CONDITIONS

| | |
|------------------------------------|----|
| 71. Insurance – Member’s Risks | 22 |
| 72. Insurance – the Mutual’s Risks | 22 |
| 73. Insurance Subject to the Rules | 22 |
| 74. No Admissions | 22 |
| 75. Assignment Only With Consent | 22 |
| 76. Set-Off on Assignment | 23 |
| 77. Subrogation | 23 |
| 78. Subrogation – Employees | 23 |

PART 11 INTERPRETATION

| | |
|--------------------|----|
| 79. Interpretation | 23 |
|--------------------|----|

PART 12 DEFINITIONS

| | |
|-----------------|----|
| 80. Definitions | 24 |
|-----------------|----|

PART 1 INTRODUCTION

THE RULES PREVAIL

1. These are the Rules of the Fire & Rescue Indemnity Company Limited and they are to be read in conjunction with the Articles of the Mutual and the Protection Schedule and Protection Wording of each Member. If there is ever any inconsistency between these Rules and any other document, the provisions of these Rules shall apply unless expressly stated otherwise.

AMENDMENTS TO THE RULES

2. In accordance with Article 4.4 and subject to Article 4.5 [The Board's general authority], these Rules may be amended or varied at any time by the Board, as the Board thinks appropriate.

PART 2 PROTECTION

PROTECTION

3. The Mutual may:
 - 3.1. provide Protection against loss, damage, liability or expense as set out in these Rules and the Member's Protection Schedule and Protection Wording; and
 - 3.2. arrange contracts of insurance on the Member's behalf.

POWER OF THE BOARD TO MAKE PAYMENTS

4. The Board may make a payment from the funds of the Mutual to any Member or in respect of a claim made by a Member in full or in part with regard to any of the matters set out in these Rules and that Member's Protection Schedule and Protection Wording.

DISCRETION

5. Any Protection provided by the Mutual is always at the absolute discretion of the Board and:
 - 5.1. any reference in these Rules or any Certificate of Entry, Protection Schedule, Protection Wording or any other document issued by the Mutual to risks protected, or to protection, or to any payment by the Mutual to a Member, or any such similar expressions shall be read accordingly; and
 - 5.2. any reference to the discretion of the Board and to any action to be taken as the Board thinks fit shall be construed as a discretion to be exercised and action to be taken in the sole and absolute discretion of the Board without any fetter or other qualification whatsoever.

LIMIT OF PROTECTION

6. The Protection provided by the Mutual is limited to the amounts and subject to the excesses stated in the Member's Protection Schedule issued under Rule 17 [Protection Schedule].

CONDITIONS OF PROTECTION

7. The Protection provided by the Mutual is subject to all the conditions set out in these Rules and the Member's Protection Schedule and Protection Wording, and such Protection may only be varied by agreement in writing between the Member and the Mutual under Rule 23 [Variation of Protection].

RIGHT TO SEEK RECOVERY

8. Subject always to Rules 5 and 37 [Discretion/Claims Made After Membership Ends], each Member is entitled to ask the Mutual to pay out of the funds of the Mutual the amount of any liability, loss, cost or expense which has been or may be incurred by the Member in respect of the risks set out in Rules 10 and 11 [Protected Risks/Related Losses] but only to the extent and upon the terms, conditions and exclusions set out in these Rules and the Member's Protection Schedule and Protection Wording.

RIGHT OF SET-OFF BY THE MUTUAL

9. Without prejudice to any other provisions of these Rules, the Mutual is entitled to set off any amount due from a Member against any amount agreed to be due to that Member from the Mutual.

PART 3 SCOPE OF PROTECTION

PROTECTED RISKS

10. Subject to the terms of each Member's Protection Schedule and Protection Wording the Mutual may offer or arrange Protection for any of the following risks:
 - 10.1. Property;
 - 10.2. Motor Vehicles and Equipment;
 - 10.3. Public Liability;
 - 10.4. Employers' Liability;
 - 10.5. Life;
 - 10.6. Injury;
 - 10.7. Medical Treatment;

10.8. Legal Expenses; and

10.9. Any other risk as the Board in its discretion may decide.

RELATED LOSSES

11. Subject to the terms of a Member's Protection Schedule and Protection Wording and Rule 12 [Conditional Recovery of Related Losses], the Mutual may also pay:

11.1. legal costs or other expenses connected with a claim made under these Rules and the relevant Protection Schedule and Protection Wording which the Mutual agrees to pay;

11.2. losses, costs and expenses necessarily incurred by the Member to avoid or reduce such a claim even if such losses, costs and expenses would normally be excluded by these Rules or the Member's Protection Schedule and Protection Wording; and

11.3. losses, costs and expenses incurred at the written request of the Mutual or the Managers.

CONDITIONAL RECOVERY OF RELATED LOSSES

12. In relation to Rules 11.1 and 11.2 [Related Losses] no such losses, legal or other costs or expenses shall be paid by the Mutual unless:

12.1. they have been incurred with the prior agreement of the Mutual; or

12.2. the Board subsequently agrees that such losses, costs and expenses were reasonably incurred.

OMNIBUS RULE

13. The Mutual may consider and agree claims for losses, liabilities, costs or expenses ("risks") which fall outside the terms of a Member's Protection as the Board, in the Board's discretion, may decide even if such risks are excluded by these Rules or in any Protection Schedule and Protection Wording or any applicable contract of insurance.

PART 4 MEMBERSHIP

APPLICATION FOR MEMBERSHIP

14. Any Authority which wishes to become a Member of the Mutual shall apply for Membership and Protection in such form as may from time to time be required by the Board and shall provide all particulars and information requested by the Mutual.

DISCRETIONARY DECISION OF THE BOARD

15. Acceptance of an application for Membership or the refusal of Membership is in the Board's absolute discretion and the Board will not be obliged to give reasons for refusing to admit any applicant as a Member of the Mutual.

COMMENCEMENT OF MEMBERSHIP

16. If an application for Membership is accepted, the Authority shall be a Member of the Mutual from the date stated in that Member's Certificate of Entry.

CERTIFICATE OF ENTRY AND PROTECTION SCHEDULE

17. Before or as soon as possible after Membership begins, the Mutual shall issue a Certificate of Entry to the Member and a Protection Schedule, and:

17.1. the Certificate of Entry shall confirm that Protection is in place and that the Member is a member of the Mutual;

17.2. the Protection Schedule (subject to any special terms which may be agreed under Rule 20 [Special Terms of Membership]) shall include:

- 17.2.1. the name and contact details of the Member;
- 17.2.2. the name of any Affiliated Body;
- 17.2.3. a summary of the risks against which the Member may seek Protection from the Mutual and any conditions and exclusions which apply to the Protection and which are not included in the relevant Protection Wording;
- 17.2.4. the Protection Period;
- 17.2.5. the limits of the Protection which may be provided and the excesses applicable to the Member;
- 17.2.6. the Contributions due from the Member and/or any special terms as to Contributions;
- 17.2.7. whether any contract of insurance has been arranged by the Mutual on the Member's behalf and the basis on which such insurance is arranged; and
- 17.2.8. a record of the information provided by the Member.

TERMS AND CONDITIONS OF MEMBERSHIP

18. The terms and conditions of Membership of the Mutual are set out in these Rules and are subject to such variations, within the scope of these Rules, as may be agreed between a Member and the Mutual and recorded in the Member's Protection Summary.

PROTECTION SCHEDULE AND PROTECTION WORDING: CONCLUSIVE EVIDENCE

- 19. Subject to Rule 22 [Payment of Contributions and Termination Events], every Protection Schedule and Protection Wording shall be conclusive evidence of the conditions of Membership between the Member and the Mutual.

SPECIAL TERMS OF MEMBERSHIP

- 20. The Mutual may agree special terms of Membership and Contributions for Members and such special terms shall be endorsed on the Member's Protection Schedule.

PARTICULARS AND INFORMATION PROVIDED BY MEMBERS

- 21. A Member shall comply with all statutory requirements concerning information to be provided before and during Membership and, in so far as is permitted by law, such information shall, if the application for Membership is accepted, form part of the terms of Membership between the Member and the Mutual, and it is a condition of Membership that all such information is true and complete so far as it is within the Member's knowledge or could with reasonable enquiries or other means have been ascertained by the Member.

PAYMENT OF CONTRIBUTIONS AND TERMINATION EVENTS

- 22. Unless otherwise agreed in writing by the Board, the Membership of a Member in the Mutual is only valid if:
 - 22.1. all Contributions have been paid as specified in these Rules and as set out in the Member's Protection Schedule; and
 - 22.2. none of the events in Rules 27 [Termination of Membership] has occurred.

VARIATION OF PROTECTION

- 23. If at any time the Mutual and a Member agree to vary the terms and/or conditions of the Protection, the Mutual shall issue an endorsement to the Member's Protection Schedule stating the nature of the variation and the date from which it is to take effect.

PROTECTION PERIOD

- 24. Except as otherwise provided in these Rules, the Protection Period shall begin on the date and at the time stated in the Protection Schedule (or in the case of a change in the terms of Membership under Rule 23 [Variation of Protection] at 00:00 hours on the effective date of change) and shall, continue until and including 24.00 hours on 31st October next following,

unless otherwise agreed in writing by the Mutual. All Contributions shall be calculated pro rata to the date of Membership or change.

NEW INDEMNITY YEAR

25. On or before 31st October in any year each Member's Representative shall make an application to enter the Member for the next Indemnity Year in accordance with the provisions of Part 4 [Membership] (provided always that the Board may in its discretion accept a late application for re-entry) and the Protection shall recommence for the next Indemnity Year in accordance with the information and requests contained in such application and upon terms and conditions agreed between the Mutual and the Member, unless:
 - 25.1. the Mutual has given notice in writing to the Member not later than three (3) calendar months prior to the end of the current Indemnity Year that the Protection shall cease at the end of the Protection Period; or
 - 25.2. subject to Rule 26 [Withdrawal from Membership], the Member has given notice in writing to the Mutual of not less than three (3) calendar months that it wishes to withdraw from Membership; or
 - 25.3. the Mutual has given notice in writing to the Member prior to the end of the current Indemnity Year that the terms of the Protection, including but not limited to the amount of the Member's Contribution, are to be changed for the next Indemnity Period, and in the event that the Mutual and the Member are unable to agree new terms, the Protection shall cease at the end of the current Indemnity Year.

PART 5 CESSATION OF MEMBERSHIP

WITHDRAWAL FROM MEMBERSHIP

26. A Member may not withdraw from the Mutual except at the expiry of a Protection Period or with the written consent of the Mutual.

TERMINATION OF MEMBERSHIP

27. Unless otherwise agreed by the Board in writing, a Member shall immediately cease to be a Member of the Mutual upon the happening of any of the following events:
 - 27.1. the dissolution or restructuring of the Member;
 - 27.2. the merger of a Member with another Authority or entity which is not a Member;
 - 27.3. the Member fails to pay any sum due under these Rules and then also fails to pay after the Mutual sends a final notice requesting payment by a certain date;

28.3 the Protection Period has expired in accordance with Rule 24 [Protection Period] and the Member has not applied for re-entry under Rule 25 [New Indemnity Year].

NO RIGHT TO SURPLUS

28. Subject to Rule 29 [Contributions Due on Cessation of Membership], from the date of withdrawal from or termination of Membership, the Member shall be under no further liability to contribute in respect of its Membership or any part of it nor shall the Member have any right to share in any return of Contributions or other receipts under Rule 50 [Disposal of Surplus] in respect of its Membership or any part of it except in accordance with Article 49 [Winding Up].

CONTRIBUTIONS DUE ON CESSATION OF MEMBERSHIP

29. A Member which ceases to be a Member for any reason shall be and remain liable to pay to the Mutual all Contributions owing by it to the Mutual save for Contributions due in respect of an Indemnity Year which has been closed in accordance with Rule 49 [Closing an Indemnity Year].

RECOVERY OF UNPAID CONTRIBUTIONS

30. The Mutual may take legal proceedings to recover any money due from the Member to the Mutual.

REINSTATEMENT OF MEMBERSHIP AND PROTECTION

31. If a former Member pays to the Mutual all outstanding amounts, the Board may, in its absolute discretion, reinstate Membership and Protection for such period or periods as the Board may determine.

PART 6 CLAIMS

CONSIDERATION OF CLAIMS

32. Subject to Articles 15.2, 15.3 and 15.4 of the Articles [Conflicts of Interest], the Board shall consider claims which may be paid by the Mutual in accordance with these Rules as the Board determines and as and when it thinks fit, but the Board shall have power from time to time to authorise the Managers to pay claims in the Managers' discretion without prior reference to the Board.

INFORMATION

33. Every Member must at all times promptly notify the Mutual of any information, documents or reports in the Member's possession, control or knowledge relevant to any claim or circumstances which might give rise to a claim under these Rules or the Member's Protection Schedule and Protection Wording, and:

33.1. the Member shall, whenever so requested, give the Mutual or its representatives free access to such information, documents or reports with liberty to inspect and copy them; and

33.2. such free access shall include

33.2.1. the right to conduct a survey; and/ or

33.2.2. to interview any employee, and (subject to the Member using reasonable endeavours to procure the co-operation of a contractor or agent) any contractor or agent, of the Member who may in the opinion of the Board be in possession of information relevant to such claim or circumstances.

PREVENTING AND MINIMISING LOSS

34. When circumstances arise which may give rise to a claim under these Rules or the Member's Protection Schedule and Protection Wording, the Member shall take reasonable steps:

34.1. to prevent or minimise any loss, damage, expense or liability in respect of which the Member may make such a claim; and/or

34.2. as requested by or on behalf of the Mutual.

REDUCTION OR REJECTION OF CLAIMS

35. Without prejudice to any other provisions of these Rules the Board may, in its absolute discretion, reject a claim or reduce the sum the Mutual may agree to pay in respect of a claim if:

35.1. the Member does not give the Mutual reasonable notice of:

35.1.1. a claim made by a third party (including receipt of notification of an intention to make a claim); or

35.1.2. any losses or potential losses

which may fall within these Rules and the Member's Protection Schedule and Protection Wording;

- 35.2. a claim is settled or any liability is admitted without the prior written consent of the Mutual;
- 35.3. there is any failure to comply with a recommendation or directive made at any time by or on behalf of the Mutual in connection with the handling or settlement of the claim or potential claim;
- 35.4. there is any failure to comply with the obligations under Rule 34 [Preventing and Minimising Loss]; or
- 35.5. there is any failure to comply with any other condition set out in the Member's Protection Schedule and Protection Wording and/or any other document issued by the Mutual which forms part of the terms of the Member's Protection.

WAIVER BY THE BOARD

- 36. Despite any breach of or failure to comply with these Rules or the terms and conditions of the Protection provided by the Mutual, the Board may in its discretion waive any of the Mutual's rights arising under these Rules or otherwise and may approve and pay in full or in part any claim which it thinks fit. The Mutual shall nevertheless at all times and without notice be entitled to insist on the strict application of these Rules and the terms and conditions of such Protection.

CLAIMS MADE AFTER MEMBERSHIP ENDS

- 37. If the Protection offered by the Mutual is terminated for any reason, the Mutual will not consider any claim in relation to any event which takes place after the date of termination. The Mutual will, however, subject to the Rules and the terms and conditions of a Member's Protection, consider claims relating to events which occurred before the date of termination even if the claim is made after termination.

EXCLUSIONS

- 38. Except as otherwise provided in these Rules or the Member's Protection Schedule and Protection Wording, there shall be no right to recover from the Mutual any liabilities, costs and expenses resulting or arising from:
 - 38.1. any circumstances not notified to the Mutual before the start of a Protection Period and which the Member knew or ought reasonably to have known might give rise to a claim falling within the Protection provided under these Rules;
 - 38.2. any dishonest, fraudulent, criminal or malicious act or omission or wilful or reckless misconduct of or on behalf of a Member; or

- 38.3. all other matters which are excluded in Protection Summaries and Protection Wordings.

CONDUCT OF CLAIMS

39. The Mutual shall have the right at any time, if it so decides, to control or direct the conduct of any claim or legal or other proceedings relating to any matter which has resulted in or which may result in loss, damage, expense or liability in respect of which a claim may be made under these Rules or a Protection Schedule and Protection Wording and, where it is reasonable so to do, require that such claim is or proceedings are settled or otherwise disposed of in such manner and upon such terms as the Mutual sees fit.

APPOINTMENTS OF EXPERTS

40. Without prejudice to any other provisions of these Rules, and without waiving any of the Mutual's rights under these Rules, the Mutual may at any time appoint on behalf of the Member, and upon such terms as the Mutual thinks fit, lawyers, surveyors or other persons with a view to advising the Mutual upon or investigating or dealing with any matter which has resulted in or may result in loss, damage, liability or expense in respect of which the Member is or may be indemnified under these Rules and its Protection Schedule and Protection Wording, including taking or defending legal or other proceedings. The Mutual may at any time discontinue such appointment if it thinks fit.

TERMS OF APPOINTMENT OF EXPERTS

41. Any persons appointed by the Mutual on behalf of the Member under Rule 40 [Appointment of Experts], or appointed by the Member with the prior written consent of the Mutual, shall at all times be and be deemed to be appointed on the following terms:
- 41.1. they have been instructed by the Member at all times to:
- 41.1.1. give advice and to report to the Mutual in connection with the matter without prior reference to the Member; and
 - 41.1.2. produce to the Mutual without prior reference to the Member any documents or information in their possession or power relating to such matter, all as if such person had been appointed to act and had at all times been acting on behalf of the Mutual;
- and
- 41.2. any advice they may give to the Mutual is that of an independent contractor appointed by the Member and shall in no way bind the Mutual or fetter the exercise of the Board's discretion.

INSURANCE – RATEABLE PROPORTION

42. Where a Member is insured or entitled to indemnity in any manner whatsoever against any of the losses, liabilities, costs or expenses which might otherwise have been recoverable under these Rules, the Mutual shall contribute no more than its rateable proportion to such losses, liabilities, costs or expenses on the basis of any terms in such insurance or indemnity excluding or limiting liability on the grounds of double insurance or otherwise.

INTEREST

43. The Mutual shall not pay interest on any claim made under a Member's Protection save for interest which may be agreed or awarded by a court or tribunal in respect of claims brought by third parties.

PART 7 THE FUNDS OF THE MUTUAL

APPLICATION OF CONTRIBUTIONS

44. The Members' Contributions shall be:
- 44.1. used to pay the claims and other expenses or outgoings (whether incurred, accrued or anticipated) which at the discretion of the Board properly fall upon the Mutual; and/or
 - 44.2. used to pay any costs or expenses incurred by the Mutual in entering into insurance contracts in respect of the Protection provided by the Mutual ; and/or
 - 44.3. transferred to such reserves or provisions as the Board may deem it expedient to make, including transfers to reserves and provisions in respect of any deficiency which has occurred or which may be thought likely to occur in respect of any Closed Indemnity Year as the Board thinks fit.

SUPPLEMENTARY CONTRIBUTIONS

- 45.1 Subject to Rule 45.2, the Board may at any time or times during or after the end of each Indemnity Year (but not after such Indemnity Year has been closed) direct that a supplementary Contribution shall be paid by each Member for such Indemnity Year at such rate as the Board may think fit.

- 45.2 All supplementary Contributions shall be calculated pro rata to the original Contributions in the relevant Indemnity Year and shall be paid by each Member on or before the date stated by the Board.

PROVIDED ALWAYS THAT the rate at which such supplementary Contribution is levied shall not exceed in aggregate twenty five percent (25%) of the original Contribution of the Member payable for the relevant Indemnity Year.

EFFECT OF NON-PAYMENT

46. If any Contributions or other payment due from a Member to the Mutual are not paid, and if the Board decides that payment cannot be obtained, the sums required to make good any resulting shortfall or deficiency in the funds of the Mutual shall be deemed to be expenses of the Mutual for the purposes of applying Contributions under Rule 44 [Application of Contributions].

PENALTY FOR LATE PAYMENT

47. Without prejudice to the rights and remedies of the Mutual under these Rules, if any Contribution, part of a Contribution or any other sum due from a Member to the Mutual is not paid on or before the date specified for payment, the Board may order the Member to pay interest on the unpaid amount from the date specified for payment to the date of payment at the rate of 2% above the prevailing Bank of England official base rate.

SET-OFF

48. No Member shall be entitled to set off the whole or part of any potential benefits from the Mutual against the Contribution or any other sums due from the Member to the Mutual.

CLOSING AN INDEMNITY YEAR

49. The Board shall, at such time as it may deem expedient after the end of an Indemnity Year, declare that such Indemnity Year shall be closed.

DISPOSAL OF SURPLUS

50. If, prior to closing any Indemnity Year, it appears to the Board at any time that the Contributions and other receipts (including transfers from reserves and provisions) in respect of such Indemnity Year shall exceed the claims, expenses, losses and other outgoings (whether incurred, accrued or anticipated) falling upon the Mutual for that year together with all transfers to reserves and provisions made out of the Contributions paid in respect of such

Indemnity Year, then the excess may, at the discretion of the Board, be disposed of in whole or in part either:

- 50.1. to Reserves in accordance with the provisions of Rule 52 [Reserves]; and/or
- 50.2. by being returned in whole or in part to the Members who were Members in that Indemnity Year in proportion to their respective Contributions, save that no return shall be made to:
 - 50.2.1. any Authority which has ceased to be a Member by reason of the application of Rule 27.2 [Termination of Membership - Non-payment]; or
 - 50.2.2. any Member who has failed to pay any sums due under these Rules in that Indemnity Year.

CLOSED INDEMNITY YEAR – ALLOCATION OF CREDITS AND DEFICITS

- 51. If in respect of any Closed Indemnity Year it shall appear to the Board at any time that the claims, expenses, losses and other outgoings (whether incurred, accrued or anticipated) falling upon the Mutual for that Indemnity Year, together with all transfers to reserves and provisions, are not equal to the Contributions and other receipts (including transfers from reserves and provisions) in respect of that Indemnity Year, then any credit shall be transferred to the General Reserve of the Mutual and any deficit shall be treated as an expense of the Mutual and may be made up by a transfer from the General Reserve of the Mutual.

RESERVES

- 52. The Board may establish and maintain such reserve funds as it thinks fit, including a General Reserve or other accounts, for such contingencies or purposes as the Board in its discretion thinks fit.

GENERAL RESERVE

- 53. The Board may set aside at any time to General Reserve such sums from the proceeds of any Contributions in respect of any Indemnity Year as it thinks fit. Such General Reserve may be used by the Mutual at any time so as to provide in whole or in part for any claims, expenses, losses or other outgoings of the Mutual (whether incurred, accrued or anticipated) and including, but not limited to, any deficiency which has occurred or may occur in respect of any Closed Indemnity Year, or so as to eliminate or reduce any Contribution in respect of any Indemnity Year past, present or future.

INVESTMENT

54. The funds of the Mutual may be invested by the Board or the Managers or by an investment manager appointed by the Board. The Board may from time to time and at any time lay down such guidelines for the investment of the funds of the Mutual as it shall think fit.

TYPES OF INVESTMENT

55. Such investments may be made by such means, whether producing income or not, as the Board thinks fit.

POOLING INVESTMENT FUNDS

56. Unless the Board otherwise decides, the funds standing to the credit of all Indemnity Years and of any reserve or account, shall be pooled and invested as one fund.

ALLOCATION OF INVESTMENT GAINS AND LOSSES

57. When funds are pooled under Rule 56 [Pooling Investment Funds] any dividends, interest or accruals of interest and any realised investment gains (including dividends or accruals of interest) or losses, arising on the pooled funds shall be credited or debited, as the case may be, to the Indemnity Year in which such gains or losses arise.

APPLICATION OF INVESTMENT GAINS

58. Any investment gains may be used to meet:
- 58.1. the claims, expenses, losses and other outgoings (whether incurred, accrued or anticipated) which in the opinion of the Board necessarily and properly fall on the Mutual in respect of such Indemnity Year; and/or
 - 58.2. such transfers to reserves or provisions as the Board may deem it expedient to make, including transfers to reserves and provisions in respect of any deficiency which has occurred or which may be likely to occur in respect of any Closed Indemnity Year, as the Board thinks fit.

INVESTMENT LOSSES

59. Any investment losses shall be treated as an expense of the Mutual and may be made up by a transfer from the reserves of the Mutual.

PART 8 COMMUNICATIONS AND NOTICES

WRITTEN COMMUNICATIONS

60. Unless the Member and the Mutual have otherwise agreed in writing, all communications from or on behalf of the Mutual regarding the Protection, including all communications in electronic form, shall be deemed to be validly served on a Member if sent to the Member's Representative using the contact details notified by the Member to the Mutual.

NOTICES TO BE SERVED ON THE MUTUAL

61. A notice required under these Rules to be served on the Mutual may be served by sending it:
- 61.1. by first class post in a pre-paid envelope addressed to the Mutual at the Mutual's current registered office; or
 - 61.2. by email to the Mutual at the email address notified by the Mutual from time to time; or
 - 61.3. by such other means as may be prescribed by the Mutual.

NOTICES TO BE SERVED ON MEMBERS

62. A notice regarding the Protection which is required or permitted under these Rules to be served on a Member may be served:
- 62.1. by hand; or
 - 62.2. by post in a pre-paid envelope to the Member's Representative; or
 - 62.3. if agreed by the Member, by email to the Member's Representative's email address; or
 - 62.4. in the case of a general notice to Members, and if agreed or deemed to be agreed by the Member, by posting a notice on the Mutual's website, or by using such other electronic means approved by the Board, and notifying the Member that such notice has been posted.

DEEMED DATE OF SERVICE AND PROOF OF SERVICE

63. Any notice or other document:
- 63.1. if served by post shall be deemed to have been served on the second Business Day following the day on which the letter containing it was posted, and in proving such service it shall be sufficient to prove that the letter was properly addressed and put into the post in a pre-paid envelope; or

- 63.2. if served in electronic form shall be deemed to have been served on the day it was sent if such day is a Business Day, and otherwise at 9.00am on the next Business Day, and in proving such service it shall be sufficient to prove that such notice or document was duly dispatched to the email address of the Member's Representative.

PART 9 DISPUTES, GOVERNING LAW AND JURISDICTION

ADJUDICATION

64. If any difference or dispute arises between any Member and the Mutual about any loss, claim or demand made by that Member or in connection with these Rules or the Member's Protection, it shall first be referred to and adjudicated upon by the Board, even if the Board has already considered the matter before any such difference or dispute arose. The reference and adjudication shall be on written submissions only, unless otherwise agreed by the Board

ARBITRATION

65. Subject to Rule 64 [Adjudication], any such dispute or difference shall be referred to arbitration in accordance with the Arbitration Act 1996.

SOLE ARBITRATOR

66. The Mutual and the Member will appoint a sole arbitrator in London. If the Mutual and the Member cannot agree on the identity of a sole arbitrator within thirty (30) days of the request by one party to the other that the matter be referred to arbitration, the reference shall be to an arbitrator appointed by the current President of the London Chamber of Commerce.

BINDING DECISION

67. The decision of the arbitrator shall be final and binding on the parties.

SOLE REMEDY

68. A Member is not entitled to bring any Court or other proceedings against the Mutual except to enforce an arbitration award made under Rule 65 [Arbitration].

GOVERNING LAW

69. Unless the Mutual and a Member agree otherwise in writing, these Rules shall be governed by and construed in accordance with the laws of England and Wales.

JURISDICTION

70. Subject to Rules 65, 66 and 67 [Arbitration/Sole Arbitrator/Binding Decision] the Commercial Court of the Queen's Bench Division of the High Court shall have exclusive jurisdiction in respect of any dispute or difference arising out of or connection with these Rules.

PART 10 GENERAL TERMS AND CONDITIONS

INSURANCE - MEMBER'S RISKS

71. The Mutual may arrange insurance for the whole or any part of the risks arising in respect of individual Members upon such terms and with such insurers as the Board thinks fit, and the basis on which any such insurance is arranged shall be stated in the Protection Schedule and/or Protection Wording.

INSURANCE – THE MUTUAL'S RISKS

72. The Mutual may cede or insure the whole or any part of any risk of the Mutual with such insurers and on such terms as the Board thinks fit.

INSURANCE SUBJECT TO THE RULES

73. Subject to the provisions of the Financial Conduct Authority Handbook, any contract of insurance in respect of Mutualised Risks arranged by the Mutual for the benefit of Members will also be subject to these Rules (as applicable). To the extent that anything in the terms of such contract of insurance contradicts any provision of the Rules, then the former shall prevail.

NO ADMISSIONS

74. No act, omission, forbearance or conduct of the Mutual whatsoever and whenever occurring, whether by or through its officers, Managers, agents or otherwise, shall constitute any admission or promise that the Mutual will forgo any of its rights under these Rules.

ASSIGNMENT ONLY WITH CONSENT

75. No obligation of the Mutual and no interest under these Rules or under any contract between the Mutual and any Member may be assigned without the prior written consent of the Board. The Board has the right, in its discretion, to give or refuse such consent, without stating any reason, or to give consent upon any such terms or conditions as it may think fit.

SET-OFF ON ASSIGNMENT

76. Before making any payment to a Member's assignee the Mutual shall be entitled to deduct or retain such amount as the Mutual may then estimate to be sufficient to discharge any liabilities or potential liabilities of the Member to the Mutual.

SUBROGATION

77. Subject to Rule 78 [Subrogation – Employees], whenever a claim is made under these Rules or a Protection Schedule and Protection Wording, and before or after any payment is agreed or made by the Mutual, the Member shall, at the Mutual's request and expense, take or allow to be taken in the name of the Member any steps necessarily or reasonably required by the Mutual to enforce any rights or remedies against or obtain relief or indemnity from any third parties.

SUBROGATION – EMPLOYEES

78. The Mutual shall not exercise any rights of subrogation against any employees of a Member, or require the assignment or transfer of any rights which that Member may have against any employee of the Member unless there is an allegation of a dishonest, fraudulent, criminal or malicious act or omission by the employee. The term employee includes ex-employees and any person acting or who has acted as an employee of or consultant to the Member without a contract of employment or contract of services.

PART 11 INTERPRETATION

INTERPRETATION

79. In these Rules:
- 79.1. any reference to a person includes individuals, partnerships, corporations, associations and mutual;
 - 79.2. any reference to the singular includes the plural and vice versa;
 - 79.3. any reference to legislation includes any amending or replacement legislation.

PART 12 DEFINITIONS

DEFINITIONS

80. The following definitions apply to these Rules.

| | |
|------------------------------|---|
| Affiliated Body | Any body corporate, trust or similar entity wholly owned or controlled by a Member which has been agreed in writing by the Mutual as forming part of the Member's Membership of the Mutual, provided always that an Affiliated Body shall have no right to vote on any resolution, poll or show of hands and shall not participate in any disposal of surplus under Rule 50 or any return of assets under Article 48. |
| Articles | The Articles of Association of the Mutual. |
| Authority | A Fire and Rescue Authority within the meaning of the Fire and Rescue Services Act 2004 situated in the United Kingdom. |
| Board | The Board of Directors for the time being of the Mutual. |
| Business Day | Any day which is not a Saturday, Sunday or public holiday in the United Kingdom. |
| Certificate of Entry | The document issued by the Mutual under these Rules which evidences Membership of the Mutual and confirms that Protection is in place. |
| Closed Indemnity Year | An Indemnity Year of the Mutual which the Board has declared to be closed in accordance with Rule 49 [Closing an Indemnity Year]. |
| Contribution | Money paid or payable to the Mutual by a Member in respect of the Member's Protection. |
| document | Includes, unless otherwise specified, any document sent or supplied in electronic form. |
| electronic form | Electronic communication as defined by the Companies Act 2006. |
| Indemnity Year | A year commencing at 00:00 hours on 1 st November in any year up to and including 24.00 hours on the next following 31 st October, or any other period so designated by the Board or the Mutual. |

| | |
|--------------------------------|--|
| Managers | The managers appointed by the Mutual to carry on the Mutual's day to day activities. |
| Member | An Authority entered in the Mutual's Register of Members which is receiving Protection and, where the context requires, a former Member. |
| Member's Representative | An officer or employee of a Member, appointed by the Member and notified to the Mutual in writing, who is duly authorised by the Member to: <ul style="list-style-type: none"> (i) receive statutory and other notices and documents from the Mutual; (ii) communicate with and give instructions to and receive instructions from the Mutual on the Member's behalf; and (iii) provide a valid receipt for any payments which may be made by the Mutual to the Member. |
| Membership Mutual | The admission of a Member for Protection by the Mutual. Fire & Rescue Indemnity Company Limited. |
| Mutualised Risks | Risks where the Mutual has agreed to bear a proportion of the risk as set out in the Protection Schedule and Protection Wording. |
| Protection | The matters which are the subject of: <ul style="list-style-type: none"> (i) the protection provided by the Mutual as set out in the Member's Protection Schedule and Protection Wording; or (ii) where the context requires, a contract of insurance arranged by the Mutual on behalf of the Member. |
| Protection Period | The period defined in Rule 24 [Protection Period] and as stated in the Protection Schedule. |
| Protection Schedule | The document issued by the Mutual which contains the information set out in Rule 17.2 [Protection Schedule], and any endorsement to that document, and which forms part of the terms of Member's Protection and Membership of the Mutual |

Protection Wording

The document which contains the details of the Protection which forms part of the terms of Member's Protection and Membership of the Mutual.

Rules

The rules of the Mutual for the time being in force.

writing

The representation or reproduction of words, symbols or other information in a visible, legible and non-transitory form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.
