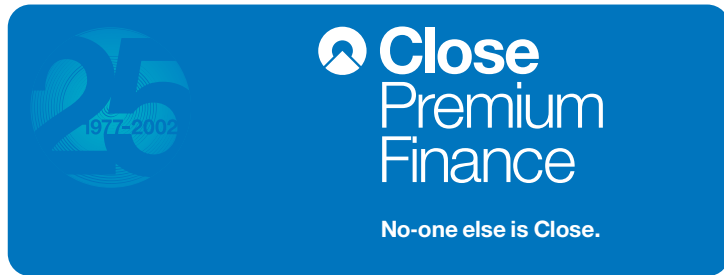


Insights from the world
of premium finance

October 2002



Welcome to CloseUp

Bob Golden
Chief Executive

I'm delighted to welcome you to CloseUp, the launch issue of our newsletter for our customers and business partners. This is a very exciting time for us. It's 25 years since we launched the premium finance market in the UK and we've reached a turning point – for us as well as for our customers.

Over the last 2 years, we have been investing heavily in our commitment to our customers. We've put a huge amount of time and money into giving you the best online account management system – i-prompt – and we've changed our identity to Close Premium Finance to make absolutely clear our distinguished heritage through Close Brothers Group plc.

But all this is just the start of the changes we have planned for you and our business partners.

Increasing sales, reducing costs, improving customer service

Over the coming weeks, months, and years, you will see just how determined we are to deliver on every promise we make to you. And you will see how everything we do will be designed to help you increase sales, decrease costs and improve your customer service. This newsletter is part of that strategy. Not only will it highlight improvements and developments to you - it will also show you exactly how you can make the most out of them.

Web Synching – helping you work smarter

That's why in this launch edition, you will read about the very latest changes we've brought to i-prompt including Web Synching which has huge potential for the level of customer service we can provide to all brokers. You'll also read how our range of Non-Recourse products means that whatever your business needs, we have the product to suit you. And you'll read of developments currently being planned for our Commercial Lines service and products.

Above all, CloseUp will give you a valuable insight into the type of business we are. Flexible, innovative and determined to do everything we can to help you improve your profitability and develop your own service to your customers.

But don't take my word for it. If there's anything at all you'd like to ask me or the marketing team then please don't hesitate to get in touch. We look forward to hearing from you.



Close up and Commercial

Alison Mills

Sales Director Commercial Lines

This is an exciting time for me as more and more Commercial Lines brokers realise the huge potential premium financing offers their business.

This is particularly true in the fast growing field of Professional Indemnity. PI is one of the largest parts of our portfolio at Close Premium Finance and many of our brokers are finding out just how easy it is to finance their clients' PI needs through us, just by applying standard self-approval criteria.

Growing demand for PI

Don't forget that this is also the time of year when a huge number of law firms renew their Solicitors' PI policies. It's 2 years in September since the Law Society's Indemnity Fund was disbanded and the market for Solicitors' PI keeps growing. Last year it was worth around £180 million and the signs are that premiums will grow again this year.

Since we fund almost one third of all Solicitors' PI premiums, we can make sure you don't miss out on that growing and valuable area of business.

Managing your customers' cashflow

One major issue we're hearing about from many brokers right now is the widespread increase in premium costs – particularly Liability premiums - in some cases by as much as 3 times. Of course, any unforeseen increase in costs can be hard for a business to fund and that's why premium financing is such a benefit to your customers.

It can help you close the sale of a policy by letting your clients spread that cost. Currently, it helps to ease the burden of premium increases. By the time you've worked hard broking (and sometimes rebroking) a risk, you don't want to have to wait even longer for the client to pay. We can help with this.

However, the increase in premium costs can sometimes tip over your self-approval limit. This means we need to arrange a bespoke financing deal for your client, so do make sure you give us a little notice on these.

So if you think there's any danger that one of your accounts might increase beyond the self-approval limit, then please let us know as soon as possible. Then we can arrange a selection of quotations and full credit approval of the loan, long before you see the client and all in good time to meet their renewal deadlines.

Why premium finance beats cash

We've also had many requests from our brokers to develop training tools to help their sales staff to sell to your customers the real benefits of premium financing compared to cash payment. Ask your Account Manager about our 15 minute training sessions and our training materials – which include our one page sales aide memoire. They're all designed to help you eliminate the annoyance of late cash payments.

As part of our commitment to the service we want to give you, we've now added a Dedicated Team icon on i-prompt. All you've got to do is click on the icon to find out who your Dedicated Team are in Tolworth and how to get in touch with them directly. And if you have any questions at all, then please don't hesitate to let us know. Your dedicated contacts are the quickest route to the right answer. We look forward to hearing from you.



Up close and Personal

Bob Darling

Sales Director Personal Lines

Last year, the marketing team sent out copies of The Full Monty CD to all our brokers as part of their nationwide launch of our Non-Recourse package. The message was: now that we have Non-Recourse lending as well as Recourse financing we have the full monty for Personal Lines brokers.

As a result of that campaign, I'm delighted to report that hundreds of new brokers have signed up with us. We have been able to offer exactly the product the brokers wanted – Recourse or Non-Recourse.

And of course that's the thing I like most about my job – helping my Personal Lines brokers run more profitable businesses.

However, launching Non-Recourse finance was just one part of the job for my team. Our day to day task is to make absolutely sure that we do everything we can to help give you the competitive edge you need.

That's why i-prompt is such a critical part of the service we can give you. It's quick, efficient and easy to use. And now that we've got Web Synching, there's absolutely no reason why anyone should miss out on the commercial advantage i-prompt can bring. Take my word for it – it is really easy.

As part of our commitment to provide you with really strong support from the sales team, I've just promoted a dedicated and dynamic sales duo. Andrew Gray and Karen Mew are 2 of our most experienced staff and they're the start of our new Account Controller team. Their job is to follow up on the work of our Account Managers, to get in touch with you and make sure you have everything you need. I am sure you will be hearing from them soon.

That way we can be sure that we're providing you with the right products for your business. But if you have anything at all you'd like to ask, then please don't hesitate to get in touch. Andrew, Karen and I can be reached on 0870 241 3418. We look forward to hearing from you.

Our Personal Lines fees are regularly monitored in line with the marketplace. Our tariffs are as follows, effective from July 1, 2002.

Default: £30. Early Cancellation: £10. Shortfall: £25.

If there's anything at all you'd like to ask our team about these increases, please don't hesitate to contact us.

1977-2002



The secret of our first 25 years

Nigel Mottershead

Deputy Chief Executive

It is 25 years since Close Premium Finance pioneered and launched the premium finance market in the UK. And in that time we've not only won a market leading position – we've kept that lead.

The truth is that we have continued to grow and win new brokers, not by spending our time concentrating on making our business run more profitably, but by concentrating on making our brokers' businesses run more profitably.

We learned early that we will succeed only if we help our brokers succeed. And that means investing our time and money in finding new ways to help our brokers improve cashflow, boost profitability and develop their customer service.

That was the thinking behind i-prompt – a faster, more cost effective way of doing business for you. And that's also the thinking behind our Non-Recourse financing package – we take the risk, you take the cash.

In fact, from the day we launched, everything Close Premium Finance has done has ultimately been designed to deliver on our promise to our brokers and business partners – helping you develop maximum return for minimum fuss.

It's a simple strategic goal – and it's the real secret behind our success so far. 25 years on and that approach hasn't changed. We intend to keep leading this industry for the next 25 years. And that means improving your profitability is even more important to us now than ever before.



First Encounters

Jeff McCracken

Emerging Markets Manager
Close Premium Finance's longest serving staff member

Jeff joined Close 10 years ago as an Accounts Assistant.

I didn't know anything about Close when I joined. It was just my second job. I'd spent 6 months on beaches in Greece and suddenly I was at this little start up – a tiny company of just 11. I was excited about stepping into the unknown but also nervous, it felt like a big risk for my career. I wasn't even sure if premium finance had a real future.

But we grew quickly. I remember the huge celebrations when we did one million in a month. We were all taken out for a very long lunch. Looking back now, I could never have predicted what Close was going to have grown into, or that we would have been pioneers in the move to electronic trading. It's been quite a buzz to be a part of that.

The Close Premium Finance Story





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i-prompt eye

Jon Cattle

IT Director

Broker's eye

Andy McIntosh

Private Client Services Executive
Sunninghill Insurance Brokers Ltd
Bagshot



As IT Director, the greatest challenge my team and I face is finding new ways of putting technology to work for your business and ways of adding value to our service to you. And now that we've signed up more than 3,000 brokers to i-prompt, we've got to keep developing and improving that service as an online resource.

That's why we've now introduced:

- Dedicated Team contact details online for Commercial Lines brokers so you know exactly who your designated account team is and how to get in touch with them.
- Changes to the mid-term adjustment screens to make it easier for you to increase or decrease any policy amount.
- A new drop down menu to give you a choice of deposit and payment methods.
- Enhanced password protection to give you absolute peace of mind on security.
- Improvements to the loan options screens.

Web Synching takes i-prompt to another level

But our most important development to date by far is Web Synching. It's an excellent new system that gives you an immediate and live online link to a Close Premium Finance skilled agent.

All you do is log onto i-prompt and click on the Web Synching icon. You can then choose to chat with the agent online or speak to them over the telephone. And because you and the agent will both be looking at the same screen, the agent can talk you through various steps and they can actually make changes to your screen as you watch.

Not only is Web Synching an effective training resource, it is vital to our commitment to you as we keep developing internet technology that will make a genuine difference to your business.

So try Web Synching for yourself – and then let us know what you think. Email the marketing team at marketing@closepf.com.

I look forward to hearing from you.

We've had 2 sessions with Web Synching and we've been impressed both times. Even with the best will in the world, when you're on a call with a technical support person it's hard to follow their instructions exactly. You think you're doing what they say but some error creeps in. That doesn't happen with Web Synching.

It's easy to start Web Synching through i-prompt. You choose whether or not to speak to a Close Premium Finance person on the phone or to type questions to them on-screen.

You see exactly the same screen as the support person – they can even move your mouse around – and that gets rid of any misunderstanding. It's as if the support person is right next to you. I would recommend Web Synching to other brokers. It's a genuinely useful enhancement to i-prompt.

Important Information

Premium finance versus cash or overdraft

Some of our brokers have asked us for help in providing their staff with sales aids and the financial knowledge and skills required to convert more cash clients to premium finance.

In order to assist staff in explaining the benefits of premium finance, we have produced the enclosed information sheet. If you would like further copies, please contact our Business Development Unit on 020 8786 2516.

Account number change

We've grown at such a rate over the last few years that we need to expand our account numbering for brokers and clients. As from November 2002, all existing account numbers will be prefixed by 4 digits (1000 for Commercial Lines brokers and clients and 2000 for Personal Lines brokers and clients).

For example Commercial Broker number 123456 will become 1000123456, whilst Personal Client number 078953 will become 2000078953. Clients or brokers who ring in with a query and quote the 'old' number will still be recognised. All new clients will be allocated numbers starting with 5000.

Please note that there is no action for you to take as a result of this account number change.

Competition



Congratulations to the 10 lucky brokers who each won a DVD player in the Full Monty Personal Lines Non-Recourse campaign:

David Mackie
E T Knagg & Co Ltd

Iain Patterson
Edwin A Davies & Co

Peter Harrod
HGR Insurance Brokers Ltd

Nigel Attwood
Keelan Westall PLC

Mark Book
La Playa Limited

Jonathan Jenkins
Stenning Insurance Services Ltd

Andy Kilpatrick
Sunninghill Insurance Brokers Ltd

Tony Colbourne
Luker Rowe & Company Ltd

W M Lyle
O'Connor & Co (Insurances) Ltd

Ann Owen
Oughtred & Harrison (Insurance) Ltd