

From: keith sholl [mailto:keith@insurancewide.co.uk]
Sent: 25 April 2007 22:05
To: -----
Subject: RE: Tribunal

Mark,

I don't know whether you will pick this up before we meet tomorrow but I wanted to put my thoughts down in any case.

David has now left the office but following his meeting with Cordara this afternoon he has furnished me with copies of the "Commissioners' Outline of Argument", which I am reading through currently, and the "Heads of Submission of the Appellant" that I have yet to read.

I have just read C1. 24. of the analysis on pages 9 and 10 of the Argument, the final point of which, that is repeated within the conclusion on page 11 reads:-

"Insurancewide makes available software which enables persons seeking insurance to identify and contact insurance providers"

The implication being that this does not constitute intermediation and that this assertion together with the unfortunate misinformation provided in our erstwhile terms and conditions is the hub of their argument.

The terms and conditions in 2004 not only incorrectly stated that we were not an intermediary but also incorrectly stated that we did not sell insurance, when of course we did and indeed continued to do so up until the end of 2005.

It is certain that Insurancewide is not an insurance company as it does not and has never underwritten any form of insurance, however whilst it may no longer be the case, it seems probable that initially we were not merely an insurance intermediary but (in so far as the Sixth VAT Directive is concerned) would have been classed in the same category as an insurance broker, in that, policies were not only arranged and issued in the name of Insurancewide but the follow up services such as amendments to cover, renewals and claims handling were also carried out in the name of Insurancewide. In effect we were an "Insurance Provider" (for want of a better description) and on this basis our position as VAT exempt ought to be unquestionable.

Notwithstanding, since the argument concerns the Wizard functionality which is merely seen as a tool to enable persons seeking insurance to contact insurance providers, it is probably important to get across the initial *raison d'être* of the Wizards. All insurers and brokers receive enquiries from customers that they are not able to satisfy and the more astute have ways in which they seek to ensure that the customer's requirements can be satisfied via an alternate insurer. Increasingly this occurs when a customer in the course of visiting an insurance provider's website such as Norwich Union say enters data that identifies them as unsuitable for that insurer in which case they are referred to a third

party insurance provider's website with which the original insurance provider will have entered into an agreement to entertain such enquiries.

The Motor Wizard was actually born of such a requirement in that Insurancwide became aware that it was unable to satisfy all the enquiries that it was receiving thus the service that Insurancwide was providing with the Wizard was initially to itself in its capacity as an "Insurance Provider". It also served the same purpose for Equity Red Star the Lloyd's Syndicate that underwrote a majority of the policies issued in the name of Insurancwide at that time. By virtue of its unique ability via the Wizards Insurancwide was able to extend this service to the other Insurance Providers that it contracted to entertain the enquiries that it was unable to entertain itself, such that, it lessened the likelihood of those Providers not being able to provide a quote to the customers concerned and increased the probability that the customer would be satisfied by one or other of the alternate Providers suggested.

The essence is that it should be unnecessary to prove Insurancwide to be an insurance intermediary albeit that is clearly the role that it now fulfils, since at the time in question it was an "Insurance Provider" witnessed by the fact that insurance policies were issued in the name of Insurancwide. Therefore, the intermediary service that the Wizards provided were primarily to Insurancwide as an "Insurance Provider" although those same intermediary services were also provided to the other Insurance Providers with which Insurancwide has contracted and they continue to be so provided.

In the meantime, Insurancwide has ceased to be an "Insurance Provider" and has introduced a different form of service, known as "Insurancwide Connect", whereby it collects relevant information from customers which it transmits to a variety of Insurance Providers who by arrangement respond with quotations thus enabling Insurancwide to provide the customer with a much better indication as to the appropriateness of the Insurance Providers than hitherto available via the Wizards.

Regards,

Keith

See you tomorrow morning