



T H O M A S C O O K & S O N
I n s u r a n c e B r o k e r s L t d

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9.11.05

Viamed – PL/Products R & SA Andrew Lane Surveyor (07739 433432)

JMC, J & G Lamb, DL , AL

Comprehensive overview given of Product range & useage and long term history of business and relationship with R & SA.

JL expressed need to cover transition from purchasing products mainly sourced in US + UK to assembly and manufacture of these in China and other products which were complimentary, both designed as well as produced in China which would be sold by Co. Traceability of historic sales and design/purchase/manufacture discussed with full records of this confirmed as being kept.

Accepted by AL that standards imposed by Viamed & JL were high relating to design and manufacture but that design element would reduce & Viameds brief could change to sourcing products and establishing appropriate compliance with BS & ISO international standards. Likelihood of Chinese non acceptance of normal contractual terms leading to no rights of subrogation discussed – this has been agreed and documented with R & SA previously for HTI.

Agreed JL would analyse T/O and likely shift to goods purchased China/elsewhere with confirmation if possible of enquires by Viamed relating to PL/Products cover. Accepted that as an underwriting feature transfer of production and loss of recovery rights could lead to increase in risk and premium. Although agreed that this is a global phenomenon and that Chinese production standards are very high – but more particularly Viamed's risk assessments and controls of production/quality assessment have also historically been very high as is witnessed by the lack of adverse claims experience.

Possibility & desirability of US sales increasing discussed, **agreed that JL will include details of possible products and turnover related to this in analysis.**

On checking/quality inspection of bought in products it is accepted by R & SA that **Viamed will assess and install reasonable & appropriate procedures related to sourcing /type of product and exposure as they have previously.** Repairs T/O stated to have reduced considerably and is now running at approx £100,000 p.a.

Agreed overall that Viamed's controls are good with high standards of risk awareness. There has also been transparency in historic communication to R & SA of products and sourcing. Overall improvement over last 10 years in both product design and reliability in use related to technological change is accepted and evidenced by experience.

Diary 1 month to ask for copy of R & SA 's report and to remind JL re analysis of future sales and products sourcing.

Suggest also that terms of purchase related to sourcing of products be logged and if possible disclosed to R & SA if they vary rights of subrogation /recovery.

JOHN COOK.