



LOCKTON INSURANCE BROKERS LLC

Statement of Business Principles for Insurance Clients

Level 5, HQ Building, Al Raha Beach, PO Box 33004, Abu Dhabi, UAE

www.lockton.com

A limited liability company registered in the UAE with License number CN – 1052480

Authorized and regulated by the UAE Insurance Authority with Registration No. 166

1. INTRODUCTION AND SCOPE

Lockton Insurance Brokers LLC (LIB) is a limited liability company located in Abu Dhabi. LIB is an insurance intermediary licensed by the Abu Dhabi Department of Economic Development and regulated by the UAE Insurance Authority.

Our intention in issuing these Business Principles is to establish clearly and concisely with you the basis on and extent to which we will provide you with services in relation to each insurance policy which we arrange on your behalf, in the absence of a more specific agreement between us. We also highlight certain important insurance practices and procedures that apply when arranging insurance, and provide you with more general information on our services.

We would urge you to read this document carefully, and use the information to decide if our services are right for you, with particular reference to the sections entitled:

Placing Services: which sets out the basis upon which we will act as your agent in relation to each insurance policy which we arrange on your behalf;

The Receiving and Holding of Client Money: which sets out how we hold client money;

Remuneration and Other Income: which sets out details of our earnings; and

Limitation of Liability: which sets out the limit of our liability.

If you do not wish our relationship to be governed in such a manner, please advise us in writing before we proceed to arrange insurance for you.

2. MANAGEMENT AND SERVICE STANDARDS

QUALITY AND STANDARD OF SERVICE

In providing you with the services described in this document, we will advise you in accordance with your instructions in a professional and expeditious manner.

MANAGING YOUR REQUIREMENTS

We will assign one or more of our employees (Associate(s)) to take responsibility for the provision of the services which are described in this document. Such person(s) will be your primary point(s) of contact in relation to each insurance policy that we arrange or administer on your behalf and we will ensure in so far as reasonably possible, continuity of and accountability for the services which we provide. The assigned Associate(s) will be supported by other employees to assist in the provision of the services and to provide service cover when required. Our aim is to deliver insurance solutions that satisfy your requirements effectively and efficiently.

3. TERMINOLOGY & LANGUAGE

In order to avoid repetition of words used in this document, “the insurance” means each contract of insurance which we arrange or bring about on your behalf; “Insurer(s)” include any insurer, reinsurer or other category of risk bearer and “claim” includes an incident which may give rise to a claim, as appropriate to the insurance; and UAE means the United Arab Emirates.

All documentation, correspondence and communication we provide to you will be in English unless we separately reach agreement with you to use of another language.

4. **PLACING SERVICES**

ESTABLISHING YOUR DEMANDS AND NEEDS

In good time before negotiations with the Insurer(s) commence, we wish to establish a proper understanding of your insurance requirements. We will assist where necessary in the gathering and collation of material risk information and in its preparation for submission to the Insurer(s) who we consider to be appropriate. In that regard, we would draw your attention to the sections of this document entitled **Duty of Disclosure** and **Selection and Solvency of Insurer(s)**.

QUOTING AND PLACING

We will seek from Insurer(s) on your behalf, competitive indications for insurance and coverage which are, in our opinion, suitable in terms of both price and coverage offered and we will advise you of the terms indicated by the Insurer(s) in such a manner as to enable you to make an informed decision on which insurance, if any, to purchase.

We will take diligent and timely steps to implement your instructions and, subject to available insurance market, place all the required insurance before its intended date of inception, renewal or extension, confirming to you prior to such date the coverage that is in place. If we are unable to fulfil your instructions we will bring this promptly to your attention.

PLACEMENT OF INSURANCE WITH MULTIPLE INSURERS

Once satisfactory security has been selected the insurance may be offered to a single Insurer or to a number of Insurers to co-insure, if we believe the insurance necessitates the involvement of more than one Insurer.

DOCUMENTATION

We will advise you by facsimile, letter, e-mail or other agreed means of communication, of the completion of the insurance arrangement(s). We will then arrange for appropriate documentation to be forwarded to you, which will provide you with formal confirmation or evidence of the insurance and the amount of premiums payable in respect thereof.

We advise you to check this documentation when you receive it:

- An Evidence of Cover (which may be in one of four forms: a full copy of the slip, a broker insurance document (formerly a cover note), a policy or a certificate) will provide details of the full terms of the insurance and identifies the Insurer(s) with whom your insurance has been placed. You should check the Evidence of Cover and satisfy yourself that it is entirely in accordance with your understanding and instructions. Any variance should be advised to us immediately and any correspondence should quote the evidence of cover reference.
- A Premium Tax Invoice issued by the Insurer will indicate the gross premium charged by the Insurer for the insurance (net of discounts, if any) plus applicable taxes (including but not limited to value added tax (VAT)), and the net amount of premium payable. The Premium Tax Invoice will be sent to you together with our Collection Advice letter. Where the premium needs to be paid directly to our bank account this will normally be indicated in our Collection Advice letter otherwise the premium will be payable directly into the insurer's bank account.
- In accordance with the UAE Insurance Authority Regulations, Regulation No. 15, 2013 (Direct Billing of Certain Classes of Insurance) With effect from 31st December 2014, premiums for the following classes of insurance must be paid direct to the Insurer by the insured, namely:

1. Life and Fund Accumulation insurance, including Group Life and Personal Accident;
 2. Group Medical insurance;
 3. Marine and Air Transit (cargo);
 4. Hull Insurance (maritime vessels); and
 5. Petrochemical based insurance.
- A Policy/Certificate will set out comprehensively the terms of the insurance and replaces any earlier issued Evidence of Cover. We will seek to obtain and, subject to any lien which we may be legally entitled to exercise, issue to you as soon as reasonably practicable any insurance policy or certificate documents which may be required in relation to the insurance, or in certain circumstances advise you that a policy is available upon request.

TAXES, DUTIES & OTHER CHARGES

Any tax, duty or other charge which is payable in addition to the premium (for which the policyholder is responsible) and which need to be remitted to any appropriate authority by the Insurer(s) or which is allowed by the Insurer(s) to be deducted from the premium payable, will be indicated on the premium Tax Invoice. If a tax, duty or other charge is allowed to be deducted by you from the premium or is not paid by the Insurer(s), it shall be your responsibility to ensure that it is remitted to the appropriate authority.

5. DUTY OF DISCLOSURE

YOU MUST BE AWARE OF THE DUTY OF DISCLOSURE IN RELATION TO YOUR INSURANCE AND THE SEVERE CONSEQUENCES OF ITS BREACH

The duty of disclosure requires you to provide Insurer(s) all material information relating to the insurance under consideration and all information you provide should be both complete and accurate. “Material” in this context refers to all information, which a prudent Insurer(s) (not necessarily the Insurer in question) would wish to take into account when considering whether or not to accept the insurance and, if so, upon what terms and at what price. Material information does not necessarily have to actually increase the risk of the insurance under consideration.

The duty of disclosure continues up until the insurance has been concluded and “resurrects” in the event of any amendment to the insurance during the policy period or any extension or renewal. It may also be that the terms of the policy include specific ongoing disclosure conditions or warranties which effectively extend the duty of disclosure post inception of the policy.

In completing a proposal or claim form or any other material document relating to an insurance policy and in providing information to or for Insurer(s), the accuracy and completeness of all answers, statements and/or information is your responsibility and it is of paramount importance that all relevant information is provided and that it is accurate.

In the event that there is a breach of the duty of disclosure, the Insurer has the right to avoid the insurance from its commencement. Under such circumstances, the Insurer would be entitled to seek recovery of any claims already paid by them under the insurance. Although at the same time the Insurer would generally be obliged to return any paid premium (in the absence of dishonest conduct).

If you are in any doubt as to the ambit of the duty of disclosure or whether a piece of information ought to be disclosed, please do not hesitate to contact us.

6. SELECTION AND SOLVENCY OF INSURERS

We have access to many insurers to obtain the best cover terms available for our clients.

We will provide you with the name of any insurer we are recommending or using to insure your risk. While we cannot guarantee the solvency of any insurer or its ability to meet policyholder obligations, we only use insurers authorized by the Insurance Authority for risks and liabilities located within the UAE. If you require additional information on any insurer we have used to protect your assets, liabilities or people within the UAE, we will send you a copy of their latest published financial report.

The final decision on the suitability of any insurer or reinsurer does rest with you. If you have any concerns about the security we are proposing to provide cover, you are requested to contact us immediately. Unless we hear from you by return to the contrary we will proceed and bind cover on the basis proposed.

7. CONFIDENTIALITY AND SECURITY OF INFORMATION

Any information that you provide to us will not be used or intentionally disclosed by us outside the Lockton group of companies, except in the normal course of negotiating, maintaining or renewing the insurance, or for handling any claims, unless:

- a) we have obtained the necessary consent from you;
- b) we are required to disclose the information by a court of competent jurisdiction or governmental or regulatory body having the requisite authority over us; or
- c) the information is already in the public domain or has been received by us from a third party not under any duty of confidentiality.

We will take appropriate steps to maintain the security of your confidential documents and information which are in our possession.

8. CLAIMS SERVICES

We will administer your claims fairly and promptly. You must notify us as soon as possible of any claim you have or of any circumstance that might give rise to a claim from you. Some insurance policies include claims control or co-operation conditions requiring prompt notification of a claims or claim circumstances or occurrences as a condition of the cover and some may specify a time period or format for notification.

We will tell you when confirming cover who you should contact if you have a claim and will assist you in submitting your claim and in seeking settlement from Insurers.

If a conflict of interest arises in relation to a particular claim, an Insurer reserves rights, declines cover, delays settlement or becomes insolvent, we will inform you and seek instructions. We will not accept liability for any unpaid amounts due from Insurers.

Claims payments will be remitted to you as soon as possible after they have been received by us from Insurers

In the event that our services are terminated, claims files will be transferred to your new broker according to your instructions. But, if you wish us to handle run-off claims on your behalf and we may agree to do so but reserve the right to charge a reasonable fee for these services.

9. MAINTENANCE OF RECORDS

During the period of our appointment, we will make, maintain and keep a record of all material particulars relating to our arrangement and/or administration of the insurance, including the notification, processing and resolution of any claims under the insurance for which we provide claims related services. Such records may be kept in paper based, electronic or any other medium we consider appropriate provided that they are either in a legible form or capable of being reproduced in a legible form.

Subject to any lien which we may be legally entitled to exercise, we will reproduce and forward to you (or to any party you request), copies of the documents and records to which you as our client are legally entitled, but we reserve the right to charge you for the reasonable costs of reproduction and forwarding and to retain copies for our internal requirements.

10. CONFLICTS OF INTERESTS

In performing our services, situations may arise where we have conflicting interests and we wish to highlight our normal procedures in relation to these.

Where we act as agent for two or more clients involved in the same or a related loss situation, we will advise the client involved of our conflicting interests (if any) and take immediate steps to segregate the claim servicing functions provided to each of the involved clients. These steps will normally include the assignment of different Associates within our Claims Teams to represent the claim interests of each involved client and the establishment of direct communication procedures.

Should a situation arise where our own interests conflict with any duty we owe to you, we will not proceed until such time as you have been fully apprised of the position. Your instruction or confirmation of an order to arrange the insurance on your behalf will be taken as your informed consent to proceed in the manner proposed.

A full copy of our Conflicts of Interests Policy is available upon request from your usual point of contact.

11. REMUNERATION AND OTHER EARNINGS

As your chosen insurance intermediary, we earn income in a number of ways.

We will charge you a fee or commission for our services. Whenever we charge a fee, that amount will be agreed with you in advance and will be disclosed to you separately to the insurance premium. The general nature of the services provided for such fee or commission are set out in these Business Principles.

Instead of a fee, we can earn a commission payment from the insurance company with whom the insurance is placed and our commission is taken from your premium payment upon receipt and usually calculated as a percentage of the insurance premium. This percentage will have been contractually agreed between us and the insurance company. We earn different percentages for different classes of business and from different insurance companies.

We reserve the right to negotiate with you appropriate additional fee charges to cover administration, documentation, visits or other costs. This may include higher costs of claims handling for exceptional or significant claims activity or major losses.

Commissions and fees for bringing about or arranging insurance are considered fully earned when the insurance incepts, irrespective of when the premium for the insurance is payable to the Insurer(s) and are not refundable in the event of cancellation or early termination of insurance(s).

VAT at the prescribed applicable rate will be charged on our fees, commissions and any other remuneration due for our services and shall be payable in accordance with any tax invoices issued therefor by us either to you or the Insurer.

You should be aware that we may on occasion advise you of the need to use other insurance brokers to assist us in arranging and placing your insurance. These insurance brokers may earn and retain commission in addition to the fee we have agreed with you. Should this involve use of other divisions or companies within Lockton, we will advise you if we earn additional commission to the agreed fee.

In addition to the above, you should be aware that as a result of bringing about or arranging the insurance, we may receive additional income from the following sources:

- a) Management of cash balances in accordance with the section on Client Money.
- b) Arrangements with Insurers whether or not identifiable to any specific client or account to provide payment for administration and support or other services we provide to Insurers that may include:
 - Insurance Service Brokerage (“ISB”) or Subscription Market Brokerage (“SMB”) charges to certain insurers of up to 2.5% of premium to reflect services for administration assistance including handling as their agent premium and claims payments (but we will not charge Insurers for services on any policy if we are charging them pursuant to a specific Work Transfer arrangement);
 - Work Transfer (“WTC”) charges to certain insurers as a percentage of the premium payable to them pursuant to a services agreement between ourselves and such insurers whereby we agree to act as Insurers’ agents and provide them with specific services that an insurer would usually be expected to perform;
 - Profit Commissions or profit share paid by Insurer(s) on specific facilities and arrangements for a limited class of business;
 - Referral payments from Premium Finance Companies and volume referral payments from such companies;
 - Product Marketing Services charges where we may earn income under a services arrangement with certain Insurer(s) for services including but not limited to promotion of insurer products, client relationship development and provision of management information. Such income is not attributable to or quantifiable to any one particular client; and
 - We may be requested to arrange, facultative or treaty reinsurances for the Insurer(s) with whom we effect insurance. These reinsurances are separate and distinct contracts where we act as agent (or sub-agent) of the Insurer(s) concerned, and for which remuneration may be paid separately by the Insurer(s) or their reinsurer(s) and are outside the scope of our agreement with you.

Your insurance cover may be arranged and placed in various layers. We are entitled to charge either ISB/SMB or WTC in respect of an Insurer’s participation on a given layer, but will never charge both ISB/SMB and WTC on the same layer.

The additional income described above may give rise to a conflict of interest between you, us and/or the Insurers concerned. We will take care to ensure that such conflicts are properly managed so we continue to act in your best interests.

12. THE RECEIVING AND HOLDING OF CLIENT MONEY

Insurance monies are any monies that we receive and hold in the course of arranging or administering insurance on your behalf, or which we treat as insurer monies. We will provide protection for all insurance monies by holding them in bank accounts completely segregated from our own monies. We shall comply with the strict regulatory controls on us to maintain solvency of the segregated accounts and to conduct a regular reconciliation of such account(s). Importantly, insurance monies will be ring-fenced in the insurance money account(s) so that it will be returned to clients or Insurers in the event of our company's insolvency and cannot be used to reimburse other creditors.

13. LIMITATION OF LIABILITY & FORCE MAJEURE

LIMITATION OF LIABILITY

The following provisions of this section set out our entire financial liability (including any liability for the acts or omissions of its employees, agents and sub-contractors) to you in respect of all losses, claims or liabilities arising under or in connection with this Agreement (including in respect of any indemnities), whether in contract, tort (including negligence), breach of statutory duty, or otherwise.

- (a) All warranties, conditions and other terms implied by law are, to the fullest extent permitted by law, excluded from this Agreement.
- (b) Nothing in this Agreement excludes or limits our liability for death or personal injury caused by our negligence or for fraudulent misrepresentation.
- (c) Nothing in this Agreement excludes or restricts our duty or liability to you under the applicable regulatory system.
- (d) Subject to clauses (a), (b) and (c) above, our total liability to you, shall in aggregate be limited to AED 3 million and we shall not be liable to you for loss of or corruption of data, loss of profit, loss of anticipated savings, loss of business, loss of opportunity, insurer failure, depletion of goodwill, additional operational and administrative costs and expenses, the cost of procuring replacement goods or service, or any indirect or consequential loss or damage.

FORCE MAJEURE

Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from the events, circumstances or causes beyond its reasonable control, which shall be deemed to include, but not be limited to the following: act of God; civil commotion; failure of third party suppliers; sabotage; labour dispute and industrial action; delay of Insurer(s); explosion; or fire; and in such circumstances the time for performance shall be extended for a period equivalent to the period during which performance of the obligation has been delayed or failed to have performed, provided that if the period of delay or non-performance continues for twelve (12) weeks, either party may terminate this Agreement by giving fourteen (14) days written notice to the other party.

14. COMPLAINTS

Lockton Insurance Brokers LLC are dedicated to providing a high quality service and aim to maintain this at all times. We take complaints made against us very seriously and maintain a procedure to ensure that complaints are dealt with promptly and fairly.

If you wish to register a complaint, please notify your usual contact either in writing or by telephone. Alternatively you may write to: complaints@mena.lockton.com

If we cannot resolve your complaint straight away, we will acknowledge its receipt promptly and arrange for a senior manager to investigate the matter and provide you with a response..

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15. MONEY LAUNDERING, BRIBERY AND SANCTIONS

We are obliged to take reasonable steps to safeguard our company and our clients against the risk of financial crime. To achieve this, we may need to ask you to provide us with additional information to help establish proof of identity or legitimacy of any insurance transactions you ask us to undertake on your behalf. We will not agree to make payments to unknown third parties where we have had no direct dealings or knowledge of an involvement on your account.

As an organisation we have in place strict anti-bribery and corruption practices in accordance with applicable laws, regulations and best practice.

Any insurance transaction or payment to or from a country subject to any form of sanction may be prohibited or subject to restrictions.

16. TERMINATING OUR APPOINTMENT

Either you or we may terminate our appointment to act as your agent in relation to the insurance by giving at least thirty (30) days' notice in writing.

Termination of our appointment does not affect the rights, obligations or liabilities of either you or us in relation to the insurance, which have accrued prior to the termination date, but following the termination we will owe you no further obligations to provide any services in relation to your insurance. Upon termination of appointment all relevant files and claims files for the run-off will be transferred to the new broker appointed by you according to your instructions. In the event you wish us to handle run-off claims on your behalf and we agree to do so, we reserve the right to charge a reasonable fee for these services.

As our commission or fee for bringing about or arranging the insurance is fully earned when the insurance incepts, any unpaid commission or fee will become immediately due and payable to us upon termination of our appointment.

17. LAW AND JURISDICTION

LIB undertakes its activities as an insurance intermediary in accordance with the laws of the UAE. Any disputes shall be governed by and construed in accordance with the laws of the UAE and the parties submit to the exclusive jurisdiction of the courts of the UAE.

18. ACCEPTANCE

Please contact us immediately if there is anything in these Business Principles that you do not understand or with which you disagree, or if you have any questions, please contact your usual contact in the first instance who will be pleased to assist you.

If we do not hear from you within thirty (30) days of receiving these Business Principles or if we receive an instruction or confirmation of an order to arrange cover on your behalf, whether or not within the thirty (30) day period, this will in any event be deemed acceptance by you of these Business Principles.