

# Lockton Specialties LLC

*Business Principles 2024 - Direct*

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## 1. INTRODUCTION AND SCOPE

Lockton Specialties LLC, a Limited Liability Company, whose principal place of business is at 444 W 47TH Street, Suite 900, Kansas City, MO 64112, is an independent insurance and reinsurance intermediary registered in the State of Missouri.

We are authorised and regulated in the United States of America by the Missouri Department of Insurance under License Number 8331631, details of which can be confirmed by visiting <https://sbs.naic.org/solar-external-lookup>.

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, unless there is 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, particularly 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;

**Limitation of Liability** which sets out how we limit our liability; and

**Data Protection** which sets out our obligations to each other in respect of data protection and the Processing of Personal Data in relation to our engagement and any services we provide to you.

Please note that in respect of "Law and Jurisdiction" and disputes that these are governed by the laws of the State of Missouri (United States

of America) and subject to the exclusive jurisdiction of the courts of the State of Missouri (United States of America).

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

**These Business Principles supersede and replace any previous Business Principles you may have received from us. If we do not hear from you within 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 30 day period, this will in any event be deemed acceptance by you of these Business Principles.**

## 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 Partners and/or Associates 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 Partner(s) and/or 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.

### Recommendation of Third Party Intermediaries

You may request us to or we may recommend to you a third party intermediary to deal with various insurance policies on your behalf (outside of any global policies and programmes that we may deal with for you) where we do not have the capability or local presence to do so. Where we provide such

recommendation it is on the understanding that we accept no responsibility for the activities, errors or omissions of such intermediary and we will not be responsible in any circumstances in the event that they are unable, for whatever reason, to meet their obligations to you.

### 3. TERMINOLOGY AND 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, "insurance" includes reinsurance, contract of surety or guarantee and other risk transfer products, "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.

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 capacity in the 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.

#### **Lineslips And Facilities**

In relation to certain classes of business, we have the benefit of and operate lineslip facilities. These are arrangements whereby insurances, meeting certain pre-agreed criteria, can be bound by one or more Insurers usually on behalf of a wider range of Insurers, which mechanism offers speed and efficiencies across a portfolio of business. We generally administer these facilities on behalf of all participating Insurers. We believe these arrangements help us to secure for clients, access to an expert panel of Insurers and cost efficiencies across a portfolio of our clients' business. We review the terms and conditions of lineslip facilities annually to ensure that the terms and conditions offered by participating Insurers are competitive. Where we place the insurance for you under a lineslip or similar facility, we will disclose this fact to you.

#### **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. Where we offer the insurance to a number of co-insurers, we will follow high level principles, as set out below, when obtaining terms. We will recommend the placement that in our opinion provides the best solution for your needs. For all new and renewal business our primary points of contact will, as usual. Our quotes/contracts will incorporate a clause to ensure the co-insurers understand the basis of their participation and that we will not accept "best terms".

Should you have any further questions with regard to any placement, please contact your usual primary point of contact.

#### **High level Principles on markets:**

1. We shall, based on information provided, specify the demands and needs of the client as well as the underlying reason for any advice.

2. Before placing the insurance, we will review and advise you on market structures available to meet your needs and, in particular, the relative merits of a single insurer or a multiple insurer placement.
3. If you, on our advice, instruct us to place the insurance with multiple insurers, we will review, explain the relative merits and advise you on a range of options for multiple insurer placement.\* We will expect insurers to give careful consideration to the options requested.
4. In the case of a placement of insurance with a lead insurer and following insurers on the same terms and conditions, the previously agreed premiums of the lead insurer and any following insurers will not be aligned upwards should an additional follower require a higher premium to complete the insurance placement. Indeed, we should not accept any conditions whereby an insurer seeks to reserve the right to increase the premium charged in such circumstance.
5. During the placement of the insurance, we will keep the client informed of the progress.

\*These are a range of options for multiple insurance placements. Two examples of which are the following:

- (a) Selection of a lead insurer through a competitive process and subsequent invitation to potential following insurers to cover part of the insurance on the same contract conditions and premium, it being understood that nothing should prevent following insurers quoting a different premium.
- (b) Selection of lead insurer through a competitive process followed by a series of negotiations between us and potential following insurers for the coverage of part of your insurance not covered by the lead insurer with identical conditions and different premiums across all or some of the participating insurers.

## 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 Debit Note/Invoice will indicate the gross premium charged by the Insurer(s) for the insurance plus applicable taxes, any deductions allowed for you and the net amount of premium payable to us. Where an Insurer requires premiums to be paid directly to them, this will normally be indicated on the premium debit note or invoice.
- A Policy/Certificate will set out comprehensively the terms of the insurance and replaces any earlier 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 practical 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 insurance premium 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 the 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 debit

note or invoice. If a tax, duty or other charge is allowed to be deducted by you from the premium or is not paid by Insurer(s), it will become your responsibility to ensure that it is remitted to the appropriate authority.

## 5. DUTY OF FAIR PRESENTATION OF RISK / DUTY OF DISCLOSURE

### **You Must Be Aware Of The Duty Of Fair Presentation of Risk/ Duty of Disclosure In Relation To Your Insurance And The Severe Consequences Of A Breach**

#### **Duty of Fair Presentation of Risk/Disclosure of Material Information Please Read Carefully**

You have a duty to make “a fair presentation of the risk”. To meet this duty you need to disclose all material information to Insurers which is known to you (or which ought to be known to you). Information is material if it would influence the judgement of a prudent Insurer in establishing the premium or determining whether to underwrite the risk and, if so, on what terms. Material information does not necessarily have to actually increase the risk of the insurance under consideration.

You will be deemed to know information if it is known to any individuals in the categories below:

- (a) Anyone within your business in a senior management or decision making role, and
- (b) Anyone responsible for arranging the insurances.

Furthermore, under the Act you “ought to know” what should reasonably have been revealed by a reasonable search for information held internally or externally (including by any third parties to whom services are outsourced, consultants and agents).

In order to be able to argue that you have satisfied the duty, should an insurer allege that you have not, you must now do the following:

1. Carefully consider who are the individuals who may fall into categories (a) or (b) above, record this in writing and explain your reasoning;

2. Make enquiries of those individuals as to whether they are aware of any material information (having explained to them what this means);
3. Record the results of these enquiries in writing; and
4. Consider whether any material information could be held anywhere other than with the individuals identified at (a) and (b). If so, you will need to carry out a reasonable search. This could mean making enquiries of individuals or may in some circumstances mean having to carry out an electronic and/or physical search of records.

It is important to bear in mind that if material information is held by third parties such as accountants or lawyers, or internally by branch offices, even if it is not known to the individuals you have identified at paragraphs (a) and (b), it may need to be disclosed. Please note that you must not rely on information that may be held by us in relation to other policies that we may place on your behalf. You must ensure that all relevant information is provided to us for each and every policy that we place on your behalf. We accept no liability to you in this respect.

Your enquiries must cover all relevant group companies, branch offices etc. and the relevant personnel within them. You must ensure you make a full written record of the search made and the responses provided to ensure that you have evidence in the event of any claim being made.

The duty of fair presentation of risk also applies when there are changes to the risk and amendments made to any insurance policy.

#### **What are the consequences of not making a fair presentation of the risk?**

Under the Act, in the event that there is a breach of duty of fair presentation of risk, the remedies available to insurers will vary dependent on whether the breach is deliberate or reckless or otherwise. For deliberate or reckless breaches the insurer may avoid the contract, refuse all claims and retain the premium paid.

For other, non-fraudulent or non-reckless breaches the remedy will depend on what the insurer would have done had a fair presentation of the risk been made.

If the insurer would not have accepted the risk it can avoid the contract but must refund premiums paid.

If the insurer would have accepted the risk on other terms the contract is to be treated as if those terms applied, in the event that a higher premium would have been charged any claims payments can be reduced proportionately.

This latter provision is especially important because if insurers can show that they would have charged only a modest additional premium, the impact on a claim could be disproportionately large.

For certain policies the insurer may change the remedies available to them from those described above. In such circumstances we will inform you of the changes and what this means for you.

Where contracts of (Re)insurance are not subject to US law we will advise separately of the duty of disclosure that applies

#### FOR POLICIES GOVERNED BY FOREIGN LAWS

For foreign law governed policies it is advisable to disclose to 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.

This 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 may have the right to avoid the insurance from its commencement. Under such circumstances, the Insurer may be entitled to seek recovery of any claims already paid by them under the insurance.

The duty of disclosure and the consequences of its breach may vary to a limited degree from the foregoing, dependent upon the law(s) of which country is applicable to your insurance.

If you are in any doubt as to the scope of the duty of fair presentation of risk/ 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

Our selection of Insurer(s) is generally based on our knowledge and experience of the relevant market sector, its products, and the financial standing of the Insurer(s).

We use both US and overseas Insurer(s) to obtain the best cover terms available for you. You should note that a different legal and regulatory regime may apply to non-US Insurer(s) and as such your ability to enforce your legal rights or seek compensation may vary. We will provide you with details of Insurer(s) we use to place your insurance.

We use all reasonable endeavours to monitor using publicly available information, the financial standing of Insurer(s) and to use only Insurer(s) who have a satisfactory financial status. The financial standing or responsibility of any Insurer(s) can, of course, change after the insurance has

accepted. We accept no responsibility for the financial performance of any Insurer(s) and will not be responsible in any circumstances in the event that they are unable, for whatever reason, to meet their obligations to you.

The final decision on the suitability of an Insurer will rest with you. If you have any concerns about the Insurer(s) we are using to provide cover, please contact us immediately.

## 7. CONFIDENTIALITY AND SECURITY OF INFORMATION

Any information that you provide to us will not be used or intentionally disclosed outside the Lockton Group by us 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. Certain insurance documentation, in the London Market, is lodged on, or communicated by, or through the Insurer's Market Repository in accordance with current market practice and we take all reasonable care to ensure documentation added onto the Repository is true, fair and complete.

In addition we have agreements with Insurer(s) that clearly include agreement to maintain confidentiality in the course of placement.

We also collect, use and share Aggregated data such as statistical, demographic and insurance purchasing & transaction data for any purpose, including sharing it with Insurers as part of additional services we provide to them. Aggregated data may be derived from your

personal data but is not considered personal data in law as this data does not directly or indirectly reveal your identity. However, if we combine or connect aggregated data with your personal data so that it can directly or indirectly identify you, we treat the combined data as personal data, which will be, used in accordance with our privacy notice.

## 8. CLAIMS SERVICES

### **Claim Notification and Assessment**

Claims should be notified to us or to Insurer(s) or named other party if the policy provides for direct notification to them promptly and without delay. If you have a third party claim we would advise you not to compromise that claim or admit liability until you have Insurers' approval to do so. You should familiarise yourself with the notification conditions in your insurance policy and observe all conditions relating to the reporting and handling of claims and circumstances – failure to do so may well lead to your claim not being paid. Upon our receipt of a claim notification from you, we will undertake an assessment of that claim. If we consider that notice of that claim is not required or if the notification appears deficient in any way, we will promptly explain to you the position and seek your further instructions.

Subject to the preceding paragraph, we will notify the participating Insurer(s) of the claim in a timely fashion and, where applicable, confirm to you in writing when such notification has been made. We will then promptly communicate to you any information, comments or advices, received from the Insurer(s), in relation to the claim notice(s).

### **Claim Negotiation and Settlement**

Where instructed we will diligently pursue settlement and, where agreed with the Insurer(s), the collection of any claim under the insurance and seek to secure the fullest recovery possible within the terms, conditions and limitations of the insurance. We will not compromise the amount of any claims settlement without your prior approval. Where applicable, we will provide you with written confirmation of the acceptance of the claim and the amount of settlement agreed by the Insurer(s).

Claims services provided will cease on termination of our appointment as described in clause 17 and

in relation to any subsidiary or part of the business when sold and it ceases to be part of your business. We will co-operate with the new broker to such businesses and forward all open claim files to them.

#### 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 INTEREST

In performing our services, situations may arise where a conflict of interest arises. Examples of conflicts can include where we earn a fee from you for performing our services and also earn a commission from an insurer; or where we act as agent of the insurer in settling claims or arranging insurance; or where one client we represent makes a claim against another client we represent. Should such a situation arise we will advise you so that you can make an informed decision about the conflict (and if applicable, the specific action we will take to manage that conflict). If you object to the particular conflict, then you will need to advise us. 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. If we feel that it is not possible to manage the conflict fairly, we will withdraw from the arrangement and advise you accordingly.

#### 11. REMUNERATION AND OTHER EARNINGS

As your chosen insurance intermediary, we earn income in a number of ways. Typically we will receive remuneration either

- a) by way of a commission payment by the Insurers we use out of the premium paid by you; or
- b) by charging you a fee; or
- c) we may also receive a commission and also agree to charge you a fee.

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. Depending on the size and nature of the fee, we may also provide you with a separate fee agreement (and will always provide you with a separate fee agreement if the fee is in addition to earning a commission).

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. Commission is usually calculated as a percentage of the insurance premium. This percentage will have been contractually agreed between us and the insurance company. We may earn different percentages for different classes of business and from different insurance companies.

Unless otherwise agreed, 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).

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 any 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.

We may also 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 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 other companies whose services we might recommend to you and volume referral payments from such companies.
  - Insurer Service Plan where we may earn income under a services arrangement with certain Insurer(s) for intermediation services including but not limited to eliminating inefficiencies, product development and improving client service, enabling us and the Insurer(s) to work more effectively for the mutual benefit of our clients. The fees associated with the work are not linked to volume of business nor linked to individual client accounts.
  - 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 (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 Insurer(s) concerned. We will take care to ensure that such conflicts are properly managed so we continue to act in your best interests.

You are entitled at any time to request information regarding any income which we earn as a result of placing your insurance business. We will respond to your request in writing.

## 12. THE RECEIVING AND HOLDING OF CLIENT MONEY

Client money is any money that we receive and hold in the course of arranging or administering insurance on your behalf, or which we treat as client money in accordance with FCA client money rules.

### (a) **Non-Statutory Trust Account ('Client Account')**

We will provide protection for your money by holding all client money in a general Client Account that is a Non-Statutory Trust account. This is completely segregated from our own money and there are strict regulatory controls on us to maintain solvency of the Client Account and to conduct a regular reconciliation of the account. Importantly, client money is ring-fenced and held in trust in the Client Account so that it will be returned to clients in the event of our company's insolvency and cannot be used to reimburse other creditors.

Under the rules, money held in the Client Account may be used for payment of premium or claims for another client before their monies are received, but increased credit controls are maintained where this occurs. We are not

entitled to use client money to take payment of fees or commission before we receive the relevant premium from a client.

**(b) Risk Transfer**

In most cases, we act as the agent of Insurer(s) for handling payment of premiums, return premiums and claims; subject to 'Risk Transfer' where Insurers' assume the credit risk so that payment by you of premium to us will be deemed payment to Insurer(s) and claims and return premiums paid by Insurer(s) through us will not be deemed paid until received by you. Such money will be held within the Client Account.

**(c) Use of Third Parties**

We will inform you if we intend to arrange an insurance contract on your behalf, or transfer your money to Insurer(s), using another person, such as another broker or an outsource arrangement.

Where this involves another person outside the US, a different legal and regulatory regime may apply and money may be treated in a different manner.

**You must notify us if you do not wish your insurance arranged with a particular firm or money passed to a particular firm or person in a particular jurisdiction.**

**(d) Bank Accounts**

We will deposit client money we receive in a Client Account with one or more US approved banks.

**(e) Segregation of Designated Investments**

Although we will pay client money into a Client Account, we may also arrange to invest client money in separate designated investments as permitted under regulatory rules. If we do this we will be responsible for meeting any shortfall in our client money resource which is attributable to any fall in market value of such an investment.

**(f) Interest on Client Money**

Any interest earned on client money held by us and any investment returns on any segregated designated investments will be retained by us.

**(g) Funding**

There may be occasions when we either voluntarily or involuntarily fund certain payments on your behalf or to you, whether in respect of premiums, return premiums, claims or otherwise. We will inform you in such an event, and you accept and acknowledge that such payments were made for your benefit and with your implied authority and that unless otherwise paid to us by Insurers, you will repay the full amount of such payments to us and that, until you do so, the outstanding amount is a debt due from you to us.

**(h) Tax**

Dependent on the transaction, we may administer the payment of applicable taxes whether due from you or Insurer(s) to the appropriate tax authorities. In doing so we can only undertake this role as an Insurance Intermediary, we cannot advise on the validity of any tax payment.

Accordingly, whilst we exercise reasonable care in relation to such payments, we do not accept responsibility for administration without specific instructions from yourselves or insurers. We therefore request that if you have specific instructions relating to the payment or administration of any applicable taxes, you confirm those instructions in writing.

**13. LIMITATION OF LIABILITY AND FORCE MAJEURE**

**Limitation Of Liability**

(a) The following provisions of this section set out our entire financial liability (including any liability for the acts or omissions of our 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.

- (b) All warranties, conditions and other terms implied by law are, to the fullest extent permitted by law, excluded from this Agreement.
- (c) Nothing in this Agreement excludes or limits our liability for death or personal injury caused by our negligence or for fraudulent misrepresentation.
- (d) Nothing in this Agreement excludes or restricts our duty or liability to you under the applicable regulatory system.
- (e) Subject to clauses b), c) and d) above, our total liability to you, and any other parties that we agree a limit of liability with at your request (for example where we issue a bank letter) shall, collectively, in aggregate be limited to USD5 million (five million US dollars); 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, 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.
- (f)

### **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 12 weeks, either party may terminate this Agreement by giving 14 days written notice to the other party.

### **14. COMPLAINTS**

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 or the Head of Compliance, either in writing to our registered address or by telephone to + 1 (305) 204 4600.

If we cannot resolve your complaint straight away, we will acknowledge its receipt promptly and arrange for a senior associate 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 are obliged to report to the the authorities any evidence or suspicion of money laundering at the first opportunity and we are prohibited from disclosing any such report. 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. You agree to not make or receive payments to or from any third parties in relation to the insurances we arrange (or induce others to make or receive payments) without our prior express agreement.

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

Insurance Transactions or payments may be prohibited or subject to prohibition or restrictions under International Trade Sanctions [ITS] covering (without limitation) trade in certain goods, territories or individuals. Where we discover or have reasonable belief that the arrangements we make or may put in place may be in breach of any form of ITS then we may immediately cease any

part or all of that arrangement. This may result in us continuing to make arrangements on your behalf for some elements of your (re)insurance program and not others. We will make you aware if this applies.

#### 17. TERMINATING OUR APPOINTMENT

Unless otherwise agreed in writing either you or we may terminate our appointment to act as your agent in relation to the insurance by giving at least 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 held by Lockton will be transferred to the new broker appointed by you according to your instructions. In the event you wish us to continue to handle these 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.

#### 19. LAW AND JURISDICTION

Lockton Specialties LLC undertakes its activities as an insurance intermediary in accordance with the laws of the State of Missouri. Any disputes will be governed by and construed in accordance with the laws of the State of Missouri and the parties submit to the exclusive jurisdiction of the courts of the State of Missouri.

#### 20. DATA PROTECTION

(a) For the purposes of this clause:

- (i) **Controller** means a person which, alone or jointly with others, determines the purposes and means of the Processing of Personal Data;
- (ii) **Data Protection Laws** means all laws and regulations relating to the Processing of

Personal Data as the same may be in force from time to time;

- (iii) **Personal Data** means any information relating to an identified or identifiable living individual;
- (iv) **Processing** means any operation or set of operations which is performed on Personal Data or on sets of Personal Data, whether or not by automated means, and **Process, Processes** and **Processed** shall be construed accordingly;
- (v) **Processor** means a person which Processes Personal Data on behalf of a Controller;
- (vi) **Relevant Individual** means any individual whose Personal Data is disclosed to us for Processing by us or on our behalf in connection with our engagement or any services we provide to you, including (by way of example) any individual who is an insured person, or a third party claimant, under or in respect of an insurance policy; and
- (vii) **Relevant Person** means you and any other person who collects Personal Data relating to a Relevant Individual.

- (b) You and we acknowledge and agree that, in relation to our engagement and any services we provide to you:
  - (i) we are a Controller in respect of the Personal Data we Process;
  - (ii) you are a Controller in respect of the Personal Data you Process;
  - (iii) we and you are not joint Controllers; and
  - (iv) neither you nor we Process any Personal Data on behalf of the other as Processor.
- (c) In respect of the Personal Data that you or we Process in relation to our engagement and any services we provide to you:
  - (i) you and we shall comply at all times with our respective obligations under the Data Protection Laws; and
  - (ii) you and we shall notify each other without undue delay after, and in any event within 24 hours of, becoming aware of any breach of security or other circumstance leading to the accidental or unlawful destruction, loss, alteration, unauthorised

disclosure of, or access to, the Personal Data.

- (d) In relation to our engagement and any services we provide to you, you shall only provide to us the Personal Data requested by us from time to time and you shall ensure that no other Personal Data is provided by you (or anyone else acting on your behalf) to us. Nothing in this clause shall affect your obligation to comply with any applicable duty of fair presentation of risk or duty of disclosure in relation to your insurance.
- (e) You shall ensure that the information notice set out in Appendix 1 of these Business Principles, or any replacement information notice that we provide to you from time to time, is provided to each Relevant Individual. You shall ensure that the notice is provided to the Relevant Individual at the time when its Personal Data is first collected by the Relevant Person.
- (f) You shall ensure that such steps are taken to obtain the consent of each Relevant Individual to the Processing of its Personal Data in connection with our engagement and any services we provide as may be required from time to time by us.
- (g) You shall ensure that we are promptly notified of any contact a Relevant Person receives from a Relevant Individual regarding the Processing of its Personal Data in relation to our engagement or any services we provide to you. You shall ensure that each Relevant Person provides us with reasonable co-operation and assistance in relation to each such contact to enable us to respond to such contact fully and promptly and in accordance with any deadlines set by the Data Protection Laws to which we are subject.
- (h) In addition, you and we agree to work together to ensure that we are able to Process the Personal Data that we Process in relation to our engagement and any services we provide to you for the purposes contemplated by such engagement lawfully,

fairly and in a transparent manner and in compliance with the Data Protection Laws to which we are subject. This shall include you co-operating and assisting us with our dealings with regulatory authorities responsible for maintaining and enforcing the application of the Data Protection Laws to which we are subject.

- (i) You and we agree to enter into such other written agreements as may be required from time to time to enable you to comply with the Data Protection Laws to which you are subject and/or to enable us to comply with the Data Protection Laws to which we are subject.
- (j) This clause shall survive the termination or expiry of our engagement.

**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.**

## **APPENDIX 1 - DATA PROTECTION INFORMATION NOTICE**

### **Your personal information notice**

Lockton Specialties LLC is committed to protecting the privacy and security of your personal data.

### ***Who we are***

As an intermediary providing regulated insurance broking services, Lockton Specialties LLC is a “data controller”.

### ***The basics***

We collect and use relevant information about you to provide our insurance broking services to you, including (as applicable) risk consulting, arranging the insurance cover from which you benefit or handling your claims, and to meet our legal obligations. This information includes details such as your name, address and contact details and any other information that we collect about you in connection with the insurance broking services we provide to you. This information may include more sensitive details such as information about your health and any criminal convictions you may have.

In certain circumstances, we may need your consent to process certain categories of information about you (including sensitive details such as information about your health and any criminal convictions you may have). Where we need your consent, we will ask you for it separately. You do not have to give your consent and you may withdraw your consent at any time. However, if you do not give your consent, or you withdraw your consent, this may affect our ability to provide our insurance broking services to you, including (as applicable) arranging the insurance cover from which you benefit and may prevent us from providing cover for you or handling your claims.

The way insurance works means that your information may be shared with, and used by, a number of third parties in the insurance sector for example, insurers, agents or brokers, reinsurers, loss adjusters, sub-contractors, regulators, law enforcement agencies, fraud and crime prevention and detection agencies and compulsory insurance databases. We will only disclose your personal information in connection with the insurance broking services that we provide and to the extent required or permitted by law.

### ***Other people’s details you provide to us***

Where you provide us with details about other people, you must provide this notice to them.

### ***Want more details?***

For more information about how we use your personal information please see our full privacy notice, which is available online on our website (<https://www.locktoninternational.com/privacy-notice>) or in other formats on request.

### ***Contacting us and your rights***

You have rights in relation to the information we hold about you, including the right to access your information. If you wish to exercise your rights, discuss how we use your information or request a copy of our full privacy notice, please contact our Data Protection Manager at please contact us via e-mail at [hdyson@lockton.com](mailto:hdyson@lockton.com) or by mail to Lockton Specialties LLC Attention: 1111 Brickell Ave, Miami, FL 33131, USA.

**Marketing communications from us**

As part of our service to you, we will send you marketing communications from time to time which may include risk or insurance related information or details of services, or products, or events, which we think, may be of interest to you.

**Managing your Marketing Preference (including Opting out)**

You can manage your marketing preferences or ask us to stop sending you marketing messages at any time by following the opt-out links on any marketing message sent to you or by emailing [hdyson@lockton.com](mailto:hdyson@lockton.com).

**Version Control History:**

4. Version March 4, 2024.
3. Version January, 2023.
2. Version August, 2022.
1. Version May, 2021.



**LOCKTON<sup>®</sup>**

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**UNCOMMONLY INDEPENDENT**