

Business Protocols

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Contents

Introduction and Scope	1
Service Standards and Management	2
Placing Services	3
Duty of Disclosure	6
Solvency of Underwriters	7
Confidentiality and Security of Information	7
Privacy of Personal Information	8
Claims Services	10
Remuneration and Other Income	12
E-mail	13
E-commerce	14
Complaints	15
Terminology	15
Further Information	15



Introduction and Scope

Jardine Lloyd Thompson is proud of its reputation as a professional, quality conscious, knowledgeable and experienced international insurance broker. As such, JLT has created the Business Protocol document to establish clearly and concisely with you the basis on and extent to which we will provide you with our professional services in relation to each contract of insurance or surety which we arrange on your behalf, unless there is a more specific agreement in writing between us. This document also highlights certain important practices and procedures that apply when arranging insurance or surety, and provides you with more general information on our services.

We would therefore urge you to read this document carefully as it sets out the basis upon which we will act as your Broker in relation to the insurance or surety which we arrange on your behalf. If you do not wish our relationship to be governed in such a manner, you need to advise us in writing before we proceed to arrange the insurance or surety.

Service Standards and Management

Quality & Standard of Service

In providing you with insurance and surety broking and other related services, we will be acting on your behalf, in accordance with your instructions and in a professional and expeditious manner based on the services that are described in this document and which we have agreed to provide you.

Managing Your Requirements

We will assign one or more Account Executives within our applicable Business and Support Unit(s) to take responsibility for the provision of the insurance or surety broking services which are described in this document. Such person(s) will be your primary point(s) of contact in relation to insurance or surety that we arrange on your behalf and will ensure, in so far as is reasonably possible, continuity of and accountability for the services which we provide. The assigned Account Executive(s) will be supported by other employees to assist in the provision of the services and to provide service cover when required.

Placing Services

Establishing Your Needs

Prior to negotiations with Insurer(s) or Surety companies, it is important for us to establish a proper understanding of your requirements. We will assist where necessary in the gathering and collation of material risk or surety information and in its preparation for submission to the Insurer(s) or Surety 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 Solvency of Underwriters*.

Quoting & Placing of Insurance

On your behalf, we will seek competitive quotations from Insurer(s) or Surety companies for surety bonding or insurance and coverage structures which are, in our opinion, as efficient as possible to protect against the proposed risk(s), advising you of the terms indicated by the Underwriter(s) in such a manner as to enable an informed decision to be made on whether to proceed with the insurance or surety.

We will take diligent and timely steps to implement your instructions and, subject to available insurance market, place all of the required insurance before its intended date of inception, renewal or extension, confirming to you the coverage which is in place. If any inability to fulfill your instructions becomes clear to us, we will bring this to your immediate attention.

Documentation

We will advise you by facsimile, letter or other agreed communication medium of the completion of the insurance or surety placement(s) and terms. We will then arrange for appropriate documentation to be forwarded to you, which will provide you with formal evidence of the insurance or surety and the amount of premium payable in respect thereof.

- **Cover Note / Insurance Confirmation Form**

A Cover Note is a confirmation form which provides a summary of the main terms of the insurance placement and identifies the Insurer(s) with whom it has been placed. You should check the Cover Note 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 our reference.

Where a certificate, policy or other evidence or confirmation of insurance is issued in a timely fashion after completion of the insurance arrangements, we will not issue a Cover Note unless one is specifically requested by you.

- **Invoice**

An invoice indicates the premium charged by the Insurer(s) or Surety for the insurance or surety bond as well as any applicable and agreed JLT fee. Where an Underwriter requires premium to be paid directly to them, this will normally be indicated on the premium invoice or in covering correspondence.

- **Insurance Policy / Surety Bond / Certificate**

We will seek to obtain and issue to you as soon as practicable any insurance policy, surety bond or certificate document which may be required in relation to the insurance or surety. The policy or certificate document will set out comprehensively the terms of the insurance and replaces earlier documentation.

Taxes, Duties & Other Charges

Any insurance premium tax, duty or other charge which is payable in addition to the premium and which needs to be remitted to the appropriate authority will be indicated on the invoice.

Amendments

If you require a subsequent amendment to the terms of the insurance or surety you should advise us in writing at the earliest opportunity; specifying the required change(s) and enclosing any relevant supporting information. As noted under the section of this document entitled *Duty of Disclosure*, the duty to disclose material information resurrects itself when amendments to the insurance or surety are proposed.

We will then seek the necessary agreement(s) from the Underwriter(s) and advise you in writing when the amendment has been effected, or of any inability to effect the required amendment.

An addendum to the Cover Note or endorsement to the policy, surety bond or certificate of insurance, together with a debit or credit invoice indicating respectively any additional or return premium due, will be issued to you unless such amendment is reflected within the already issued documentation.

Premium Payment Terms

Premiums owing are due and payable on receipt of our invoice. Premiums for insurance coverage in particular must be paid immediately upon receipt of the invoice to avoid any possible cancellation for non-payment of insurance premium. In certain circumstances, the Insurer(s) will stipulate special premium payment terms or warranties which, if not met, may affect the validity of the insurance. We will advise you when these special payment terms or warranties apply to the insurance and the consequent effect on payment terms. Premium financing terms with independent premium financing firms are also available upon request.

All premium payments should be made in the same currency in which they have been invoiced to you.

Duty of Disclosure

We wish to ensure that all of our clients are aware or reminded of the duty of disclosure in relation to insurance and the consequences of its breach.

The duty of disclosure is a duty to pass on to the Insurer(s) all material information relating to the risk under consideration. "Material" in this context refers to all information which a prudent Insurer (not necessarily the Insurer in question) would wish to take account of when considering whether or not to accept the risk and, if so, upon what terms and at what price. Material information does not necessarily have to actually increase the risk.

The duty of disclosure continues up until the insurance has been concluded, but then is reimposed at the time of proposed renewal or extension of, or any amendment to, the insurance. It may also be that the terms of the insurance include specific ongoing disclosure conditions or warranties.

In the event that there is a breach of the duty of disclosure, the Insurer(s) may have the right to void the insurance from its commencement. Under such circumstances, the Insurer(s) would be entitled to seek recovery of any claims already paid by them under the insurance, although at the same time the Insurer(s) would generally be obliged to return paid premiums.

The duty of disclosure and the consequences of its breach may vary to a limited degree from the foregoing, dependent upon the law(s) applicable to the insurance. If you are in any doubt as to the scope of the duty of disclosure or whether a piece of information ought to be disclosed, please do not hesitate to contact us.

Solvency of Underwriters

We will only place the insurance or surety with Insurer(s) or Surety in respect of whom the most recent review by the JLT Group Security Committee has been satisfactory, or whom you have given us specific written instructions to use. Whilst the information on which the JLT Group Security Committee relies is obtained from sources considered to be reliable and it uses all reasonable endeavours to accurately review that information in order to protect the interests of our clients, solvency of Insurer(s) or Surety is not guaranteed by us. The financial standing of any Insurer(s) or Surety can, of course, change after the insurance or surety has incepted.

Confidentiality and Security of Information

Any information which you provide to us will not be used or intentionally disclosed by us to other parties except in the normal course of negotiating, maintaining or renewing the insurance, or for handling any claims thereunder, 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.

Privacy of Personal Information

We have made a commitment to respect the privacy rights of identifiable individuals (such as your employees in certain circumstances) by ensuring that their personal information (as defined by law) is collected, used and disclosed in such a manner that a reasonable person would consider appropriate in the circumstances. As a result of recent federal and provincial legislation, we've further strengthened our privacy commitment on personal information by adhering to the following ten principles as set out in the federal *Personal Information Protection and Electronic Documents Act (PIPEDA)* as a minimum standard:

- **Accountability**

We are responsible for all personal information under our control and will designate one or more individuals who will be responsible for our compliance with the policies and procedures described in our privacy handbook.

- **Identifying Purposes**

We will identify the purposes for which we collect personal information at or before the time the information is collected.

- **Consent**

We will obtain the appropriate consent from individuals for the collection, use, or disclosure of their personal information, except where the law provides an exemption.

- **Limiting Collection**

The personal information we collect will be limited to that which is necessary for the purposes we have identified.

- **Limiting Use, Disclosure, and Retention**

Personal information will not be used or disclosed for purposes other than those for which it was collected, except with the consent of the individual or as required by law. We will only retain personal information as long as necessary for the fulfillment of those purposes.

- **Accuracy**

The personal information we collect will be as accurate, complete and up-to-date as is necessary for the purposes for which it is to be used.

- **Safeguards**

We will safeguard the security of personal information under our control in a manner that is appropriate to the sensitivity of the information.

- **Openness**

We will make readily available to individuals specific information about our policies and procedures relating to the management of personal information which is under our control.

- **Individual Access**

Upon request, an individual will be informed of the existence, use, and disclosure of his or her personal information which is under our control, and may be given access to, and challenge the accuracy and completeness of that information

- **Challenging Compliance**

An individual may address a challenge concerning compliance with the above policies and procedures to our Privacy Officer.

To obtain details on how to contact our Privacy Officer, please view the Privacy Section of our website at www.jltcanada.com or call 1-800-461-5142 toll-free.

Claims Services

Obtaining fair and prompt settlement of claims is as important to us as to you, our clients. Therefore, details of claims should be advised to us without delay unless the Insurer(s) or Surety requires claims to be notified directly to the Underwriter(s) or to another party.

Upon our receipt of a claim notice from you, we will undertake a thorough assessment of the claim. If we consider that notice of the claim is not required, or is deficient in any way, we will promptly explain to you the position and seek your further instructions. We will proceed to notify the applicable Insurer(s) or Surety of the claim in a timely fashion. We will then promptly communicate to you any information, comments or advices received from the Insurer(s) or Surety in relation to such claim notice.

We will diligently pursue a claim settlement and, where applicable, the collection of any insurance and seek to secure as full a recovery as we are able within the terms, conditions and limitations of the insurance. We will not compromise the amount of any claim 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) or Surety.

Where we recommend, and you agree, to direct claims handling procedures with your Insurer(s) we will always assist with any problems that arise.

If at any time you decide not to maintain our appointment to act as your broker in relation to the insurance or surety or any subsequent renewal of the insurance then we reserve the right to discontinue the provision of any further claims related services in connection with the insurance or surety. You will need to promptly assume responsibility for handling any and all claims matters relating to the insurance or surety. We will fully co-operate in the transfer of files and other documents to which you are legally entitled and which are necessary for either yourself or another insurance intermediary to assume the responsibility.

Maintenance of Records

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

Claims Service Fees & Disbursements

In placing new or renewal insurance or surety on your behalf, the remuneration we earn by way of brokerage commission or fee should be considered only for the provision of the services described in the section of this document entitled *Placing Services*, and day to day routine claims unless we have agreed otherwise with you in writing.

However, where we consider it necessary, we reserve the right that our claims related services in relation to major or complex claims will only be provided by us subject to separate remuneration from you.

The fee rates for such major or complex claims related services that we agree to provide you with will be as advised to you in writing. Such fee rates may be subject to periodic change by us in order to reflect the future cost of providing these claims related services. Any revised fee rates will apply only to claims related services provided subsequent to the date of their revision.

Where charged, our claims related service fees and disbursements will normally be invoiced to you periodically and will be due and payable on receipt of our invoice.

Remuneration and Other Income

Our principal remuneration for arranging insurance and surety and providing other professional services will be either by way of brokerage commission, being a proportion of the premium paid which is allowed to us by the Insurer(s) or Surety, or a fee as agreed with you, or both as agreed with you.

Brokerage 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 insurances.

In addition to the above, you should be aware that as a result of arranging insurance or surety, we and/or other members of the Jardine Lloyd Thompson Group may receive additional income from the following sources:

Interest earned on monies passing through our premium funds bank accounts.

Expense allowances from Insurers or Sureties for managing and administering certain lineslips, covers, binding authorities and other similar facilities, including claims which may arise thereunder, all of which we believe enable more efficient service and competitive terms to be provided to those clients for whom we consider the use of such facilities appropriate.

Contingent commissions (sometimes referenced as 'incentive' commissions) which can be based on profitability, premium income volume and/or growth, or payable to reflect our processing efficiencies, across a portfolio of business placed with a particular Insurer or Surety. Notwithstanding the existence of contingent commission agreements, we recognize that our overriding responsibility is to promote the best interests of the policyholder in the selection of the Insurer(s) or Surety.

Administrative service fees which may be paid for limited services we provide to the Insurer(s) or Surety as part of the placing process, generally across a portfolio of business placed with a particular Insurer or Surety, including premium billing, collection, remittance and credit control, policy document compilation and record retention, and income derived from arranging premium financing.

We would also like you to note that we may have arranged or be requested to arrange reinsurances for the Underwriter(s) with whom we effect the insurance or surety. These reinsurances are separate and distinct contracts where we act as the agent of the Underwriter(s) concerned and for which remuneration may be paid separately by the Underwriter(s).

E-mail

We recognize that communicating by e-mail on a 'desk-to-desk' basis is a very desirable method of conducting business and that e-mail is fast replacing facsimile as the preferred method of communication. However, if you choose to communicate with us by e-mail, we do have some concerns specific to its use in placing and servicing insurance and surety which we would like to share with you:

- **Integrity & Receipt:** There is no certainty of the completeness, accuracy or even the receipt of a message or data file sent by e-mail. As an insurance broker, we are concerned that using e-mail as part of a contractual process creates an exposure for our clients and ourselves as their agent or professional advisor (e.g. in such areas as misrepresentation or non-disclosure of information. where corruption of data during transmission or missing data file attachments may not be immediately obvious to the recipient, and the offer and acceptance process of insurance contract terms). For important messages we may ask for a confirmation of receipt and we will acknowledge or respond to those messages that we receive. Hard copies of messages may also be requested or sent where considered appropriate.
- **Confidentiality:** By unavoidably having to use third party service providers to 'deliver' e-mails, confidentiality may be outside of the sender's control.
- **Appropriateness:** Where receipt of a message by a given time/date is critical or the subject matter is of an important nature, such message should be communicated by facsimile or courier to ensure that it is received and can then be acted upon. Many contracts of insurance have provisions which require notice in writing in order to ensure compliance, particularly in relation to claims advices. The use of e-mail in such circumstances may be inappropriate.

- **Legality:** In the absence of any formal contract setting out the terms of communicating by e-mail, it may be questioned in certain jurisdictions as to whether such communications are or will be legally admissible as evidence in any dispute, without considerable supporting evidence as to checks having been made on receipt, security and integrity of the communication.
- **Viruses:** With knowledge of the potential damage which computer viruses can cause, e-mail users should use their best endeavors to ensure that they do not transmit harmful viruses to other parties.

We have a standard form contract which deals with the above issues more formally than this document and a specimen copy is available if you wish to review it. If you would like any e-mail exchanges between us to be governed in a more formal way and we have not already done so, we would be happy to send you a signed copy of the contract for counter-signature.

E-commerce

We will seek to place and service insurance business in the most efficient manner, which is increasingly by means of electronic trading. Therefore, where we consider it appropriate, we will exchange data and text with you, the Underwriter(s) and other parties connected with the insurance or surety using e-mail, through private insurance market networks and through web-enabled systems accessed via the Internet.

Complaints

If you have a complaint regarding our practices or performance which you are unable to resolve to your satisfaction with the person assigned to manage your account, please contact the Manager of the local office or division with whom you are dealing.

The Manager will investigate the matter fully, respond to you in detail and endeavour to ensure that necessary actions are taken to resolve your complaint.

Terminology

In order to avoid repetition of words used in this document, "the insurance" means each contract of insurance which we arrange on your behalf, "insurance" includes reinsurance and other risk transfer products, "Surety" means an agreement by which an Insurer (the Surety) guarantees or agrees to be responsible for certain acts or performances which one party is undertaking to perform for another, "Underwriter(s)" includes any insurer, surety, reinsurer or other category of risk bearer, and "claim" includes an incident which may give rise to a claim, as appropriate to the insurance or surety.

Further Information

Further information in relation to Jardine Lloyd Thompson Group can be found on the website at **www.jltgroup.com** and in relation to Jardine Lloyd Thompson Canada at **www.jltcanada.com**. Alternatively, please request a copy of the Group's latest Annual Report and any other relevant publications from your usual JLT Canada contact.

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