

TERMS OF BUSINESS AGREEMENT

INTRODUCTION

Willis (Malaysia) Sdn Bhd is a member of the Malaysian Insurance and Takaful Brokers Association (MITBA). We are regulated by Bank Negara Malaysia (BNM) and are required to follow the rules, regulations and guidelines issued by BNM and MITBA as well as the Financial Services Act 2013 for all our insurance business activities.

We are a leading independent intermediary and risk management consultant and offer transactional and/or advisory services for your (re)insurance requirements. We advise on all types of general (re)insurance products and we are not tied to any one specific (re)insurer.

In the absence of an agreement to the contrary this document sets out the terms of our relationship with you (our 'client') for our provision to you of (re)insurance broking services as set out herein. Where there is a specific agreement entered into between us as regards to our appointment as your brokers and consultants, this General Terms of Business Agreement (TOBA) shall, where appropriate and applicable, be supplemental to such specific agreement. Where there is any conflict between this TOBA and such specific agreement, the provisions of such specific agreement shall prevail.

This agreement shall replace and supersede any earlier terms of business agreement given to you and shall be effective from 3rd November 2016 or the date we send the agreement to you vide our covering letter attaching the Agreement.

In this document “we”, “us”, “our” and “Willis” means *Willis (Malaysia) Sdn Bhd*. Kindly be informed that Willis (Malaysia) Sdn. Bhd. is a member of Willis Towers Watson Group.

OUR SERVICES

We are committed to acting in your best interests at all times in providing services to you.

We particularly draw your attention to the following sections:

- Your Responsibilities;
- Our Remuneration;
- Conflicts of Interest; and
- Complaints

NEGOTIATION AND PLACING

We will discuss with you or your representatives your (re)insurance requirements, including the scope of cover, the limits to be sought and cost. Upon receipt of your instructions, whether written or oral, we will endeavour to satisfy your (re)insurance requirements.

During the course of the placement of your (re)insurance we will endeavour to keep you informed of the progress of our negotiations and identify any inability to obtain the coverage sought by you.

We will use reasonable endeavours to implement your (re)insurance programme, subject to available (re)insurers, before the intended date of inception, renewal or extension of cover (whichever is appropriate).

We will provide you with information about the (re)insurance cover to be recommended to you to enable you to decide whether to accept the (re)insurance cover available. As your (re)insurance intermediary we will answer any questions you may have on the proposed cover, its benefits, placement structure, restrictions, exclusions and conditions.

MARKET SECURITY

As we are approved only as an insurance broker, we cannot act as an insurer nor can we guarantee or otherwise warrant the solvency of any (re)insurer or market used for your requirements. However, if you have any concerns regarding any (re)insurers chosen for your insurance requirements please advise us as soon as possible and we will discuss them with you.

SERVICING AND CLAIMS

As part of our services, we will send you documentation confirming the basis of the cover secured on your behalf, including details of the (re)insurers, with a debit note or premium billing, where applicable, showing separately all the amounts payable and the dates that the money is due.

We will also inform you of those insurance policies which are subjected to the “Cash Before Cover”, “60 Days Premium Warranty” or other similar Premium Warranty. It is essential that such premium is paid to the insurer within the period allowed. Failure to do so will result in automatic cancellation of the insurance policies by the insurer.

We will forward any policy documents, if applicable, and any amendments or endorsements to you as soon as reasonably practicable.

Except where we agree with you or, because market practice determines otherwise, we will provide our claims handling services during the policy period for the policies placed by us. These services can be continued beyond our appointment by mutual agreement, and may be subject to a separate fee. Our claims handling services include, upon receiving the required information from you, the notification of the claim or circumstances to (re)insurers; representing you in the resolution of the claim and arranging the collection and/or settlement of the claim in accordance with market practice and your

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policy terms and conditions. Where claims are to be dealt by you with (re)insurers directly we will provide advice and support as requested. We may use third party claims handling services, however, where we intend to do so we shall inform you prior to the inception of the insurance contract.

Further, our claims handling services will cease where we are satisfied that you have instructed another entity to assume the claims servicing obligations for your (re)insurance.

Where we collect claims payments these will be remitted to you as quickly as possible. However, we will not remit claims monies to you before we have received them from (re)insurers.

ADDITIONAL SERVICES

If requested, available and appropriate we may agree to provide you with a number of additional services which fall outside our core service provision. Such services, may be subject to the agreement of additional remuneration.

We do not offer advice in relation to tax, accounting, regulatory or legal matters (including sanctions) and you should take separate advice as you consider necessary regarding such matters.

ELECTRONIC COMMUNICATIONS

We may communicate by electronic mail with each other and with other parties with whom we need to communicate in order to provide services to you, sometimes attaching further electronic data, where we have each expressed a wish for that to happen. By engaging in this method of communication we and you accept the inherent risks (including the security risks of interception of or unauthorised access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices). You will be responsible for virus checking all electronic communications sent to you. You will also be responsible for checking that messages received are complete. In the event of a dispute neither of us will challenge the legal evidential standing of an electronic document and the Willis system shall be deemed the definitive record of electronic communications and documentation.

You should also be aware that Willis' systems security devices may block certain file extensions, including but not limited to .vbs, .cmd, .cpl, .wav, .exe, .bat, .scr, .mpq, .avi, .com, .pif, .wma, .mps, .mpg. Emails attaching such files will not get through to us and no message will be sent to tell you they have been blocked.

SANCTIONS (UNITED NATIONS / US / EUROPEAN SANCTIONS)

The sanctions profile of different business(es) may differ on the basis of a number of complex factors, including business activity, type of good or product, nationality, ownership, control and the geographical location(s) of the parties involved. As regards the applicability of sanctions regimes, we are unable in any circumstances to give you legal or regulatory advice, nor can we guarantee or otherwise warrant the position of any (re)insurer under existing or future sanctions regimes. As a consequence, applicable sanctions remain a matter for you and you should take such legal advice as you deem appropriate in this regard. You should inform us of any (re)insurance requirements you have which touch upon or are linked to sanctioned territories.

The applicability of Export Control legislation to certain transactions may differ on the basis of a number of complex factors and our obligations may be different from yours depending on the nature of the (re)insurance, structure of the product and place of incorporation of the (re)insured or geographical cover provided. The nature of risks (re)insured may also have a bearing on our position and the position of other parties within the market. We cannot provide you with legal advice. However, where we are required to make licence applications or notifications or undertake any other activity as a matter of law, Willis will comply with applicable law.

We will comply with all applicable sanctions regimes and legislation (whether currently existing or implemented in the future) and you are advised that where obliged by applicable sanctions legislation we may have to take certain actions which include but may not be limited to:

- freezing the account concerned; and/or
- refusing to handle or administer a claim which would benefit (directly or indirectly) a sanctioned entity or person, subject to exemption or obtaining a licence (which we might not get); or
- refusing to administer the renewal of an existing insurance contract which would benefit (directly or indirectly) a sanctioned entity of person, subject to exemption or obtaining a licence (which we might not get).

We cannot be held responsible for the actions of third parties (including but not limited to banks and exchange institutions) who may have their own sanctions policy restrictions and constraints.

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YOUR RESPONSIBILITIES

FINANCIAL SERVICES ACT 2013

We wish to draw your attention to the Financial Services Act 2013 in particular Section 127 of the Act in that it requires you to insure your general insurances, as may be prescribed by Bank Negara Malaysia, with a licensed general insurer in Malaysia.

PROPOSAL FORMS

For certain classes of (re)insurance you may be required to complete a proposal form, questionnaire or similar document. We will provide guidance but we are not able to complete the document for you.

DISCLOSURE OF INFORMATION

Our objective is to obtain the best product we can identify in order to meet your insurance needs. In order to make our business relationship work, you must provide complete and accurate information and instructions in a timely manner, so that we can assist you fully. Please bear in mind that insurers are not always obliged to make enquiries of you. Indeed, you are ordinarily under a duty to make full disclosure of all material facts and fully and frankly respond to any requests for information made by insurers. Failure to make full disclosure of material facts may allow insurers to avoid liability for a particular claim or to void the contract. Where applicable, this duty of disclosure applies equally at renewal of the contracts and on taking out new insurance contracts. We will not be responsible for any consequences which may arise from any delayed, inaccurate or incomplete information, or any misrepresentation made by you (or your employees or their dependants).

Further, all information which is material to the coverage requirements or which might influence insurers in deciding to accept your business, finalising the terms to apply and/or the cost of cover must be disclosed.

Please discuss with us if you have any doubts about what is material or have any concerns that we may not have material information, or have any doubt about what the applicable duty of disclosure is.

YOUR POLICY

You are responsible for reviewing the evidence of (re)insurance cover to confirm that it accurately reflects the cover, conditions, limits and other terms that you require. Particular attention should be paid to any policy conditions and warranties, as failure to comply may invalidate your coverage and the claims notification provisions. If there are any discrepancies, you should consult us immediately.

Further you should review the (re)insurance premium payment terms of which we advise you. All premium payment terms must be met on time or your (re)insurers may have the right to effect a notice of cancellation for non-payment of premium. We shall also advise of any charges which are additional to the (re)insurance premium.

We will forward any policy documents, if applicable, and any amendments or endorsements to you as soon as reasonably practicable.

CLAIMS

You are responsible for notifying claims or potential circumstances that may give rise to a claim in accordance with your insurance contract. To ensure full protection under your policy or similar documentation you should familiarise yourself with the coverage conditions or other procedures immediately relating to claims and to the notification of those claims. Failure to adhere to the notification requirements particularly timing, as set out in the policy or other coverage document, may entitle (re)insurers to deny your claim. In presenting a claim it is your responsibility to disclose all facts which are material to the claim. Claims may be made against certain policies long after they have expired. It is important therefore, that you keep your policy documents in a secure place.

It is generally the case that claims may become unenforceable by way of legal proceedings (or in some jurisdictions, completely extinguished) if they are not pursued by legal proceedings commenced within the relevant limitation period applying to your claim in the jurisdiction in question. It is your responsibility to monitor the position on limitation periods applying to your claims and to commence legal proceedings in relation to your claims where this is necessary. It is also your responsibility to enter into "standstill" or "tolling" agreements in order to suspend the application relevant limitation periods, where this is desirable. Willis will not commence legal proceedings or enter into standstill/tolling agreements on your behalf, nor will Willis advise you if and when to do so. On these issues we recommend you take your own legal advice.

CHANGE IN CIRCUMSTANCES

You will advise us as soon as reasonably practicable of any changes in your circumstances that may affect the services to be provided by us or the cover provided under your (re)insurance policy.

PROVISION OF INFORMATION

All activities undertaken by us as outlined in this document are provided by us for your exclusive use and all data, recommendations, proposals, reports and other

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information provided by us in connection with our services are for your sole use.

You agree not to permit access by any third party to this information without our express written permission. We reserve our right to take action to protect proprietary information.

PAYMENT OF PREMIUM

You will provide settlement with cleared funds of all monies due in accordance with the payment date(s) specified in our debit note or other relevant payment documentation ("Payment Date"). Failure to meet the Payment Date may lead to (re)insurers cancelling your policy particularly where payment is a condition or warranty of a contract. We are under no obligation to pay premium by the Payment Date to (re)insurers on your behalf.

You are also reminded of the 60 Days Premium Warranty provision applicable to policies which will automatically lapse if premiums are not paid within the period. There is also the "Cash Before Cover" regulation in respect to motor insurance premium.

OUR REMUNERATION

Our remuneration for the services we provide you will be either brokerage, which is a percentage of the insurance premium paid by you and allowed to us by the (re)insurer with whom your insurance contract is placed, or a fee as agreed with you. If appropriate, and with your consent, we may receive a fee and brokerage.

Brokerage and fees are earned for the period of the contract and we will be entitled to retain all fees and brokerage in respect of the full period of the contract in relation to contracts placed by us.

It may, at times, be appropriate (and for your benefit) for us to use other parties such as wholesale brokers, introducers or insurance intermediaries. These parties may also earn and retain commissions for their role in providing products and services for you or in recognition of services they provide to us in relation to your business. Where a percentage of our remuneration is shared with such a third party, we confirm that the overall remuneration has not been increased to allow for any such sharing. The brokerage/fees earned shall always be in accordance with those approved by Bank Negara Malaysia's guidelines.

Kindly note that our brokerage is governed by Bank Negara Guidelines on maximum allowable brokerage/commissions on each class of insurance. Should you require further details please write to our Managing Director/Chief Executive Officer.

PLACEMENT-SPECIFIC MARKET-DERIVED INCOME – NOT APPLICABLE TO WILLIS MALAYSIA SDN BHD

Kindly note that members of the Willis Towers Watson Group other than Willis Malaysia Sdn Bhd have or may have contracts with various insurers pursuant to which they provide certain services, such as those under binding authorities, managing general agency and lineslip arrangements (for example, providing statements of the business accepted and the issuance of certificates of insurance cover). They may also provide reinsurance broking services for insurers.

They may also enter into service agreements with certain insurers in order to design and develop insurance products for clients. Under these arrangements they may be paid by the insurers for the services they provide to them in addition to any commissions they may receive for placing insurance cover. These arrangements are detailed further in the attached "Market-Derived Income" addendum.

CONTINGENT COMPENSATION

Willis Towers Watson Group may accept certain forms of contingent compensation in locations where they are legally permissible, and meet standards and controls to address conflicts of interest. Because insurers account for contingent payments when developing general pricing, the price their clients pay for their policies is not affected whether Willis Towers Watson Group accepts contingent payments or not. If a Willis client prefers Willis Towers Watson Group not to accept contingent compensation related to their account, Willis Towers Watson Group will request that the client's insurer(s) exclude that client's business from their contingent payment calculations.

FATCA

The Foreign Account Tax Compliance Act (FATCA) is a U.S. law aimed at foreign financial institutions and other financial intermediaries (including insurance companies and intermediaries such as brokers) to prevent tax evasion by U.S. citizens and residents through offshore accounts. In order to comply with FATCA, insurance companies and intermediaries must meet certain legal requirements. Insurance placed with an insurance company that is not FATCA compliant may result in a 30% withholding tax on your premium. Where FATCA is applicable to you, in order to avoid this withholding tax, Willis will only place your insurance with FATCA-compliant insurers and intermediaries for which no withholding tax is required unless you instruct us to do otherwise and provide your advance written

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authorization to do so. If you do instruct Willis to place your insurance with a non-FATCA compliant insurer or intermediary, you may have to pay an additional amount equivalent to 30% of the premium covering U.S. - sourced risks to cover the withholding tax. If you instruct us to place your insurance with a non-FATCA compliant insurer but you do not agree to pay the additional 30% withholding if required, we will not place your insurance with such insurer. Please consult your tax adviser for full details of FATCA.

LIMIT OF LIABILITY

Willis Malaysia's aggregate liability for breach of contract, negligence, breach of statutory duty or other claim arising out of or in connection with this Agreement or the services provided hereunder shall be limited as follows:

- (i) in respect of personal injury or death caused by Willis Malaysia's negligence, the limit applicable is as provided for under the Malaysian Law
- (ii) in respect of any fraudulent acts (including theft or conversion) or wilful default by Willis Malaysia; the limit applicable is as provided for under the Malaysian Law
- (iii) in respect of other claims, the total aggregate liability of Willis Malaysia shall be limited to the sum equal to the fees and / or brokerage earned from the insurances Willis Malaysia arranged for you
- (iv) subject to clauses (i) and (ii) above, in respect of the following losses: loss of revenue; loss of opportunity; loss of reputation; loss of profits; loss of anticipated savings; increased costs of doing business; or any other indirect or consequential loss, Willis Malaysia will have no liability in any circumstances.

Your direction to bind coverage and/or your payment related to your insurance placement will be deemed your signed, written agreement to be bound by the provisions of this section.

OTHER REVENUE

We may also act for (re)insurers, with whom your business is placed, in the placement of their risks. This placement is a separate contract subject to its own terms and conditions, including those relating to remuneration. Where facultative reinsurance is placed in respect to your business, we hereby declare in accordance to any relevant act or regulation as may be the case that we would be acting as your direct broker as well as reinsurance broker to the insurers.

It may be appropriate and for your benefit for us to use a member of the Willis Towers Watson Group of companies or another Intermediary to assist us in fulfilling your (re)insurance requirements. These companies may receive usual and customary remuneration for the services they provide.

CLIENT MONEY

We will treat any balances held by us for you in accordance with our practices. This means that client money will be held separately from our own money. Please note that your money may be transferred to a member of the Willis Towers Watson Group of Companies and/or another insurance intermediary where such transfer is required in order to carry out services to you.

We do not pay premium to underwriters on your behalf until we have received it from you, nor will we pay claim or other monies due to you before they have been received from underwriters (or other relevant third party)

DATA PROTECTION AND CONFIDENTIALITY

We will at all times treat all confidential information we hold about you (including any information that constitutes 'personal data', 'personal information', or other like class of information that is subject to "Data Protection Laws" that specifically regulate the handling of such information) as private and confidential and protect it in the same way we would protect our own confidential information.

We will not disclose any confidential information we hold about you to others without your prior consent except: (i) to the extent we are required to do so by law or a regulator; (ii) to insurers, surveyors, loss adjustors, and other like persons to the extent necessary to provide our services to you in a timely manner; (iii) to loss assessors, lawyers, and other like persons to the extent necessary to enable such third party to provide information or services you have requested; and (iv) to other companies within Willis Towers Watson Group to the extent necessary to provide our services to you or to ensure the effective management, administration, and operation of Willis Towers Watson Group's business. You agree that we may use any information you provide to us to create anonymised industry or sector-wide statistics which may be shared with third parties, on the condition that unless we have obtained your consent, information specific to you will not be revealed other than on an anonymised basis and as part of an industry or sector-wide comparison.

Where you provide us with any information which constitutes 'personal data', 'personal information', or other like class of information, we will treat such

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information at all times in accordance with the applicable Data Protection Laws (if any), and you agree that we and other companies within Willis Towers Watson Group may hold and process such information: (i) in order to provide our services to you; (ii) to facilitate the effective management, administration, or operation of Willis Towers Watson Group's business; and (iii) in any country – including countries outside which may not have comparable data protection laws – for the foregoing purposes.

You agree that you will not provide any information which constitutes 'personal data', 'personal information', or other like information regulated under Data Protection Laws to us unless you have ensured that you have obtained all necessary consents and provided any required notices, or that you are otherwise permitted under the applicable Data Protection Laws to provide such information to us, so that such information you provide to us can be lawfully used or disclosed by us and other members of the Willis Towers Watson Group in the manner and for the purposes anticipated by this Agreement. You will also ensure that any such information you do provide to us is relevant for such purposes, and is reliable for its intended use, accurate, complete and current.

Under the applicable Data Protection Laws (if any), you (or your employees or other persons who benefit from services we provide) may have a right of access to some or all of the information we hold about you, or to have inaccurate information corrected. If you (or any relevant individual) wish to exercise such rights, please contact us in writing.

In certain jurisdictions, we may operate a paperless office system and/or hold documents on your behalf only in electronic or digitised format. In these circumstances, we may operate a policy of destroying any hard copy documents that come into our possession for the purposes of providing our services to you. Where this is the case, you recognise that we may only ever be able to provide to you electronic or digitised versions of any documents that we hold on your behalf. You accept that to the extent that you wish us to destroy or expunge from our systems any electronic or digitised versions of documents held on your behalf, we will not be able to destroy such documents that have become incorporated onto our hard drives or any other system onto which data is stored only for the purposes of disaster recovery.

ETHICAL BUSINESS PRACTICE

We do not tolerate unethical behaviour either in our own activities or in those with whom we seek to do business. We will comply with all applicable laws, rules, regulations and accounting standards.

CONFLICT OF INTEREST

The insurance market is complex and there could be other relationships not described here which might create conflicts of interest. Whatever the circumstances, we will act in your best interests; and, if a conflict arises for which there is no practicable solution, we will withdraw unless you wish us to continue to act for you and provide us with your written consent to that effect.

COMPLAINTS

Should you have any cause for complaint about our services please raise the matter in the first instance with the person who handles your account. Alternatively, you may contact our Compliance Officer or Managing Director/Chief Executive Officer whose details are listed below. We will acknowledge your complaint as soon as practicable and will advise you of the person dealing with it. However, should you not receive any acknowledgement within seven days from the date of complaint, you may contact our Managing Director/Chief Executive Officer. Please note that should you not be happy with the response to your complaint you have the right to take your complaint to our regulator, Bank Negara Malaysia.

TERMINATION

Our services may be terminated either by us or you upon the giving of one month's notice in writing to the other or as otherwise agreed.

In the event our services are terminated by you we will be entitled to receive any and all fees or brokerage payable (whether or not the same have been received by us) in relation to policies placed by us.

AMENDMENTS

You agree that we have a right to amend this document by sending you either a notice of amendment in writing or a revised Terms of Business Agreement. Any amendment will apply in respect of any service transaction entered into by us after notice of the amendment is given, and may take effect either immediately or at such later date as the notice may specify. We will however give you at least ten business days' notice of any change.

ANTI-MONEY LAUNDERING

To comply with applicable anti-money laundering regulations there are times when we may ask clients to confirm (or reconfirm) their identity. We may need to do this at the time you become a client or have been one for some time or for example, when checking details on proposal forms and transferring claims payments. This

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information may be shared with other companies within the Willis Towers Watson Group and where we deem necessary with regulatory or law enforcement bodies. Please note that we are prohibited from disclosing to you any report we may make based on knowledge or suspicion of money laundering, including the fact that such a report has been made.

We have systems that protect our clients and ourselves against fraud and other crime and we may utilise the services of third parties in order to identify and verify clients.

Client information can be used to prevent crime and trace those responsible. We may check your details against financial crime databanks. If false or inaccurate information is provided, we may be obliged to pass such details to regulatory agencies that may use this information.

THIRD PARTY RIGHTS

Unless otherwise agreed between us in writing, and to the extent permitted by applicable law, no term of this Agreement is enforceable by a third party, except by members of the Willis Towers Watson Group of companies.

GOVERNING LAW

This Agreement, which sets out the terms of our relationship with you, will be governed by and construed in accordance with Malaysian Law and any dispute arising under it shall be subject to the exclusive jurisdiction of the Malaysian courts.

KEY EXECUTIVES

1. Managing Director/Chief Executive Officer
e-mail: abdullah@willis.com.my
2. Compliance Officer
e-mail: simone@willis.com.my

Tel. No: 03-2170 9888

Fax No: 03-2164 8949

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Date : March 2017 (revised)

Head Office

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Member of The Malaysian Insurance and Takaful Brokers Association (MITBA)

Branch

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Lot 1B, Tingkat 20 Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru

ADDENDUM – MARKET-DERIVED INCOME

Members of the Willis Towers Watson Group other than Willis Malaysia Sdn Bhd have or may have contracts with various insurers under which they provide certain services, such as those under binding authorities, managing general agency and lineslip arrangements (for example, providing statements of the business accepted and the issuance of certificates of insurance cover).

They may also provide reinsurance broking services for insurers. They may also enter into service agreements with certain insurers in order to assist the development of insurance products for clients.

Under these arrangements they may be paid by the insurers/reinsurers for the services they provide to these insurers/reinsurers in addition to any fees or commissions they may receive for placing the insurance cover.

CONTINGENT COMPENSATION – Not Applicable to Willis Malaysia

Willis Towers Watson Group may accept certain forms of contingent compensation in locations where they are legally permissible, and meet standards and controls to prevent conflicts of interest. Because insurers account for contingent payments when developing general pricing, the price their clients pay for their policies is not affected if Willis Towers Watson Group accepts contingent payments. If a Willis client prefers the Willis Towers Watson Group not to accept contingent compensation related to their account, Willis Towers Watson Group will request that the client's insurer(s) exclude that client's business from their contingent payment calculations.

WillPLACE (For Information Only) – Not applicable to Willis Malaysia

WillPLACE, a proprietary online tool, provides Willis brokers with access to global placement information so that Willis Towers Watson Group can seek to develop solutions for clients with appropriate markets at competitive prices and terms. Some insurers pay Willis Towers Watson Group an Administration and Maintenance Fee for reporting on their book of business. Some of these insurers pay Willis Towers Watson Group an additional fee equal to 1% of the premium cost for placements matched through the WillPLACE system. or (ii) negotiated as a fixed fee, including where required by the law of a particular jurisdiction, or where such services are provided under a broader agreement covering a range of carrier services. Participating insurers have agreed that they will bear this fee as part of their operating costs and not to increase premiums directly payable by Willis' clients.

FINMAR - FINEX Global Clients Only (For Information Only) – Not applicable to Willis Malaysia

A separate Business Unit within the Willis Towers Watson Group, FINMAR Market Services, provides a wide range of services direct to certain insurers that place business for FINEX Global clients. A separate fee is paid to FINMAR Market Services by insurers for the delivery of these services to them. This fee is calculated within a range of 3.125% and 6.25% (plus VAT) of the overall premiums placed depending on the scale of services provided. Participating insurers have agreed that they will bear this fee as part of their operating costs and not to increase premiums directly payable by Willis' clients.

Panels

Willis Towers Watson Group develops panels of insurers in certain market segments. Participating insurers are reviewed on a variety of factors. Commission rates on panel placements may be higher than rates paid on business placed outside of the panel process. Willis Towers Watson Group discloses its commission rates to clients on quotes obtained through the panel process prior to binding the coverage. In some instances, insurers pay an administration fee to participate in the panel process. Willis Towers Watson Group broker will provide clients with additional information on Willis Towers Watson Group Panels upon request.

Brokerage on Fee Business

In some territories, Willis Towers Watson Group obtains brokerage on business where clients pay Willis Towers Watson Group a fee. The intention is to seek remuneration for work that Willis Towers Watson Group carries out for all parties in the insurance transaction but for which Willis Towers Watson Group is not otherwise sufficiently compensated. Some examples of this are the vastly-increased cost of regulation, distribution and infrastructure costs. This brokerage that Willis Towers Watson Group receives is a set percentage and is not contingent on achieving any level of growth, retention or profit on the business concerned. Clients can choose to exclude their placements from being included in any of these carrier agreements.

Subscription Market Brokerage

Willis Towers Watson Group members other than Willis Malaysia Sdn Bhd adds Subscription Market Brokerage in some of its core specialty businesses that place business into the subscription markets, predominantly in London. The principles underlying this Subscription Market Brokerage program include the following:

- Willis Towers Watson Group is required to handle increased infrastructure costs such as those arising

ADDENDUM – MARKET-DERIVED INCOME

from presentations to and negotiations with multiple entities in the subscription market.

- Willis Towers Watson Group performs additional administrative, regulatory, accounting and support functions in order to complete subscription market placements. These functions benefit clients and insurers;
- working groups of underwriters in the subscription market recognize these additional costs and agree that a negotiated percentage of the premium to account for these costs is appropriate and helps assure competitive access to that market.

Willis Towers Watson Group believes that the best way to defray the cost of these functions is through this brokerage. The Group will disclose the receipt of Subscription Market Brokerage as may be requested or required to clients.

Facility Administration Charges and Profit Commissions

Willis Towers Watson Group members other than Willis Malaysia Sdn Bhd operates a number of “facilities” (Binders, Lineslips, Programs, MGAs and Arrangements) under which they undertake a number of tasks. Some of those tasks are purely for the benefit of clients, others are services that an insurer would be expected to perform.

Willis Towers Watson Group’s remuneration may reflect this multi-beneficiary approach with what is known as a facility administration charge that covers the cost of these activities. A facility administration charge is additional to the fee or brokerage that Willis receives for placement and other services to clients. They will disclose any such charges to clients.

These facilities typically apply to straightforward, small business lines or specialist product areas, for example, commercial combined, motor, personal lines, personal accident and terrorism.

The type of business written in these facilities tends to be high-volume, low-premium business that would not be viable for insurers to write individually on the open market. By grouping this business together, clients enjoy the benefits of a broad product, suited to their needs and the cost savings of collective buying power.

In a very limited number of cases a portion of Willis Towers Watson Group’s remuneration may be driven by the underwriting profitability of the facility. There is a potential for Willis Towers Watson Group to earn such “profit commissions,” but, because this business is grouped together, it is not possible to determine the extent to which the profitability of a book is affected by any single client.