

# Independence Changes Everything

*Business Principles*

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## 1. Introduction and Scope

**Lockton India Insurance Broking and Advisory Private Limited (Formerly Lockton India Insurance Broking & Advisory Limited and Arihant Insurance Broking Services Limited.)**, hereinafter referred to as “Lockton India”, is a Composite Insurance Broker registered with the Insurance Regulatory and Development Authority of India (IRDAI) under Registration No. 688. Lockton India is part of the global Lockton Group. Our Registered Office is located at 6, Lad Colony, Y.N. Road, Tukoganj, Indore, Madhya Pradesh – 452003, and our Corporate Office is situated at 802, 8th Floor, Tower A, Peninsula Business Park, Lower Parel, Mumbai – 400013. We are authorised to arrange insurance, reinsurance products on your behalf in accordance with applicable Indian laws and IRDAI regulations. Unless otherwise agreed, all correspondence and communication with you shall be in English.

This document sets out the terms under which Lockton India will provide services, including how we arrange insurance, our remuneration, and limitations of liability. Please review it carefully—particularly Sections 3 (Placing Services), 10 (Remuneration), and 12 (Limitation of Liability). If you do not agree to these terms, kindly notify us in writing before we proceed.

### **Definitions (for the purpose of these Business Principles):**

- “Insurer” refers to an insurance company or a reinsurance company, including an Indian Reinsurer, Foreign Reinsurance Branches (FRBs), and Cross-Border Reinsurers (CBRs) that meet IRDAI’s eligibility criteria, with whom Lockton India places insurance or reinsurance on your behalf.
- “Client” refers to the policyholder in the case of direct insurance, and to the cedant in the case of reinsurance transactions.
- “Premium” refers to insurance or reinsurance premium payable by the Client to the Insurer/Reinsurer.
  - i. In the case of direct insurance, premium payment may be facilitated through Lockton India in compliance with the IRDAI (Insurance Brokers) Regulations, 2018.
  - ii. In the case of reinsurance, premium is collected from the cedant and remitted to the reinsurer.
- All other terms shall have the meaning ascribed to them under the Insurance Act, 1938, the IRDAI (Insurance Brokers) Regulations, 2018, or any other applicable laws and regulations.

## 2. Management and Service Standards

### **QUALITY AND STANDARD OF SERVICE**

We will provide professional and timely advice based on your instructions.

### **MANAGING YOUR REQUIREMENTS**

A dedicated Associate (or team) will be your main point of contact for each insurance policy we arrange or manage. We strive to ensure continuity, accountability, and efficient service delivery, supported by our broader team to meet your insurance needs effectively.

## 3. Placing Services

### **ESTABLISHING YOUR DEMANDS AND NEEDS**

We will provide the services (“Services”) as per our written agreement with you, including any future additions confirmed in writing. These will be delivered with due care and in compliance with applicable laws and regulations. We may assign, transfer, or subcontract our rights and

obligations—wholly or in part—to any Lockton Group entity. Please refer to Sections 4 (Duty of Disclosure) and 5 (Selection and Solvency of Insurers) for further details.

## QUOTING AND PLACING

We will approach insurers on your behalf to obtain competitive terms that we believe offer suitable coverage and pricing. We will present these options clearly to help you make an informed decision. Based on your instructions, we will take timely steps to place the required insurance before the intended inception, renewal, or extension date, and confirm the coverage in advance. If we are unable to do so, we will promptly inform you.

### Our Approach to Securing Competitive Insurance Options

As a Composite Insurance Broker, we provide impartial advice without favoring any specific insurer, in line with IRDAI regulations. We compare policies, terms, and premiums across the market to recommend solutions best suited to your needs. Our goal is to offer transparent, unbiased options from multiple insurers, helping you make informed and cost-effective decisions.

## DOCUMENTATION

Once your insurance is arranged, we will notify you via your preferred communication method and share the relevant documents confirming coverage and premium details. Please review these documents carefully upon receipt.

Typically, you will receive:

1. Evidence of Cover – such as a slip, cover note, policy, or certificate, detailing terms and insurer information. Review it to ensure it aligns with your instructions; report any discrepancies promptly.
2. Policy/Certificate – a complete summary of terms, replacing earlier documents. We will issue this or a held cover letter as soon as possible. In some cases, it may be available upon request.

We recommend keeping all insurance documents for your records and contacting us immediately if you have any questions or spot any inconsistencies.

## PREMIUM PAYMENT AND CALCULATION

For certain coverages—such as term life, health, personal accident, workmen's compensation, property, and stocks—accurate and timely renewal data is essential for calculating the correct premium. In line with IRDAI regulations, we will request this data well in advance of the renewal date.

Please ensure that the required information is submitted within the stipulated time. Delays may impact the renewal process, premium rates, or coverage terms. We cannot rely on expired policy data to estimate provisional premiums, as IRDAI mandates the use of current and accurate data.

Once we receive the renewal details, we will confirm the final premium and issue an invoice accordingly. Timely payment is necessary to maintain uninterrupted coverage.

As the insured, you are responsible for:

- a. Ensuring adequate sums insured;
- b. Disclosing all material facts as required by law;
- c. Maintaining sufficient CD balance at renewal and replenishing it promptly upon deficit notifications;
- d. Submitting monthly data updates on time.

While we aim for accuracy, unintentional errors may occur. We reserve the right to correct any such errors and, to the extent permitted by law, will not be liable for resulting losses due to corrections.

We are committed to ensuring a smooth, compliant renewal process aligned with IRDAI guidelines.

### **Cash Deposit (“CD”) Balance (for Employee Benefit Policies such as Group Medical, Group Term Life, or Group Personal Accident)**

A sufficient CD must be maintained with the insurer to ensure coverage for new joiners from their date of joining, in compliance with Section 64VB. In case of a shortfall, Lockton will notify you, and the CD must be replenished promptly. If not, coverage will apply only from the date the CD payment is made to the insurer.

### **MID-TERM CHANGES TO YOUR POLICY – ENDORSEMENTS TO THE POLICY**

If you wish to make changes to your insurance during the policy period, please contact us immediately. We will coordinate with the insurer to assess and implement the requested changes. Additional information or documents may be required.

Once approved by the insurer, we will inform you of any revised terms, conditions, and applicable premium adjustments, in line with underwriting guidelines and IRDAI regulations.

**Please ensure all material changes—such as updates to the sum insured or risk profile—are promptly disclosed to maintain continuous and adequate coverage.**

### **RENEWAL OF YOUR INSURANCE**

In line with IRDAI regulations, we will contact you in advance to obtain renewal instructions and necessary information.

Once we receive renewal terms from the insurer(s), we will share the proposed details, including any changes to terms, conditions, or premiums. If renewal is declined or alternate terms are offered, we will notify you promptly and, where possible, suggest alternatives.

Please review the renewal terms carefully and respond at the earliest to ensure uninterrupted coverage.

### **TAXES, DUTIES & OTHER CHARGES**

Any insurance premium tax, duty, or other statutory charges payable in addition to the premium will be clearly stated in your invoice and are your responsibility as the policyholder. These will be remitted to the relevant authorities by the insurer as required.

We will ensure full transparency by including all applicable taxes and charges in the premium invoice for your clarity and compliance.

## **4. Duty of Disclosure**

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

#### **A. Provision of Accurate and Complete Information**

You are required to provide us with accurate, complete, and timely information to enable us to effectively perform our services and present a fair representation of the risk to your insurers. It is your legal obligation to disclose all material facts when entering into an insurance contract. "Material" refers to any information that could influence an insurer's decision to accept the risk, determine the policy terms, or set the premium.

You accept full responsibility for the accuracy and completeness of the information provided. We will rely on this information to offer our services and arrange your insurance policies. Any failure to provide relevant information, as described below (collectively referred to as "Relevant Information"), may adversely affect your rights under the insurance contract. Relevant Information includes, but is not limited to, any facts or details that could influence the insurer's decision regarding coverage or premiums.

**B. Review of Documents:**

You must carefully review all documents provided to you by us, including policies, endorsements, and other related documentation. If you identify any errors or inaccuracies in these documents or believe that they do not fully address your insurance needs, you must notify us immediately. Prompt correction of any discrepancies is crucial to ensure that your insurance coverage accurately reflects your requirements.

**C. Reporting of Claims Information:**

In the event of a circumstance, event, or loss that could potentially lead to a claim under your policy, you must inform relevant the Insurer with copy to us of the details ("Claims Information") as soon as possible and within the timeframe specified in your insurance contract. Timely reporting is essential as failing to notify the insurer of such incidents may impact your rights under the insurance policy. It is important to follow the claims reporting procedures outlined in your policy to avoid any adverse effects on your coverage.

**D. Additional Disclosure Obligations:**

1. Under Indian law, your duty of disclosure requires you to provide all material information to the insurer. Material information refers to facts that could influence the insurer's decision on whether to accept the risk, the terms of the policy, or the premium. This applies even if the information does not increase the risk.
2. It is your responsibility to ensure that the information provided in proposals, claim forms, or other related documents is accurate and complete. The accuracy of your disclosures is crucial in determining the terms of your policy.
3. If there is a breach of the duty of disclosure, the insurer may have the right to void the policy from its inception and seek recovery of claims already paid, while generally returning the premium unless there was dishonest conduct.

If you are unsure about what information needs to be disclosed, please contact us for guidance.

**5. Selection and Solvency of Insurers**

We leverage our market expertise to select insurers that offer optimal coverage options, prioritizing financial stability and reputation to ensure reliable and effective protection for our clients.

To safeguard the interests of policyholders, the IRDAI mandates that all insurance companies maintain a minimum solvency ratio of 1.5, which translates to a solvency margin of 150%. This regulation helps ensure that insurers are financially capable of meeting their obligations to policyholders. For reinsurance placements, including with Foreign Reinsurance Branches (FRBs), or Cross-Border Reinsurers (CBRs), the IRDAI has prescribed specific eligibility and regulatory criteria. Only entities that satisfy these requirements are permitted to participate in Indian reinsurance business, and we place business exclusively with such eligible reinsurers.

We source insurance and reinsurance coverage from a wide range of eligible Insurers operating in India and, where permitted, from approved overseas reinsurers. We will share with you the

details of the Insurers willing to participate in your programme, together with their respective terms and conditions.

We make reasonable efforts to assess insurers' financial standing using public information and prefer those with satisfactory stability. However, as financial conditions may change, Lockton India cannot guarantee insurer performance and accepts no liability if an insurer fails to fulfill its obligations.

The final decision on insurer suitability rests with you. If you have any concerns, please contact your designated Lockton representative promptly.

## **6. Confidentiality and Security of Information**

### **FOR INFORMATION OTHER THAN INDIVIDUAL PERSONAL INFORMATION**

All matters concerning information other than individual personal data shall be governed by the terms of the applicable Non-Disclosure Agreement executed between us and the other party, which is hereby incorporated by reference into this Agreement, with any necessary conforming changes, as if fully set forth herein.

However, any liability arising in connection with such information shall be governed solely by the terms set forth herein under these Business Principles.

### **FOR INDIVIDUAL PERSONAL INFORMATION**

To the extent that any personal data is processed by the Parties under these Terms of Business, each Party shall comply with all applicable data protection laws, including implementing appropriate technical and organizational measures to protect such data.

## **7. Claims Services**

### **CLAIM NOTIFICATION AND ASSESSMENT**

Claims must be promptly notified to the relevant insurer, with a copy to us. For third-party claims, do not admit liability or settle without the insurer's prior approval. Please review your policy's claim notification and handling conditions carefully, as non-compliance may result in denial of the claim.

Upon receiving your notification, we will liaise with the insurer to facilitate claim assessment. If the notification is incomplete or unnecessary, we will inform you and seek further instructions.

We will notify the insurer(s) involved and keep you informed of all relevant updates or responses received.

### **CLAIM NEGOTIATION AND SETTLEMENT**

Once a claim is reported, we will engage with the insurer to guide you on the required procedures and documentation as per the policy terms. We will actively support the settlement process and pursue the claim to secure the fullest recovery possible. We will not agree to any claim settlement without your prior approval. Where applicable, we will provide written confirmation of the insurer's acceptance and the settlement amount.

## **8. Maintenance of Records**

During our appointment, we will maintain records of all material aspects related to the arrangement and administration of your insurance, including claim notifications and resolutions. These records may be stored in any format, as long as they are or can be made legible.

We will provide copies of documents you are legally entitled to access, and retain records as required for internal and regulatory compliance under applicable Indian laws.

## **9. Conflicts of Interests**

Conflicts of interest may occasionally arise in the course of our services. If we act for multiple clients in a related claim, we will disclose any conflict and assign separate teams to handle each client's interests independently.

If our own interests conflict with our duty to you, we will fully inform you before proceeding. Your instruction to arrange insurance will be treated as informed consent to proceed as proposed.

## **10. Remuneration and Other Earnings**

As your insurance broker, we earn brokerage from the insurer where your policy is placed, as permitted by IRDAI regulations. We do not charge clients fees for arranging insurance and do not participate in profit-sharing or cash management arrangements. Brokerage is a percentage of the premium, agreed with the insurer and varies by product and insurer. If another broker is involved, we will inform you.

We are committed to transparency and acting in your best interests. You may request details of our earnings at any time.

## **11. The Receiving and Holding of Client Money**

Our treatment of client money differs between Direct Insurance and Reinsurance transactions, as outlined below.

### **A. Direct Insurance Transactions**

Premiums are remitted directly by you to the insurer, and we facilitate this process without receiving, holding, or managing any premium monies. Claims or return premiums are paid directly by the insurer to you, and while we may assist in monitoring and communicating their status, we do not route such payments. Under Indian regulations, your premium obligation is discharged only when cleared funds are received by the insurer, and claims or return premiums are deemed paid only when credited to your account.

### **B. Reinsurance Transactions (Cedant Premium)**

As a reinsurance broker, we may collect reinsurance premium from you (the Cedant) for onward remittance to the reinsurer. Such monies, when received, are held in a designated **Insurance Broking Premium Account (IBPA)**, segregated from our own funds, and handled strictly in accordance with the Insurance Act, 1938, and the IRDAI (Insurance Brokers) Regulations, 2018. We hold such reinsurance premium in a fiduciary capacity, solely for the purpose of discharging our functions as a reinsurance broker, until it is duly remitted to the reinsurer.

We withdraw from the IBPA only the brokerage/fees ("Remuneration") duly earned by us in accordance with applicable law and prevailing market practice.

Please note that claims monies are paid directly by the reinsurer to you (the Cedant) and are not routed through us.

### **C. Taxes**

All payments are subject to applicable Indian tax laws, including withholding tax requirements and, where relevant, the provisions of any Double Taxation Avoidance Agreements (DTAAs). We may assist in facilitating compliance with such requirements; however, the responsibility for tax

payment and reporting rests with you and/or the insurer/reinsurer, as applicable.

## **12. Limitation of Liability & 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. Nothing in this Agreement excludes or limits our liability for death or personal injury caused by our gross negligence or for fraudulent misrepresentation.
- c. Nothing in this Agreement excludes or restricts our duty or liability to you under the applicable regulatory system.
- d. Subject to clauses (a), (b) and (c) above, our total aggregate liability to you shall be limited to the remuneration we have earned in relation to the services provided under this Agreement. Neither party shall be liable for any indirect, special, incidental, consequential, or punitive damages, or for any loss of profits arising from or related to this Agreement or the services rendered.

### **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.

## **13. Complaints**

For any concerns or complaints, you may follow the procedure outlined in our Grievance Redressal Policy available on our website at: <https://global.lockton.com/in/en/Grievance-Redressal-Policy>.

## **14. Money Laundering, Bribery and Sanctions**

As your insurance broker, we comply with applicable anti-money laundering, counter-terrorist financing, anti-bribery, and sanctions laws, including the Prevention of Money Laundering Act, 2002, IRDAI guidelines, and other applicable regulations. In this regard, we may request additional information or documentation to verify your identity, beneficial ownership, and the legitimacy of transactions as part of Know Your Customer (KYC) requirements.

While insurers also have independent obligations under these laws, we, as an IRDAI-registered broker, are required to monitor transactions and report suspicious activities in line with applicable regulatory requirements. Please note that transactions involving sanctioned countries, entities, or individuals may be declined or restricted to comply with applicable laws.

We are committed to ensuring that all transactions are conducted in accordance with prevailing legal and regulatory standards.

## **15. Terminating Our Appointment**

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

Termination of our appointment does not affect any rights or obligations accrued before the termination date. After termination, we will have no further responsibility unless otherwise agreed.

We will transfer all relevant records and claim files to your newly appointed broker as per your instructions and cooperate to ensure a smooth handover. If you request us to handle run-off claims and we agree, such services will be carried out in accordance with IRDAI regulations.

Brokerage is paid by the insurer and is fully earned and payable to us at policy inception, as per the terms agreed between us and the insurer. No fees are charged to clients for arranging or placing insurance.

## **16. Dispute Resolution**

Both parties agree to submit any dispute or difference arising out of or in connection with this Agreement or the services provided by us to binding arbitration, in accordance with the provisions of the Arbitration and Conciliation Act, 1996 (as amended from time to time), to be conducted in India.

The arbitration shall be conducted by a panel of three arbitrators. One arbitrator will be appointed by you, one by us, and the third arbitrator, who will act as the presiding arbitrator, will be appointed by the two party-nominated arbitrators. If either party fails to appoint an arbitrator within 30 days of receiving the request for arbitration, the appointment shall be made by the competent authority under the Arbitration and Conciliation Act, 1996. If the two arbitrators fail to agree on the appointment of the third arbitrator within 30 days of the appointment of the second arbitrator, the third arbitrator shall be appointed by the competent authority under the Arbitration and Conciliation Act, 1996.

The seat and venue of the arbitration shall be Mumbai, India, and the proceedings shall be conducted in English. The decision of the arbitration panel shall be final and binding on both parties.

## **17. Foreign Account Tax Compliance Act ("FATCA")**

As an insurance broker, we support insurers in complying with FATCA regulations by assisting in the collection and verification of client information and facilitating related communication. While we help enable FATCA compliance procedures, the obligation for reporting and regulatory compliance lies solely with the insurer. We remain committed to operating within applicable legal frameworks and supporting best practices in all regulatory matters.

## **18. Law and Jurisdiction**

Lockton India conducts its activities as an insurance intermediary in accordance with the laws of India.

Any disputes arising under or in connection with this Agreement will be governed by and construed in accordance with the laws of India. The parties agree to submit to the exclusive jurisdiction of the courts located in Mumbai, India.

## **19. Declaration Relating to Tax and Other Serious Offences**

I/ We ("the client") declare and confirm that:

- i) I/we are in compliance with the tax laws of the relevant jurisdiction within which we reside, are domiciled or are tax citizens of;
- ii) to the best of my/our knowledge, I/we have not wilfully committed nor have been convicted of any serious tax crimes;
- iii) I/we agree to provide copies of the relevant documents where necessary to Lockton India upon request;
- iv) I/we agree that Lockton India may, where required, disclose any and all information as requested by the authority in relation to tax investigation and
- v) I/we also agree to hold harmless, release and agree to indemnify Lockton India, its shareholders, officers, owners, directors, employee successors and assigns from any and all liability arising from Lockton India reliance on the declarations relating to tax and other serious offences under this clause 19 made by me/us.

Should there be any change in the declaration, I/we undertake to immediately notify Lockton India in writing.

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

**If we 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.**