



# GUIDE TO HOW WE ARE PAID MARSH PROPRIETARY LIMITED SOUTH AFRICA



SOLUTIONS...DEFINED,DESIGNED,AND DELIVERED.



# ABOUT MARSH

We are a global leader in insurance broking and risk management. We help clients succeed by defining, designing and delivering innovative industry specific solutions that help them effectively manage risk. Marsh's approximately 30 000 colleagues work together to serve clients in more than 130 countries.

Marsh is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a global professional services firm offering clients advice and solutions in the areas of risk, strategy, and people.

With annual revenue of US\$13 billion and approximately 60,000 colleagues worldwide, Marsh & McLennan Companies is also the parent company of [Guy Carpenter](#), a leader in providing risk and reinsurance intermediary services; [Mercer](#), a leader in talent, health, retirement, and investment consulting; and [Oliver Wyman](#), a leader in management consulting. Follow Marsh on Twitter, [@MarshGlobal](#); [LinkedIn](#); [Facebook](#); and [YouTube](#).

# OUR COMMITMENT TO TRANSPARENCY AND DISCLOSURE

We pride ourselves on being an industry leader in transparency and disclosure and aim to treat our customers fairly at all times.

We will not deliberately put ourselves in a position where our interests, or our duty to another, prevent us from meeting our obligations to clients. We have procedures and controls in place to identify and manage potential conflicts, and to protect our clients' interests.

We do not place our own financial interests ahead of our clients' interests when carrying out our role.

To help our clients to make fully informed decisions we will disclose to them:

- the roles we perform;
- our interests in, and payment arrangements with insurers; and
- the insurers we intend to or have approached prior to placing any insurance.

## OUR COMPENSATION

As an insurance broker, Marsh's role is to place insurance coverage for our clients. We are compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Marsh may receive compensation through one or a combination of the methods listed below.

### 1. CLIENT SERVICE REVENUE

#### A. RETAIL COMMISSION

A retail commission is paid to Marsh by the insurer as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on a number of factors, including the type of insurance product sold.

#### B. CLIENT FEES

Some clients may agree to pay Marsh a fee for Marsh's services in lieu of, or in addition to, retail commissions paid by insurance companies. The fee may be collected in whole or in part through the crediting of retail commissions collected by Marsh for the client's placements.

#### C. WHOLESALE BROKING

We receive wholesale broking payments when we are appointed by another (retail) broker who has a direct relationship with a client wanting insurance. The retail broker (which may be another Marsh office) instructs us to approach insurers on behalf of their client. The payment to us may be a fee or a commission.

#### D. CONSULTING

Marsh receives compensation from clients for providing a range of consultancy services and, normally we are paid in the form of a fee.

## 2. INSURER REVENUE

### A. INSURER CONSULTING

Marsh receives compensation from insurers for providing consulting, data analytics or other services. The services are designed to improve the product offerings available to our clients, assist insurers in identifying new opportunities, and enhance insurers' operational efficiency. The scope and nature of the services vary by insurer and by the location geography.

### B. COMPENSATION FOR INSURER ADMINISTRATION AND OTHER SERVICES

Marsh operates certain panels, facilities, quota shares and other placement arrangements with insurers. Marsh receives separate compensation for administering these arrangements that is in addition to any other fee or commission earned by Marsh.

Marsh may receive payments from insurers for work we have done on their behalf. This work may include committing an insurer to insuring a risk, producing policy documents and settling claims. We may also receive payments for risk-management or risk engineering services.

## 3. OTHER

### A. INTRA-GROUP

The Marsh & McLennan ("MMC") group contains a number of other companies. Mercer is a premier human resource consulting firm that may provide health and benefits consulting and insurance placement expertise to Marsh clients. Guy Carpenter & Company is a leading reinsurance broker, and it may place reinsurance for insurance companies that insure a client's risk through Marsh. Oliver Wyman is a global leader in management consulting that may provide actuarial or consulting services to Marsh clients.

### B. OTHER BENEFITS OR COMPENSATION

Where legally permitted, Marsh earns interest and other income on premium accounts, as paid to us by the financial institution where insurance premiums are held prior to remittance to insurers.

Marsh also receives payments from the companies that provide premium finance facilities to allow our clients to pay their premiums in installments.

# OUR CONTRACTUAL ARRANGEMENT WITH INSURERS

Marsh has agreements with certain insurers pursuant to which Marsh provides services to them and for which Marsh is compensated to the extent permitted by law and regulation in each country in which Marsh operates. Examples include captive management services, claims administration services, claims management software and associated services, mergers and acquisitions due diligence services, managing general agent and managing general underwriter services and insurance brokerage services regarding insurers' own insurance programs.

Marsh is also party to agreements with insurers that facilitate insurance transactions, including agency agreements and agreements to administer facilities.

Marsh also routinely enters into various types of agreements with insurers that are ancillary to the insurance broking process, or other services performed on behalf of clients. Examples include confidentiality and non-disclosure agreements for the release of data relating to insurance placements, claims handling and loss control programs, non-disclosure and/or non-competition agreements relating to the development and disclosure of new insurance products and services, and licensing agreements governing access to and use of data management systems and databases.

For more information on Marsh's compensation or Marsh's contractual arrangements with insurers, please feel free to ask a member of your service team.

