

CONFLICTS OF INTEREST

INTRODUCTION

In common with many financial institutions, we provide a range of services to a large number of clients. As insurance intermediaries we also provide certain services to insurers.

Circumstances may arise in which the interest of a client may conflict with those of another client or with our own interest. Accordingly we have policies and procedures to ensure that when such circumstances are encountered during the business process, they are managed appropriately.

We aim at all times to treat our clients fairly. We will not deliberately put ourselves in a position where our interests or our duty to another party prevent us from discharging our duty to our clients. We maintain internal procedures and controls with the aim of identifying and managing any potential conflicts, so that the interests of our clients are reasonably protected. Where potential conflicts are particularly complex or difficult to manage, we will agree with you the best way to protect your interests and may ask you to confirm that you are happy for us to continue acting for you.

CONFlict IDENTIFICATION

Marsh has identified the principal potential conflicts that may be encountered within the normal course of business and employs standard mitigation techniques to deal with them. Non-standard or ad hoc conflicts that arise are reviewed by an expert panel and mitigation techniques are developed. You will be informed of any situation where we believe there is a need to employ additional mitigating techniques and we will discuss these with you.

CONFlict BETWEEN CLIENTS

We advise and arrange insurance and handle claims for a large number of clients. In many cases these services involve arranging insurance or handling claims on behalf of two different clients with the same insurer or in respect of the same risk, or both. The fact that we act for numerous clients will often be to their advantage – for example by promoting our ability to negotiate favourable terms with insurers – but it may on occasion give rise to competition or conflict between clients' interests, for example where several clients are seeking insurance against risks for which only limited cover is available in the market.

In particular situations, we may identify more direct and specific conflicts between the interests of two or more clients. For example, a conflict arises where we handle claims on behalf of two clients arising out of the same incident and each client is seeking to argue that the other was responsible for the damage. In such circumstances we generally put in place special procedures to preserve our ability to handle each client's case independently under the arrangements described overleaf.

CONFLICT MITIGATION AND MANAGEMENT TECHNIQUES

Every conflict situation is assigned to one of the following three tiers, reflecting the seriousness of the conflict and the management techniques that are required to deal with it.

TIER 3 CONFLICTS

These are circumstances where our standard mitigation techniques (including our business structure, segregation of duties and information barriers), combined with the disclosure notices contained in our Terms of Engagement and this document, are considered sufficient to manage the potential conflict fairly without additional controls or notice to you.

We operate a system of segregating duties and teams for appropriate business processes (including appropriate information barriers (sometimes referred to as 'Chinese walls')). For example, two clients may be tendering for the same contract. Each client will be allocated an independent broking and advisory team, maintaining their own files in separate, secure locations. Where the teams are located in the same building, we endeavour to impose physical separation, but minimum standards will include keeping files in lockable cabinets and management monitoring of colleague adherence to information security principles. Other circumstances include:

- Delegated underwriting authority (we will give specific notice that cover is being placed under such a facility prior to the actual placement).
- Negotiating non-contentious or property damage claims between two clients.

TIER 2 CONFLICTS

These are circumstances that may be managed by additional management oversight, information barriers and/or client disclosure protocols, or a combination of these. You will be provided with specific details of the potential or actual conflict together with our proposals for mitigation and management. In some circumstances, this may involve us in seeking your consent to introduce a different Marsh team or colleague to handle a particular issue. When this is agreed, your usual Marsh contact will continue to service your other needs, and will respect the integrity of any additional information barrier that may be put in place.

- Two or more clients propose entering into a relationship with each other.
- Competitive tendering situations between clients.
- Contentious or liability claims between two clients.
- Undertaking security work, surveys and risk consultancy on behalf of an insurer.

TIER 1 CONFLICTS

In exceptional cases we may conclude that, even with special procedures, we cannot be confident of our ability properly to serve the interests of the parties concerned. In that event we will endeavour to consult the clients concerned insofar as we can do so without compromising the confidentiality of either client. If no acceptable solution can be identified, we will cease to act for one or more of the clients concerned and refer them to another adviser.

MONITORING EFFECTIVENESS

We maintain records of potential conflicts of interest and mitigation techniques proposed or put in place. Senior managers regularly review these records to ensure that the management of the conflict remains effective and relevant.