

AUSTRALIAN BINDING AUTHORITY ENDORSEMENT
(for use in conjunction with Binding Authority Wordings)

The Coverholder agrees to comply with the following provisions of this endorsement:

1. Licence Requirements:
 - (a) It is a condition of the Agreement that the Coverholder holds the proper licence, licences, approval or approvals as the case may be, according to Australian regulatory requirements unless the Underwriters have been provided with written evidence (acceptable to the Underwriters) of any appropriate exemptions.
 - (i) where the Coverholder is located in a territory outside of Australia, it is a condition of the Agreement that the Coverholder holds the proper licence, licences, approval or approvals as the case may be that are appropriate to that territory.
 - (b) Without limiting the previous paragraphs, if under the Agreement the Coverholder makes any offer to a retail client to arrange for the issue, variation or disposal of a financial product by the Underwriters:
 - (i) the Coverholder must hold an Australian Financial Services Licence that covers the relevant offer; and
 - (ii) it is acknowledged by the Coverholder that the Agreement is an *intermediary authorisation* under section 911A(2)(b) of the Corporations Act 2001 (Cth).
 - (c) The Coverholder acknowledges that the Underwriters do not (or might not) hold an Australian Financial Services Licence. The Coverholder undertakes not to do anything, or omit to do anything, which results in the Underwriters providing any financial service for which the Underwriters are required to hold an Australian Financial Services Licence.
 - (d) The Coverholder and the Underwriters agree that Sections 36.6 and 36.7 of the Agreement are varied to provide as follows:
 - “36.6 the Underwriters and the Coverholder agree that the Underwriters may terminate the Agreement at any time with immediate effect by giving written notice in accordance with Sub-section 36.2 upon the occurrence of any of the events set out in 36.6.1 to 36.6.7 inclusive;
 - 36.6.1 the Coverholder fails to comply with any of the provisions of the Agreement;
 - 36.6.2 the Coverholder or any director, officer or partner of the Coverholder or any individual named in the Agreement:
 - 36.6.2.1 is convicted of a criminal offence or where the Underwriters become aware that such a person had been convicted of a criminal offence prior to the commencement of the Agreement which had not been disclosed to the Underwriters. For the purposes of this Sub-section 36.6.2.1 only, the criminal offence shall be one that involves fraud, dishonesty, financial crime or is any other criminal offence that may materially affect the operation of the Agreement;
or
 - 36.6.2.2 causes Underwriters to be subject to any criminal sanction;

- 36.6.3 the Lloyd's Broker ceases to be registered as a Lloyd's Broker unless an alternative Lloyd's Broker is mutually agreed in writing by the Underwriters and the Coverholder;
- 36.6.4 the Coverholder is merged with, acquired by or otherwise absorbed by any individual, corporation or other business entity or organisation of any kind;
- 36.6.5 the Coverholder fails to comply with any relevant law or regulation in the jurisdiction in which it is located or in any other jurisdiction in which the Coverholder does business or otherwise fails to comply with the requirements of Section 38 of the Agreement; or
- 36.6.6 the Coverholder's ability to carry out its obligations under the Agreement are likely to be materially impaired by circumstances or events other than those stated in Sub-sections 36.6.1 to 36.6.5;
- 36.6.7 The Coverholder breaches the Corporations Act or any condition of its Australian Financial Services Licence;

36.7 The Coverholder shall inform the Underwriters promptly upon becoming aware of the occurrence of any of the events set out in 36.5, 36.6.1, 36.6.2, 36.6.4, 36.6.5, 36.6.6 and 36.6.7 above. Any failure by the Coverholder so to advise shall not affect the automatic termination of the Agreement under 36.5 or the Underwriters' rights under 36.6;"

- (e) Where, as a condition of any application made for an Australian Financial Services Licence (or any application for exemption), the Coverholder is required to have established an Internal Disputes Resolution (IDR) process and also required to be a member of an External Disputes Resolution (EDR) scheme, then in respect of those classes of business which are covered by The Financial Ombudsman Service and which are underwritten at Lloyd's, the Coverholder must agree to comply with the IDR Process administered by Lloyd's Australia Ltd. As a result, in respect of those classes of business the Coverholder shall participate in the EDR Process only via Lloyd's Australia Ltd's Membership of The Financial Ombudsman Service, even though the Coverholder may also be required to be a member of The Financial Ombudsman Service in its own right.

2. Clients' money account: The Coverholder and the Underwriters agree that despite the provisions of Section 27 of the Agreement ("Section 27"):
 - (a) if the Corporations Act and the Corporations Regulations ("Corporations Act and Regulations") require the Coverholder, in particular circumstances, to deal with or hold monies referred to in Section 27 in a manner that conflicts with Section 27, Section 27 is taken to be varied, in respect of those circumstances, to the extent necessary to enable the Coverholder to comply with the Corporations Act and Regulations; and
 - (b) for the purposes of Corporations Regulation 7.8.05, the Underwriters consent to the Coverholder holding money referred to in that regulation on trust for the Underwriters.
3. The Coverholder's General Responsibilities: The Coverholder shall not perform any duties as a Coverholder if not approved to do so by Lloyd's and/or the Underwriters and for which the Coverholder does not have an appropriate level of expertise and knowledge.

In all communications arising out of or relating to the Agreement, the Coverholder shall ensure that it is clearly stated that the Coverholder acts as agent of Lloyd's underwriters. In particular, and without limiting the operation of the obligations set out in the previous sentence, the Coverholder shall: (a) advise third parties, including but not limited to brokers, Insureds, intending Insureds and government authorities, of its status as agent of the Lloyd's underwriters for whom it is acting; and (b) not purport to act, or represent to any third party that it is acting, in the capacity of a Principal in respect of any matter arising out of or relating to the Agreement.

If the Underwriters are held responsible for the conduct of the Coverholder, its agents or employees by virtue of the operation of Australian law or otherwise, where such conduct was not within the scope of the Coverholder's authority, as set out in the Agreement, the Coverholder shall fully indemnify the Underwriters for the entire sum which the Underwriters are ordered or held liable to pay and in addition, all legal costs on a solicitor and own client basis which the Underwriters may incur.

If the Underwriters are held to have committed offences against Australian law or any other law by reason of acts or omissions of the Coverholder, its agents or employees, the Coverholder shall fully indemnify the Underwriters the entire sum which the Underwriters are ordered or held liable to pay and, in addition, all related legal costs on a solicitor and own client basis which the Underwriters may incur.

4. Certificates: It is a condition of the Agreement that the format of any Certificate issued by an Australian based Coverholder shall:
 - (a) in respect of insurances within the scope of the Financial Ombudsman Service, be based on LMA3082 Standard Outline Certificate (Australia — Retail Lines);
 - (b) in respect of wholesale insurances, be based on the LMA3083 Standard Outline Certificate with the service of suit clause deleted and replaced by LSW1145 Alternative Disputes Resolution Clause, where inclusion of the latter has been agreed by the Underwriters;
 - (c) in respect of applicable classes of business under the Insurance Contracts Act 1984, include Expiry/Renewal Notice NMA1996.

5. Code of Practice: It is a condition of the Agreement that an Australian based Coverholder undertakes:
 - (a) to comply with the General Insurance Code of Practice ("the Code").
 - (b) to comply with the provisions of the Code as if each reference in those sections to the "insurer" were a reference to the Coverholder, unless the context otherwise requires.
 - (c) in connection with performing its obligations in paragraphs (a) and (b) above:
 - (i) to use the document titled "Checklist for Review of Compliance with the General Insurance Code of Practice " [as set out in the Lloyd's Australian procedures manual] (as may be amended from time to time by Lloyd's under guidance from the Financial Ombudsman Service and/or the Insurance Council of Australia) as a guide to formulating the Coverholder's internal procedures for compliance with those aspects of the Code relevant to the Coverholder's business; and
 - (ii) to do all things reasonably necessary in order to ensure compliance with the Code and any direction of the Lloyd's General Representative in Australia and/or the Financial Ombudsman Service, and
 - (iii) to complete the Financial Ombudsman Service's Code Self-Assessment document for the Code [as set out in the Lloyd's Australian procedures manual] within 15 working days of entering the Binding Authority Agreement, and return to the Lloyd's General Representative; and
 - (iv) to complete as directed by the Lloyd's General Representative in Australia and/or the Financial Ombudsman Service, the Annual Compliance Statement via the desk top audit process and self-certification process which occurs over a three year cycle.
 - (d) to furnish a statement to the Lloyd's General Representative, in the form prescribed by the Lloyd's General Representative, reporting compliance with the obligations stated in (a), (b) and (c) above and providing policies, claims and complaints information , by the date specified by the Lloyd's General Representative each year.

6. Privacy Act: It is a condition of the Agreement that the Coverholder ensures that it is aware of its obligations under the Privacy Act 1988 as amended by the Privacy Amendment (Private Sector) Act

2000 and the Privacy Amendment (Enhancing Privacy Protection) Act 2012, where appropriate. The Coverholder shall process data regarding Insureds in accordance with the Privacy Act Principles and for the purposes only of providing insurance to Insureds and prospective Insureds and of handling claims to the extent allowed by the Agreement.

7. Taxes: It is a condition of the Agreement that the Coverholder shall:
- (a) if above the registration threshold, be registered for Goods and Services Tax (GST) and shall be responsible for accounting for GST on business bound under the Agreement to the Australian Taxation Office in accordance with the relevant provisions of the Australian tax law.
 - (i) where the Coverholder is located in a territory outside of Australia the requirement to register for GST as described in the previous paragraph will not apply unless the last act necessary to make the contract of insurance binding takes place in Australia.
 - (b) be responsible for administering stamp duty, withholding (non-resident) tax and fire services levies (where they apply).
 - (i) where the Coverholder is located in a territory outside of Australia it shall ensure that appropriate alternative arrangements are made to administer the taxes and charges referred to in the above paragraph if it is not practical to do so itself.
8. Complaints: It is a condition of the Agreement that the Coverholder shall:
- (a) comply with the complaints procedures under the General Insurance Code of Practice.
 - (b) in respect of disputes falling under the Financial Ombudsman Service, respond to the Lloyd's Australia office within 5 working days of the lodgement of a disputed claim.
9. Statutory renewals during the period of Agreement – section 58 Insurance Contracts Act: In addition to Section 14 of the Agreement the Coverholder shall take appropriate action to prevent the renewal of any certificate during the period of the Agreement by reason of the operation of section 58 of the Insurance Contracts Act.
10. Statutory renewals after expiry, cancellation or termination of Agreement - section 58 Insurance Contracts Act: In addition to Section 14 of the Agreement the Coverholder shall take appropriate action to prevent the renewal, after the effective date of expiry, cancellation or termination of the Agreement, of any certificate by reason of the operation of section 58 of the Insurance Contracts Act.
11. Indemnities continue: It is a condition of the Agreement that:
- (a) each indemnity contained in the Agreement is a continuing obligation despite:
 - (i) any settlement of account; or
 - (ii) the occurrence of any other thing,and remains in full force and effect until all money owing, contingently or otherwise, under the indemnity has been paid in full; and
 - (b) each indemnity contained in the Agreement:
 - (i) is an additional, separate and independent obligation and no one indemnity limits the generality of any other indemnity; and
 - (ii) survives the termination of the Agreement.

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