

COMPENSATION GUIDE FOR NEW ZEALAND CLIENTS

OUR COMPENSATION

In New Zealand Marsh has two companies operating - Marsh Limited and Marsh & McLennan Agency Limited ("MMA") - which are compensated in a variety of ways, including commissions and fees paid by insurance companies, premium funding companies and clients. Any compensation received will be in accordance with, and subject to, relevant law. All fees, commissions and expenses are (unless otherwise expressly stated) exclusive of GST, which will be added as appropriate.

■ **Broking Commissions (commonly known as "brokerage") –**

A commission is paid to Marsh by the insurer for arranging the policy for you and which is based on a percentage of the premium charged for the policy, less taxes and statutory charges. Marsh retains the commission from the premium you pay Marsh and it then remits the balance to the insurer. The amount of commission may vary depending on a number of factors, including the type of insurance product sold and the insurer selected by the client. Commission rates can vary from transaction to transaction.

- **Client Fees** – Some clients may negotiate a fee for Marsh's services in lieu of, or in addition to, commissions paid by insurers.

- **Administration Charge** – Where commission or a fee is paid to Marsh, we may also charge clients an administrative fee to cover disbursements and expenses incurred in the administration and servicing of clients. It includes recovery of telephone, mobile phone, and general office administration overheads which can ordinarily be regarded as disbursements incurred in the day to day running of a client file.

- **Insurer Consulting Compensation** – Marsh receives separate compensation from insurers for providing consulting, data analytics, or other services. The services are designed to improve the product offerings available to our broking clients, assist insurers in identifying new opportunities, and enhance insurers' operational efficiency. The scope and nature of the services vary by insurer and by geography. In New Zealand this separate compensation is paid in the form of a fixed fee. Where Marsh is involved in such arrangements, Marsh may be considered to have an incentive to place a broking client's insurance with these insurers. In order to control any potential conflict of interest arising from the provision of these services to insurers, Marsh employs and acts in accordance with its policies and procedures.

- **Administration and Other Services to Insurers** – Marsh and/or MMA may develop a number of panels, facilities and other placement arrangements with insurers. These placement solutions deliver benefits to our clients, which may include enhanced coverage, lower premiums, insurance market capacity or a combination of all of these. Marsh and/or MMA may receive separate compensation from insurers for services it carries out for, or on behalf of, insurers in connection with insurance we place for clients.

- **Wholesale Broking Commissions** – Marsh and/or MMA may act as a wholesale insurance broker for some transactions. In these placements, Marsh and/or MMA is engaged by a retail broker (which may include Marsh) that has the direct relationship with the insured. As the wholesaler, Marsh and/or MMA may have a specialised expertise, or access to specialised insurance facilities which the retail broker does not have. In these transactions the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.

- **Client Account Interest** – When you pay Marsh the premium, it will be placed into Marsh's clients' account. Marsh retains any interest it earns on the premium for the period it is in the Marsh clients' account.

- **Premium Financing** – Marsh receives a commission and/or fee from the premium finance company when Marsh assists clients in arranging premium finance.
- **Other Benefits or Compensation** – Marsh and/or MMA may, from time to time, participate in insurer promotional events or employee training and development provided by insurers. Sometimes, Marsh and/or MMA is reimbursed by insurers for its costs related to promotional marketing. Marsh and/or MMA representatives may also receive non-monetary benefits from insurers which may include entertainment and attendance at insurer sponsored functions. These benefits are not generally attributed to any particular product or transaction. Marsh has compliance policies that ensure that these do not create a conflict with your interests.
- **Placement Platforms** – Insurance may be placed with insurers using Marsh internet based placement systems that allow for the efficient transfer of underwriting information and issuing of policy documentation. Marsh or MMA are remunerated by insurers who use these placement platforms. MMA may provide insurance products to third party brokers and Marsh who utilise its services and in doing so it

is remunerated by insurers who underwrite insurance products provided by MMA.

- **Delegated Underwriting** – Marsh and/or MMA may be granted delegated underwriting authority by an insurer(s) and in providing terms and binding cover it will be remunerated by way of commission paid by the insurer. The commission is calculated as a percentage of premium and may be paid separately to Broking Commission.
- **Other Factors** – Marsh's remuneration may be influenced by factors such as the volume of business placed with an insurer or insurer profit from that business. Marsh has compliance policies that ensure that these do not create a conflict with your interests.

RELATED PARTY TRANSACTIONS

The parent of the Marsh companies in New Zealand, Marsh LLC. and its subsidiaries or affiliates own equity interests in a small number of insurers or reinsurers. Marsh LLC. also owns or is affiliated with other insurance-related entities that may perform services associated with the Marsh entities in New Zealand clients' account.

ANY QUESTIONS? PLEASE JUST ASK

We encourage you to ask questions regarding any aspect of your relationship with Marsh. Please feel free to ask your Marsh contact.

If you wish to raise issues, express concerns, or file a complaint regarding remuneration paid or payable to Marsh by insurers or any other third parties, please contact our Ethics & Compliance line at 0800 58 3303, 24 hours a day, 7 days a week

About Marsh: Marsh, a global leader in insurance broking and risk management, teams with its clients to define, design, and deliver innovative industry-specific solutions that help them protect their future and thrive. It has approximately 26,000 colleagues who collaborate to provide advice and transactional capabilities to clients in over 100 countries. Marsh is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a global team of professional services companies offering clients advice and solutions in the areas of risk, strategy, and human capital. With 53,000 employees worldwide and annual revenue exceeding \$11 billion, Marsh & McLennan Companies is also the parent company of Guy Carpenter, a global leader in providing risk and reinsurance intermediary services; Mercer, a global leader in human resource consulting and related services; and Oliver Wyman, a global leader in management consulting.