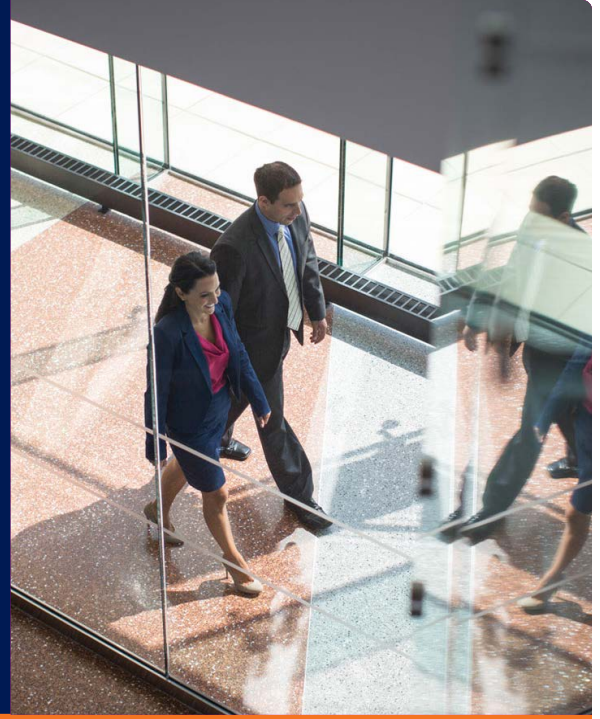




Broker partnerships and protocols

As our broker partner, you are an important ally in promoting and selling FM, a leading worldwide provider of commercial property insurance. As a basis for placing philosophically aligned business, we look to you to help differentiate our property insurance products and services in a highly competitive market. Together, we can maximize the value you deliver to your clients and the promise you make to your prospects.



Our distribution network

FM is unique from most other major commercial property insurers in that it maintains a dual-distribution model—embracing both brokered and direct sales. We work in either capacity at the sole discretion of our client. Nearly two-thirds of FM's large commercial property insurance policies represents brokered business. FM Affiliated, our middle-market property insurer, works exclusively through a brokered network.

Our business practices

To ensure global consistency in our broker business practices, we have developed the following protocols to help guide our interactions with our broker partners. Put simply, we respect and honor the broker relationships that exist with clients and prospects. We also retain the right to target non-reserved prospects on a direct basis. Regardless of the sales arrangement, FM's servicing model is successfully based on direct interactions with our clients—who are also our owners—to allow us to deliver tailored service based on an agreed-to client service plan

Our broker protocols

Following is a breakdown of the components of our protocol documents. If you are viewing this document online, click on the link to go directly to that section.



Product and service delivery:

Contains information about our pricing and commission payments.



Broker-to-direct conversion policy:

Outlines our commitment to fairness and ethical practices related to converting brokered business to direct.



New business submission handling policy:

Details the broker quote submission practice in the context of direct prospecting activity



Changes on broker of record policy:

Provides information on the timeline associated with recognition of changed broker of record





Product and service delivery

FM delivers, sells and services its FM products through a dedicated sales force, its client service teams and insurance intermediaries. Our process is designed to deliver high-quality products and services to all clients, irrespective of production source.

Approximately two-thirds of FM's large commercial property business is produced through brokers and one-third is direct. This dual-delivery capability is integral to our strategy and recognizes the fact that some clients prefer a direct relationship with FM, while others prefer working with brokers. Both types of business are important to us, and we strive to maintain a balanced mix. We fully support the relationships with brokers on existing brokered accounts.

We are committed to the equitable treatment of our most important stakeholders: our clients. An FM client will not be advantaged or disadvantaged by their selection of distribution channel or by the distribution channel selected by other clients.

FM's pricing and commission payment practices are straightforward:

- Our pricing policy is independent of production source.
- Our mutual company business in the United States and Canada is quoted, written and invoiced on a net (zero commission) basis, whether produced directly or through a broker.
- We have the ability to pay brokerage commissions through our stock company subsidiaries and our *WorldReach*® partners. Upon client request, we will disclose brokerage commission(s) payable under their policy (or policies).
- We do not pay any fees, overrides or payments such as contingent commissions, placement service fees, market service fees, compensation for services to underwriters or other such arrangements.

Our success will be decided by FM's performance in the marketplace and not by our ability to selectively influence distribution channels. Our success will depend on the value we deliver to clients, the quality of our products and services, the relationships we build and the behaviors we exhibit.





Broker-to-direct conversion policy

FM maintains two viable, effective delivery channels. Converting existing business from brokered to direct is contrary to our objective of fostering strong and enduring relationships with the brokerage community and is not part of our strategy.

FM is fully committed to maintaining its obligation to clients and business partners. Because FM is recognized for its dual delivery, an incumbent broker must not be given any legitimate reason to doubt the depth of FM's commitment to the relationship with them on existing business.

As in all of our business dealings, brokers have a right to expect that we will:

- behave consistently and ethically
- demonstrate our commitment to established relationships
- earn and maintain their trust and confidence

FM's policy is that it does not support, promote, encourage or condone, in any way, broker-to-direct conversions. FM operates on the principle that, once a client makes the choice to work with a broker, FM enjoys a privileged relationship with that client and its chosen broker that will not be undermined or diminished. The fact that the client chose the broker delivery channel indicates that they saw a value in that choice. Direct conversions will not be agreed to without express written agreement of the appropriate executive vice president, after consultation with both the client and the broker.

Occasionally, an existing brokered client may approach us to write an account directly. We do not encourage or solicit such conversions since they undermine trust and impair our relationship with the broker across the portfolio, creating a lasting impact that extends far beyond the account in question. Client service and management team members should ensure brokers are informed on a timely basis whenever such overtures are made. To the extent possible and prudent, we will actively intervene with clients to discourage such conversions. If they cannot be dissuaded, we must honor the client's right to free choice in how they access us, which is the basis of our dual delivery system. Withholding capacity or service on the basis of client choice of access is not an option. We will allow a five working-day waiting period for the original broker to change the client's mind.





New business submission handling policy

FM encourages broker partners to consult with the relevant new business development unit prior to sending an unsolicited submission. In this manner, FM does not become privy to information the broker or client may consider confidential if there is little likelihood of quoting.

When the FM new business development unit receives a prospect submission from a broker, it will accept or decline it as follows:

Accepting a submission

When FM specifically agrees to accept a broker's submission (or does so tacitly by keeping it for more than 10 business days), it will commit to working exclusively through that broker for a period no shorter than one day past the subsequent annual renewal following the one for which the submission was prepared. Accepting a submission does not guarantee that FM will quote.

Declining a submission

Whether solicited or unsolicited, upon review, broker submissions may be declined for a variety of reasons (e.g., risk quality/profile, timing/resource availability, opportunity, otherwise committed). When declining a submission, it is FM's policy to notify the broker within 10 business days indicating the primary reason for declination and returning the original submission where practicable. In such cases, FM does not commit to working with the submitting broker on the program and is free to entertain the prospect directly or work with another broker.

NOTE: This protocol is limited to accounts where the broker making the submission is the incumbent broker of record for the property line of insurance or becomes the incumbent at the annual renewal at hand, and remains the incumbent until the subsequent annual renewal. The protocol is not intended to address mergers and acquisitions that need to be handled on an individual basis, depending on the circumstances.





Changes on broker of record policy

From the time a letter is received from the client appointing a new broker of record (BOR), the holding broker has five days to get BOR rescinded, after which FM will recognize the newly appointed BOR.

For more information, contact:

Market relations

marketrelations@fmglobal.com

New business inquiries

Please use our [search tool](#) to contact your local FM regional sales manager.

