

**Annex 1**

**OPEN MARKET CORRESPONDENT'S UNDERTAKING**

- To: (1) The Society of Lloyd's, One Lime Street, London EC3M 7HA, England ("Lloyd's");  
and  
(2) Lloyd's Underwriters' Attorney in Fact in Canada<sup>1</sup>, of 200 Bay Street, Suite 2930,  
P.O.Box 51, Toronto, Ontario M5J 2J2 ("the Attorney in Fact")

In consideration of our approval as an open market correspondent we, **[ENTER NAME OF APPLICANT FIRM]** ("the firm"), undertake that from the date of our approval as an open market correspondent until you formally release us from doing so we will:

1. Comply with all applicable laws and regulatory requirements relating to our activities as an open market correspondent in **CANADA** and in any other relevant jurisdiction, including all laws relating to the payment of taxes and duties.
2. Comply with each condition that attaches to our approval as an open market correspondent.
3. Comply with any instruction and adhere to any guidelines that you may issue regarding the conduct of the activities of an open market correspondent, including guidelines relating to the use of Lloyd's name and trademarks.
4. Keep proper accounts and other records relating to our activities as an open market correspondent.
5. Cooperate with you and provide you with all documents, information and other materials that you may require relating to our activities as an open market correspondent in order that you may: (a) discharge any legal or regulatory requirement that may be imposed on you; or (b) assess whether we remain suitable to be approved as an open market correspondent.
6. Permit you or your appointed agent at reasonable notice to inspect and, where appropriate, to take copies, of accounts and other records relating to our activities as an open market correspondent at our offices during normal office hours for the purpose of enabling you: (a) to discharge any legal or regulatory requirement that may be imposed on you; or (b) to assess whether we remain suitable to be approved as an open market correspondent.
7. Notify the General Representative promptly of:
  - (a) any actual or proposed breach of any legal or regulatory requirement by us;
  - (b) any formal written complaint or legal claim sent to or served on us in respect of our activities as an open market correspondent; and
  - (c) the occurrence of any other matter that might reasonably be thought to call into question our suitability to be approved as an open market correspondent.
8. Deal fairly with actual or prospective Lloyd's policyholders and otherwise fulfil our legal obligations to such persons.
9. Forward to our clients promptly and in accordance with any terms of business agreement or, if different, local legal requirements, any claims monies, return premiums or other monies that are paid to us by our sponsor(s) for remittance to our clients.
10. Act on behalf of Lloyd's underwriters in respect of the following:

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<sup>1</sup> Lloyd's underwriters' Attorney in Fact is the person appointed on behalf of Lloyd's underwriters as chief agent pursuant to section 579(3) of the Insurance Companies Act 1991 of Canada

- (a) communicating to the policyholder Lloyd's underwriters' decision to enter into contracts of insurance by forwarding (via post, fax or such other means as Lloyd's underwriters may permit) the policy or other evidence of insurance issued by or on behalf of Lloyd's underwriters to the policyholder;
- (b) receiving premiums from policyholders, which premiums we shall immediately upon receipt deposit into a bank account which is separate from the operating funds of the firm and is labelled as being fiduciary or premium trust. Assets held in that bank account shall be held in a fiduciary capacity on behalf of insurers for the purpose of the onwards transmission of those monies to insurers and the monies shall not be otherwise held or retained by us.
- (c) Other than in respect of the activities specified above, we acknowledge that we are not, and undertake that we shall not act or hold ourselves out as, agents for Lloyd's underwriters.

11. To indemnify you against all costs, claims, demands or losses which you may incur as a result of our breaching this undertaking.

This undertaking shall take effect on the day that it is signed and may be varied only by the prior written agreement of each party hereto.

We understand that any breach of this undertaking may affect our suitability to be approved as an open market correspondent.

This undertaking shall be governed by the laws of England and the parties hereby irrevocably and unconditionally accept and agree to submit to the exclusive jurisdiction of the courts of England to hear any dispute relating to this Agreement.

I confirm that I am duly authorised to sign this undertaking on behalf of the firm.

Signed:.....

Full name of signatory:.....

Position of signatory with the firm:.....

Dated the .....day of .....