CHADWICKS
ADVISORY LIMITATIONS AGREEMENT

DEFINITIONS

Advisory Limitations Agreement: This document outlining the scope and limitations of the advisory services provided by Chadwicks.

Chadwicks: Refers to Chadwicks Risk and Insurance Brokers (Pty) Ltd

Client/You/Your/Yours: Refers to the company, close corporation, trust, natural person or other legal entity that has appointed Chadwicks as their insurance broker and to whom Chadwicks provides financial services as defined in the FAIS Act. It also includes the policyholder and/or potential policyholder who receives advice or intermediary services from Chadwicks.

Direct Insurers: Insurance products offered directly to Clients by insurance companies without the involvement of a broker.

Financial Advisory and Intermediary Services (FAIS) Act: The relevant South African legislation governing financial advisors and intermediaries.

Full Advice: A comprehensive assessment of a Client's insurance needs based on a Full Risk Analysis.

Full Risk Analysis: A thorough process undertaken by Chadwicks to understand a Client's risk profile, involving review of existing policies, past losses and in depth questions, risk analysis and discussions resulting in a Proposal

Insurers: Refers to the licensed and registered financial services providers in South Africa that underwrite and issue insurance policies. These are the companies that accept the transfer of risk from the Client in exchange for premium payments and are responsible for paying valid claims in accordance with the Policy terms and conditions.

Like for Like: A simplified, non advisory process, providing a premium comparison quote based on similar high level cover as an existing Policy, without a Full Risk Analysis, resulting in a Proposal

Limitation of Advice, Limited Advice or Limitation of Advice Statement: A clarification of the scope of Chadwicks advisory process and services. Advice and Intermediary Service that is restricted in scope, occurring in specific situations outlined in the agreement.

Non-Life Insurance Brokers: Refers to insurance intermediaries like Chadwicks who provide service on property and liability risks, excluding life or investment insurance. Also known as short term insurance.

Off-Platform: Generally indicates that the insurer issues the Policy documentation directly and that the Policy may offer wider cover

On-Platform: Generally indicates that Chadwicks issues the Policy documentation and that the Policy may have a narrower scope of cover

Policy (made up of the Policy Wording and the Policy Schedule): The insurance contract between the Client and the insurer.

Policy Schedule: The document specific to the individual insurance Policy, outlining details such as insured parties, risks covered and sums insured.

Policy Wording: The detailed terms and conditions of the insurance Policy, outlining details such Insured Events, Exception and Exclusions, Cover Provisions, Extensions, Definitions and the like

Product Offering Limitations List: A detailed list maintained by Chadwicks outlining the insurance products they have chosen not to offer.

Proposal: A written document or ROA prepared by Chadwicks that outlines the insurance solution for the Client's consideration. This includes Proposals for New Policies, Replacement Policies or Policy Variations. A Proposal will take the form of a Full Risk Analysis Proposal or a Like for Like Proposal as set out later in this Agreement and upon acceptance by the Client, results in an insurance Policy or an amended Policy in the case of existing Policies with Chadwicks

Record of Advice (ROA): A document prepared by Chadwicks that records the advice given to a Client or a prospective Client

SASRIA: The South African Special Risks Insurance Association.

Terms of Trade: Chadwicks standard terms and conditions governing their relationship with Clients, available on their website Legal & Regulatory

Treating Customers Fairly (TCF): A regulatory framework ensuring fair treatment of Clients when interacting with Financial Service Providers (FSPs).

Underwriting Management Agencies (UMA's): Companies that have delegated authority from an insurer to assess and accept insurance risks within predefined criteria in a particular class of business.

1. INTRODUCTION

1.1 As Non-Life insurance brokers, we are committed to producing quality advice and insurance solutions that meet your unique insurance needs. In fulfilling our professional responsibilities, we prioritize your best interests at all times, always acting with honesty, fairness and the highest standards of care, skill and diligence.

1.2 However, there are circumstances where we need to apply a Limitation of Advice to clarify the scope of our advisory process and services, particularly when you elect not to follow our advice, provide incomplete or inaccurate information or instruct us to act contrary to our professional advice.

2. TERMS OF TRADE

2.1 This Advisory Limitations Agreement is intended to complement our standard Terms of Trade, which is available on our website (www.chadwicks.co.za – see Information, Legal & Regulatory). Furthermore, the Advisory Limitations Agreement is updated from time to time and the latest version will always be available on our website. When referencing this agreement, the version published on our website at the relevant time will be the version that applies as the basis of our engagement.

2.2 Both agreements should be read together to provide a comprehensive understanding of the scope of our services and responsibilities. Each agreement stands on its own and addresses different aspects of our relationship with you. For the general scope of our advisory and intermediary services, please refer to the Terms of Trade, while this Advisory Limitations Agreement mainly clarifies the boundaries of that advice and intermediary service, especially when you choose not to follow our recommendations

2.3 In the event of any conflict between the provisions of this Advisory Limitations Agreement and the Terms of Trade, the more specific provisions in the relevant agreement shall apply, unless explicitly stated otherwise.

3. ACKNOWLEDGEMENT OF UNDERSTANDING

3.1 By engaging with Chadwicks, you acknowledge that you have read, understood and agreed to the terms of this Advisory Limitations Agreement, as well as our Terms of Trade.

3.2 You must review both documents carefully to ensure a clear understanding of your rights, responsibilities and the scope of our services, as failure to do so carries significant risks.

4. LIMITATION OF ADVICE STATEMENT

4.1 Limitation of Advice aims to ensure you understand the scope of our advice regarding your Non-Life Insurance needs.

4.2 We specialize in personal and business insurance advisory and intermediary services and cannot offer advice on legal

or regulatory matters such as Workman's Compensation, the Consumer Protection Act, the Road Accident Fund, etcetera. However, on request, we can assist you in understanding the insurance implications of these legal and regulatory situations.

4.3 In line with the Financial Advisory and Intermediary Services (FAIS) Act, our Record of Advice (ROA) documents the personal and commercial insurance products considered and our advice and recommendations based on the information you provide.

4.4. You must read, review and understand the documents we provide, as they form the fundamental basis of our Advice and Intermediary Service and your failure to do so can lead to inadequate cover.

4.5 In situations where you elect Limited Advice, whether for expediency or due to time constraints, the advice risk and responsibility shifts to you (see Client Responsibility below).

4.6 We provide two types of advisory services. Full Advice and Limited Advice.

Full Advice means a comprehensive assessment of your insurance needs based on a Full Risk Analysis, (see additional information in point 14 below)

Limited Advice or Limitation of Advice means Advice and Intermediary Service that is restricted in scope, which occurs when:

- You only opt for Like for Like Proposals (see point 14 below); or
- You choose not to undergo a Full Risk Analysis (see point 14 below); or
- You choose not to follow our advice or recommendations; or
- You choose not to read, review and understand our documentation; or
- You choose not to provide complete information and disclosures necessary for a Full Risk Analysis; or
- You choose not to answer our risk questions timeously, accurately or in full; or
- You choose not disclose full details of the insured risks, your risk profile or risks to be insured.

4.7 Limited Advice or Limitation of Advice will likely result in unaddressed risks, leading to uninsured losses and significant financial disappointment at claim time

5. RESPECTING YOUR DECISION

5.1 We respect your decision to ignore our advice or instruct us to act based on incomplete information. We understand that you would have various reasons for this choice, including cost pressures, time constraints or personal preferences.

5.2 However, this autonomy comes with a shift in responsibility. When you choose not to participate in our advisory process, our advice will be limited and it becomes your responsibility to assess whether your insurance solution aligns with your risk objectives and needs.

6. INFORMED DECISION MAKING

6.1 We encourage you to actively engage in the advisory process.

6.2 If you do not respond to our enquiries or disregard our guidance, our ability to provide suitable insurance solutions and advice will be limited. In such cases, it becomes your responsibility to evaluate the risks and determine whether your insurance solution effectively aligns with your risk objectives and needs.

6.3 By acknowledging this shift in responsibility, you accept greater accountability for your insurance decisions and gain a clearer understanding of the implications of any limitations in the advice provided.

7. CLIENT RESPONSIBILITY

7.1 When receiving Limited Advice, it is essential for you to take an even more active role in evaluating whether our insurance solutions align with your risk tolerance and financial situation.

7.2 You must read, review and thoroughly understand the Policy Wording and Policy Schedule (the Policy), as these are the sole documents insurers use to determine claim settlements and the extent of cover provided. Failure to do so will carry significant financial risk.

7.3 Understanding these documents becomes critically important with Limited Advice, as this knowledge is essential for you to identify potential gaps in cover and ensure your insurance solutions effectively meet your needs. Without this understanding, you face a higher risk of inadequate protection. This responsibility extends to all advisory documentation we provide, so please take the time to review everything carefully. When Clients do not thoroughly read and understand their Policy Wording and Policy Schedule, Chadwicks ability to identify and advise on potential gaps in cover is significantly reduced and Limitation of Advice applies.

7.4 With Limited Advice, the responsibility shifts to you. By this we mean:

7.4.1 **Our Duty:** As professional brokers, we are dedicated to providing you with suitable advice based on the information you provide. If you choose not to answer our questions, provide inaccurate or incomplete information or do not follow our recommendations, our ability to offer comprehensive advice will be limited.

7.4.2. **Full Risk Disclosure**: Honest, timely and complete disclosure of risk information is critical to our ability to assist you effectively. If you do not provide all necessary information on an ongoing basis, our advice will be limited since we will be unable to recommend appropriate insurance solutions, potentially exposing you to uninsured risks, rejected claims and significant uninsured financial loss.

7.4.3 **Compliance with Insurer Policy Requirements:** You are responsible for adhering to any requirements and conditions set by your insurer, such as installing and maintaining necessary security measures, full compliance with Policy risk requirements, etcetera.

We encourage you to constantly review your insurance policies to ensure you comply with all the insurers requirements. Failure to do so will limit our advice and could result in denied claims.

7.4.4 **Understanding Policy Terms**: You must take the time to read, review and understand all aspects of your insurance Policy Wording and Policy Schedule (the Policy), including the basis of indemnity, operative clauses, insured events, definitions, general exclusions, terms and conditions, endorsements, warranties, and specific exclusions and exceptions. Failure to do so will significantly increase your risk of uninsured losses and claim rejections.

As the purchaser of the insurance product, you must regularly assess your understanding of the key aspects of your Policy. This is essential to ensure compliance and full awareness of what is covered and what is excluded and neglecting this duty carries considerable financial risk.

If you neglect this duty our advice will be limited, potentially leaving you exposed to uninsured risks and claim rejections. It is essential to understand that comprehending Policy terms is an ongoing obligation and is not limited to instances of limited advice.

7.4.5 **Why You Must Take This Seriously:**

All Policies Have Terms and Conditions: Exclusions and important terms and conditions are always present in insurance Policy contracts. Ignoring these terms and conditions will leave you vulnerable when cover is needed most, inevitably resulting in significant uninsured financial loss. Therefore, you must read, review and understand them.

The Details Are Important: It’s crucial not to assume that your Policy will cover everything. Insurance is a contract between you and the insurer. You must read and understand the insurance detail, including what insured events are covered, exceptions, exclusions, warranties, limitations, extensions, features, requirements and all other terms and conditions - relying on insurers’ good faith and fairness can lead to unexpected and costly uninsured losses.

Chadwicks Limitations: While we are always here to guide you and provide advice, the onus is on you to ensure a full understanding of your cover. We can assist in clarifying aspects of your Policy, but the ultimate responsibility rests with you to ensure you have a proper understanding of your insurance.

Time is of The Essence: In today’s fast paced world, it’s tempting to skim through insurance documents. However, taking the time to review all the Policy exclusions and other important terms and conditions can save you from potential surprises and significant uninsured financial loss down the line.

Ignoring these terms and conditions will leave you vulnerable when cover is needed most, inevitably resulting in significant uninsured financial loss. Therefore, you must read, review, and understand them.

8. ADVISORY PROCESS

8.1 **Overview**

8.1.1 Chadwicks advisory process serves as a foundational element of our Advisory Limitations Agreement, outlining a structured approach to delivering tailored insurance advice while clearly defining the boundaries of that advice.

8.1.2 This process ensures that we aim to engage Clients in a thorough risk analysis, helping them understand their unique insurance requirements and the associated risks. By emphasizing transparency about Policy terms, exclusions and limitations, the advisory process empowers Clients to make informed decisions while acknowledging their responsibilities in the advisory relationship.

8.1.3 This collaborative framework not only enhances trust and communication between Chadwicks and you, but also ensures compliance with FAIS regulations, ultimately fostering a more effective, professional and responsible insurance advisory working relationship.

9. BROKER RESPONSIBILITIES

9.1 **Client Engagement**

9.1.1 Establish a relationship with the Client through an introductory meeting.
9.1.2 Disclosure Notice - Provide statutory disclosure that includes details about Chadwicks, services offered and any potential conflicts of interests

9.2 **Risk Analysis and Information Gathering**

9.2.1 Conduct a thorough risk analysis to understand the Client's risk, objectives, risk profile and insurance knowledge

9.3 **Risk Assessment**

9.3.1 Analyse existing cover and identify any gaps or areas for improvement

9.4 **Provide Advice**

9.4.1 Identify appropriate insurance products based on the Client's risk
9.4.2 Communicate any limitations in the advice provided

9.5 **Advice Documentation**

9.5.1 Prepare a Record of Advice (ROA) that documents all advice given
9.5.2 Maintain transparency by summarizing the information considered

9.6.**Compliance with Regulations**

9.6.1 Adhere to the FAIS General Code of Conduct, ensuring advice is rendered honestly and in the Client's best interests.

9.7. **Ongoing Service**

9.7.1 Conduct annual reviews to reassess the Client's premium and risk
9.7.2 Maintain records of all advice, transactions and communications

10. CLIENT RESPONSIBILITIES

10.1 **Full Disclosure**

10.1.1 Provide accurate and complete information regarding your risk needs and objectives to enable tailored advice

10.2 **Understanding Policy Terms**

10.2.1 You must review and understand all Policy documents, including all exclusions and limitations, as these directly impact your cover.
10.2.2 Engage with the Chadwicks to clarify any uncertainties regarding cover

10.3 **Informed Decision Making**

10.3.1 Acknowledge the limitations of the advice received and consider seeking additional advice if necessary

10.3.2 Actively review recommendations and confirm understanding before making decisions regarding insurance products

10.4 **Ongoing Communication**

10.4.1 Notify Chadwicks of any changes in circumstances that may affect your risk, insurance needs or cover requirements

11. PRODUCT SELECTION, SCOPE AND SUITABILITY

11.1 Our goal is to provide insurance solutions and advice within our areas of expertise and agency agreements. However, it is important to note that:

11.1.2 **Product Selection:** While we have agency agreements with certain insurers, we may elect not to include some of their products in our offering. These decisions are based on strategic considerations, including product accreditation, technical skills, training and alignment with our focus areas

11.1.3 **Product Offering Limitations List:** We maintain a detailed Product Offering Limitations List (see below), which outlines the insurance products we have chosen not to offer. This list ensures transparency and enables you, the Client, to understand the scope of our services. We strongly encourage you to review this list to ensure you make an informed insurance decision at all times

11.1.4 **Broader Market Options:** Our advice and insurance product offerings are limited to the products we have chosen to include. As a result, there may be other insurance products available in the market, including those offered by other insurers, Underwriting Management Agencies (UMA's) or directly by insurers, that may better suit your specific needs

It is your responsibility, as the Client, to carefully evaluate whether our proposed insurance solution or Policy adequately meets your needs. This includes comparing it to any existing Policies you hold or to other insurance solutions available in the broader insurance market.

Furthermore, the above limitations apply regardless of whether we conduct a Full Risk Analysis, provide a Like for Like Proposal, issue a Policy or perform any other insurance transaction on your behalf.

By choosing to receive advice and insurance product offerings limited to our selected providers, you acknowledge that there is a risk that more suitable insurance products may be available in the broader market from other insurers, UMA's or Direct Insurers. It is your responsibility to consider these broader options.

11.2 **Advice and Intermediary Service is Limited**

11.2.1 Limitation of Advice applies to the products of insurers with whom we have agency agreements. However, we may elect not to provide advice on certain products offered by those insurers, as detailed in the Product Offering Limitations List.

11.2.2 We do not offer Advice or Intermediary Service on Direct Insurers products.

11.3 **Product Offering Limitations List**

11.3.1 We maintain a detailed Product Offering Limitations List, which outlines the products and solutions we have chosen not to offer. This ensures transparency and allows you to understand the scope of our services. We strongly encourage you to review this list to ensure you make an informed insurance decision.

11.4 **Responsibility for Suitability**

11.4.1 You bear the full responsibility to compare our Proposal or Policy with other insurance products in the market and your existing cover to ensure it definitively meets your specific insurance needs. Failure to conduct this comparison exposes you to the risk of inadequate cover. We cannot provide advice or take responsibility for gaps in cover that arise from products or insurance solutions outside the scope of our offering.

11.4.2 We remain fully committed to providing transparent, fair and compliant Advice and Intermediary Service, in line with the Financial Advisory and Intermediary Services (FAIS) Act and Treating Customers Fairly (TCF) principles.

11.4.3 The Product Offering Limitations List in point 12 below is not exhaustive and may change periodically.

12. PRODUCT OFFERING LIMITATIONS LIST

Professional and Financial Liability

12.1 **Pension Fund Trustees Liability**: Cover for trustees from lawsuits from third parties alleging mismanagement of pension fund assets or failure to fulfil their fiduciary duties

12.2 **Intellectual Property (IP) Liability Insurance**: Cover for businesses from lawsuits from third parties alleging infringement of copyrights, patents or trademarks

12.3 **Medical Malpractice Liability**: Cover for medical professionals from lawsuits from third parties alleging negligence or errors in their medical care that caused harm

12.4 **Security Services Liability**: Cover for security companies from lawsuits alleging negligence arising out of their services that results in injury to third parties or loss or damage to third parties' property

Financial Lines

12.5 **Credit Insurance (Bad Debt Insurance)**: Cover for businesses from financial losses due to customer non-payment of invoices

12.6 **Tax Insurance**: Cover for businesses from unexpected tax liabilities

12.7 **Bankers Blanket Bond (BBB**): Cover for banks and financial institutions from fraudulent activities by employees or customers

12.8 **Warranty Insurance:** Cover for businesses from financial losses if their products fail to meet performance guarantees

Event Insurance

12,9 **Event Liability**: This specific coverage protects event organizers from financial losses if the event needs to be cancelled, postponed, or abandoned due to unforeseen circumstances like bad weather, venue issues or artist cancellations

12.10 **Pluvius**: This is a more specific type of event liability coverage that focuses solely on financial losses arising from excessive rain or other adverse weather conditions that could impact event attendance or participation

12.11 **Prize Indemnity**: Cover for event organizers from the financial burden of having to award a promised prize if the competition or event cannot be completed due to unforeseen circumstances

12.12 **Film Producers Indemnity**: This type of event insurance covers film production companies from financial losses due to unforeseen events that disrupt or halt filming, such as bad weather, accidents on set or illness of key cast or crew members

Property and Miscellaneous

“Off-platform” means the insurer issues the Policy documentation and may offer wider cover

“On-platform” means policies that are issued by Chadwicks and may have a narrower scope of cover

12.13 **Marine Hull**: Cover against physical damage to a ship's body and machinery

12.14 **Marine Protection and Indemnity (P&I)**: Covers the shipowner's legal liability for third-party injuries, cargo damage and pollution

12.15 **Aviation Insurance**: Essentially covers aircraft owners if their aircraft suffers insured damage (hull coverage), gets in an accident which causes insured legal liability or if the aircraft injures someone (passenger liability). Aircraft include aeroplanes, helicopters, drones and the like

12.16 **Cash-In-Transit Carriers**: Cover for cash while it's being transported

12.17 **Jewellers Block**: Cover for jewellers against theft, loss, or damage of their inventory

12.18 **Liquidators Block**: Cover for businesses in liquidation from fraud or dishonesty by employees

12.19 **Heavy Hauliers, Cartage Contractors, Couriers, Bus & Truck Cartage:** Essentially insurance for Clients with a motor heavy risk. Covers couriers, heavy commercial vehicles and vehicles used for cartage contracting, including human cartage, for damage to their vehicles, liability and other risks specific to their operations

12.20 **Taxi Insurance**: This is a specialized form of commercial auto insurance tailored to the specific needs and risks faced by taxi drivers and taxi driver companies

12.21 **Personal Insurance:** All “Off-Platform” offerings, other than AMI Underwriting Managers Pty Ltd and MUA Insurance Acceptances Pty Ltd

12.22 **Business Insurance:** All “Off-Platform” offerings

12.23 **Sectional Title insurance:** All “Off-Platform” offerings, other than Bryte Insurance Company Ltd, CIB Pty Ltd, Commercial and Industrial Acceptances Pty Ltd (CIA), Santam Real Estate (a Santam Limited company)

12.24 **Court, Customs & Surety Bonds**: Provides guarantee type insurance cover the fulfilment of court orders or contractual obligations

12.25 **Guarantees Except Construction Guarantees:** These policies provide financial assurance to the beneficiary if the insured party fails to meet their obligations

12.26 **Agriculture & Wine Insurance**: Growing Crops cover against various insurable risks specific to these industries. We may, however, elect to transact non-growing crop policies “On-platform” as conventional Business Insurance

12.27 **Hospitality & Leisure Insurance:** Specific cover tailored for restaurants, hotels, lodges, accommodation risks and the like, offered by various Underwriting Management Agencies (UMA’s) other than BnB Sure by Bryte Insurance Company, which is transacted “Off-platform”

12.28 **Livestock and Bloodstock Insurance**: Cover for owners from financial losses due to death, illness, injury or theft of their animals and Bloodstock covers animals like equine racehorses and breeding stock

12.29 **Political Violence and Terrorism (PVT):** Generally, provides cover against physical loss from terrorism and sabotage, including malicious damage, riots, strikes, civil commotion, rebellion, revolution, coup d'état, insurrection or mutiny. This cover is largely available ground up or in excess of SASRIA's limit of R500m (Wrap Around cover is discontinued)

12.30 **Clinical Trials Insurance**: Cover for sponsors and researchers from insured financial losses associated with conducting clinical trials

12.31 **Medical Insurance "Gap Cover"**: Covers the difference between medical bills and what a primary health insurance plan pays

12.32 **Funeral Insurance**: Cover for funeral expenses

12.33 **Kidnap and Ransom**: Cover for individuals or businesses from financial losses arising from kidnapping or extortion

12.34 **Rental Protection Insurance**: Insurance for landlords from insured financial losses caused by tenants. It typically covers defaulted rent if a tenant skips out on rent payments, often covering a set number of months and legal expenses incurred during eviction proceedings or disputes with tenants.

12.35 **State Owned Enterprises and Public Sector Insurance**: Property and Third Party Liability insurance for municipalities, parastatals and any other governmental risk

12.36 **Mining Insurance**: Insurance for mining risks including third party liability that arises from mining operations

12.37 **Storage Contractors**: Cover for storage contractors for any loss or damage or legal liability to third parties arising from third parties' property in their custody and control

12.38 **Rental & Hiring Services:** Cover for companies who rent, hire, lease etcetera out their property e.g. Car Rental Companies, Plant Hirers, Property Rentals and the like

12.39 **Legal Expense Insurance (LEI):** A standalone policy designed to cover the costs associated with legal disputes, such as lawyer fees, court costs and other related legal expenses

12.40 **Tour and Safari Operators:** Cover designed to protect tour operators and agents against risks associated with their business operations. This typically includes cover for public liability, professional indemnity, employee liability and other associated risks

13. UNINSURABLE RISKS

13.1 Our advice is constrained by the fundamental principles of insurability and product suppliers' risk appetite which governs the South African insurance market.

13.2 Understanding insurability, in other words, which risks can be insured and which cannot, is crucial for managing your expectations and developing appropriate risk management strategies. Insurance is essentially designed to protect against unforeseen, accidental events that could result in financial loss. However, not all risks are insurable.

13.3 The following list outlines common uninsurable risks. While not exhaustive, it provides a broad overview of risks that typically fall outside standard insurance cover. This list is a general guide and is not exhaustive. The specific wording of your insurance policy and the insurer's risk appetite will always take precedence. Please refer to your specific policy documents and consult with Chadwicks for definitive information on whether a particular risk is insurable. Please review this list carefully and contact us with any questions or clarifications.

Uninsurable Risks generally fall into categories such as inevitable risks, intentional acts, reckless behaviour and others as detailed as follows:

13.4 **Inevitable Risks**

- Gradual deterioration and wear and tear
- Natural processes of ageing, decay and breakdown
- Maintenance related issues
- Inherent defects or flaws in materials or design
- Asset obsolescence (loss of value due to technological advancements or market changes)
- Any other inevitable loss

13.5 **Intentional Acts**

- Deliberate damage or destruction
- Planned criminal activities
- Willful violations of law or policy

13.6 **Reckless Behaviour and Mismanagement**

- Actions taken with disregard for foreseeable and likely consequences
- Extreme carelessness beyond ordinary negligence
- Failure to read and understand policy wordings and schedules
- Non-compliance with legal requirements (e.g., building regulations, financial audits)
- Failure to obtain or maintain necessary licenses or permits
- Neglect of statutory duties
- Failure to take Reasonable Care to avoid loss (act as though you are not insured)

13.7 **Contractual Risks**

- Liabilities assumed under contract
- Breach of contract

13.8 **Non Disclosure and Misrepresentation**

- Withholding material information
- Providing incomplete or inaccurate risk facts

13.9 **State Utility Service Failures**

- Planned or unplanned power outages and load shedding
- Blackouts and electricity supply interruptions
- Water supply interruptions or restrictions
- Municipal service mismanagement and failures
- Public infrastructure failures
- Telecommunications network outages

13.10 **Assets Not Owned**

- Insuring assets you don't own, unless a legal obligation entitles you to insure

13.11 **Non Accidental Events Or Triggers**

- Events or losses that occur gradually or inevitably
- Damages resulting from expected or intended actions
- Losses that are not sudden and unforeseen in nature
- Losses arising from events that don’t directly involve accidental physical loss or damage

13.12 **Unprovable or Unquantifiable Losses**

- Losses where the cause cannot be definitively established or indentified
- Damages where the amount or extent cannot be quantified
- Claims lacking sufficient evidence or documentation
- Unique value of customized moulds, patterns or any other similar item

13.13 **Losses Due to Trickery or False Pretences**

- Voluntary parting with property induced by fraudulent schemes or tricks
- Losses resulting from you being deceived or misled
- Damages caused by your own negligence or poor judgment
- Losses where you willingly hand over property based on false information

13.14 **Risks Against Public Interest or Policy**

- Fines and penalties imposed by law
- Punitive or exemplary damages
- Criminal acts or illegal activities
- Violations of regulations or statutes

13.15 **Fundamental Risks**

- Widespread economic or social changes like droughts, recessions, slowdowns and the like
- Technological obsolescence
- They arise from causes not under anyone's control and impact an entire population or large segments of society
- War and acts of foreign enemies
- Nuclear hazards
- Certain natural disasters due to events like global warming in high risk areas

13.16 **Reputational Risks**

- Damage to public image
- Loss of goodwill

13.17 **Regulatory Risks**

- Changes in laws or regulations
- Government actions affecting business operations

13.18 **Trade Secret Risks**

- Theft or exposure of confidential business information

13.19 **Political Risks**

- Expropriation of assets
- Currency transfer restrictions

13.20 **Pandemic Risks**

- Widespread spreading or outbreaks of diseases, contagion including financial contagion

13.21 **Strategic Business Risks**

- Changes in consumer preferences
- Disruptive innovations

13.22 **Speculative Risks**

- Market fluctuations
- Investment losses

13.23 **Moral Hazards**

- Risks that incentivize harmful behaviour if insured

13.24 **Environmental Risks**

- Long term pollution or contamination

13.25 **Cyber Risks**

- Certain types of data breaches or cyber attacks, like software flaws and nation-state attacks by government entities

13.26 **Financial Risks**

- Interest rate changes
- Credit default of trade receivables

13.27 **Heterogeneous or “One-Of-A-Kind” Risks**

- Unique or one-of-a-kind exposures without comparable risks
- Risks with insufficient pool size to minimize random variation in loss outcomes or risks without sufficient similar exposures for insurers to accurately set premiums

13.28 **Sentimental Risks**

- Emotional value or personal attachment to items

13.29 **Known or Pre-Existing Risks**

- Risks that are already present or known at the time of policy inception

13.30 **Public Policy Risks**

- Fines and penalties imposed by law
- Punitive or exemplary damages
- Criminal acts or illegal activities
- Violations of regulations or statutes
- Contracts that would encourage illegal activities
- Risks that are against public policy or that contradict society's legal and ethical standards

13.31 **Trade Risks**

- Business failure to generate profit
- Product, service or process performance is miscalculated or is below expectations
- Process or work quality issues
- Normal entrepreneurial risks inherent in business operations
- Market competition outcomes
- Business strategy failures
- Shortages discovered during stocktaking

13.4 Understanding these uninsurable risks is crucial for effective risk management. For risks that cannot be transferred through insurance, we recommend exploring alternative risk mitigation strategies. We are here to assist you in developing a comprehensive risk management plan that addresses both insurable and uninsurable risks.

13.5 It's important to note that insurance policies and their terms can vary. Some risks that are generally considered uninsurable might be covered under specialized policies or in specific circumstances. Always refer to your specific policy documents for exact coverage details and consult with Chadwicks for any clarifications or concerns.

13.6 Whether you are an individual protecting your personal assets or a business safeguarding your operations, thoroughly reviewing and understanding your policy wording and policy schedule is essential for effective risk management. Additionally, compliance with all applicable laws, regulations and industry standards is important not only for insurability, but also for your overall protection and peace of mind.

13.7 This list of Uninsurable Risks is provided as a general guide only and is not exhaustive. We cannot be held to this list as the definitive authority on what is or is not insurable. The specific policy wording, policy schedule and each insurer's appetite to accept risk always take precedence over this general guidance. Insurance markets and products evolve constantly and what may be uninsurable today might become insurable in the future or vice versa. Always consult your policy documents and speak with Chadwicks directly about specific cover questions.

13.8 These Uninsurable Risks must be read together with our other Client communications, including our standard letter New Business and Renewal letters detailing uninsurable risks. The Uninsurable Risks outlined here do not overwrite or replace those communicated in other documents and vice versa.

13.9 Both should be considered together to ensure a comprehensive understanding of the risks and limitations applicable to your specific situation.

14. NEW AND REPLACEMENT POLICIES

Overview

14.1 The advisory process for new and replacement is complex, particularly for replacement policies, which often results in Limited Advice due to practical challenges, like opting for a Like for Like Proposal instead of a Full Risk Analysis.

Key Definitions

14.2 Full Risk Analysis: A comprehensive process we undertake to understand your risk profile. This involves reviewing your existing Policy (if applicable), analyzing past losses and claims and gathering risk information through in depth discussions and questions. A Full Risk Analysis is not limited to renewing, replacing or issuing a Policy; it includes any situation where you engage us on insurance placement, such as Policy variations. The goal is to develop an insurance solution that effectively transfers the insurable risks you wish to cover.

14.3 Like for Like Proposal:

A Like for Like Proposal is a simplified insurance placement process that provides a premium comparison quote based on your existing policy's high level cover, subject to our Product Offering Limitations List. This approach means you take greater responsibility for ensuring the cover meets your needs, as we apply a Limitation of Advice in this scenario is limited.

The proposal is not restricted to Policy renewals or replacements, but applies to any insurance engagement, including Policy variations.

By choosing a Like for Like Proposal, you assume full responsibility for ensuring the proposed cover meets your needs, as our advice in this scenario is strictly limited, significantly increasing your risk of inadequate insurance protection.Our role is narrowed to providing a proposal that mirrors your current cover, with no additional guidance or detailed advice or recommendations.

The proposal requires you to independently verify that the proposed terms adequately protect your insurance needs. We highlight this is not a full advisory service and that the ultimate responsibility for cover suitability rests with you.

Your engagement confirms you understand the limited scope of our advice and accept the increased personal responsibility in making an insurance decision. While we provide a comparative quote, we cannot guarantee the proposed cover will comprehensively meet all your specific insurance needs. If you require more detailed advice and guidance, we always recommend a Full Risk Analysis consultation to ensure you make an informed insurance decision.

Existing Policy - Full Risk Analysis Elected on a Replacement Policy

14.4 We conduct a thorough Full Risk Analysis to help you compare your existing coverage with our proposed insurance solutions. This analysis focuses on key risk factors such as the events insured, sums insured, exclusions, premiums and extensions.

14.5 After reviewing the comparison, you will have the opportunity to ask questions and seek clarification on any aspect of the proposed insurance solutions. It is your responsibility to assess whether the new Policy aligns with your risk objectives and needs.

Existing Policy - Like for Like Elected on a Replacement Policy

14.6 When you request a Like for Like Proposal instead of a Full Risk Analysis, you bypass our comprehensive advisory process. Relying solely on a Like for Like Proposal for replacing existing policies carries a significant risk that your insurance cover may remain outdated or inadequate to your current insurance needs, potentially leading to unforeseen and uninsured financial losses.Consequently, our advice is limited unless a Full Risk Analysis is undertaken, due to several challenges:

14.6.1 **Incomplete Information:** Chadwicks often do not receive complete Policy documentation, particularly the latest Policy Wording and Policy Schedule. This lack of information significantly hinders our ability to conduct a thorough analysis.

14.6.2 **Limited Access to Current Insurers:** Chadwicks may not have an agency or agreement to transact business with your current insurer providers products (see points 11 and 12 above), which severely limits our ability to evaluate your existing Policy effectively and provide informed advice and recommendations.

14.6.3 **Non-Advice on Existing Products:** We may not offer advice on certain existing insurance products and we do not offer advice on Direct Insurers products. See points 11 and 12 above. Therefore, we can only provide general guidance based on the information available about the proposed replacement policies and our advice is limited in this instance.

14.6.4 **Potential Gaps in Coverage**: Without complete information about your current cover, you will face a significant risk of overlooking critical aspects, inevitably leading to gaps in insurance protection during the transition to a new Policy. Understanding the implications of replacing your current Policy is mandatory to avoid potential gaps in cover and changes in terms or conditions that could severely impact your insurance protection.

14.6.5 **Full Risk Analysis Strongly Recommended:** To make informed insurance decisions, we strongly recommend conducting a Full Risk Analysis. This ensures a professional and customized insurance proposal that allows you to make well informed decisions while protecting against insurable losses. It includes clear explanations about key risks covered, exclusions and important Policy terms.

A Full Risk Analysis enables us to provide more comprehensive advice and ensures that any new Policy aligns with your risk objectives and needs, and without it, our advice is limited.

15. CLIENT SUPPORT

15.1 You are encouraged to approach us at any time if you have questions, are unsure about any risks or cover or if you wish to deepen your understanding of your insurances policies. This includes enquiries about how your Policy responds when submitting a claim.

15.2 We are here to provide clarification and support to ensure that you are confident and informed about your insurances. Your understanding is important to us, and we are always ready to help you.

16. CLIENT ACKNOWLEDGEMENT

16.1 By accepting the terms of this document, you confirm and acknowledge that you have read, reviewed and understood the contents of this Advisory Limitations Agreement and that you agree to be bound by them.

16.2 You recognize the risks associated with choosing not to follow our advisory process.

16.3 You also confirm that you have had the opportunity to consider the content thoroughly, ask questions and seek clarification on any aspect of your insurances and this acknowledgement.

16.4 This acknowledgement does not limit our fiduciary duties under the Financial Advisory and Intermediary Services Act (FAIS). We remain fully committed to acting honestly, fairly, with due care, skill and diligence in all our dealings with you.