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NORTHERN1 INTERNATIONAL INSURANCE BROKER OÜ

CODE OF CONDUCT

DEAR COLLEAGUES

I am pleased to introduce the Northern1 international insurance brokers OÜ (hereafter Northern1 and insurance broker) code of conduct which is an important guide to how we operate as an insurance broker. It details the behavior that each of us is expected to follow—the behavior that we are obligated to, that we value and encourage.

Our code of conduct represents Northern1's operating principles and our shared values, setting standards for how we interact with our customers, partners, and colleagues. We are united in these values and standards regardless of the geographical location where our company operates or regardless of the tasks we perform.

By reading and following our code of conduct, we show our customers, colleagues, shareholders, and the community that we are proud to do business based on our values as the foundation for all that we do. The values we have identified as Northern1 are customer focus, teamwork, excellence, respect and integrity that unite us and are at the heart of our company.

Jean Pierre Bredorf
Member of board

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1. INTRODUCTION

1.1 OUR ACTIVITY

The principal activity of Northern1 is the insurance broker's activity. Northern1 may also engage in other activities alongside the insurance broker's activity if these:

- 1) do not damage the insurance broker's activity and there is no threat of such damage;
- 2) do not damage the clients' interests and there is no threat of damaging the interests;
- 3) are structurally and personally separated and independent from the principal activity in case of the insurance broker who is a legal person;
- 4) are in compliance with the knowledge and skills of the insurance broker, do not damage the financial condition thereof or question the independence and objectivity thereof;
- 5) are not the activities of an insurance agent.

When engaging in other activities, Northern1 shall ensure that the information collected in the insurance broker's activity is not used in other activities without the client's prior consent.

Northern1 organizes its activities in accordance with the company's articles of association, the legislation of the Republic of Estonia, the instructions of the Estonian Financial Supervision and Resolution Authority and international practices of the insurance sector. Northern1 conducts its insurance brokerage activities in accordance with the applicable laws and regulations of the countries where the company provides insurance brokerage services.

1.2 WHY WE HAVE CODE OF CONDUCT

Northern1 considers it of utmost importance that all employees and board members, collectively referred to as colleagues, fully understand our operations as an insurance brokerage company and the procedures established for it, following the company's internal rules set forth in this document. This document reflects Northern1's corporate culture and describes what behavior is expected from our colleagues at all times.

By implementing the code of conduct, we ensure that our colleagues acquire and maintain the knowledge and skills necessary to operate as an insurance brokerage company, to ensure high-quality advice and ethical work organization, putting the client's interests first.

1.3 OUR CORE VALUES

Northern1 core values include the core beliefs of our company that guide behaviour and can help our colleagues understand the difference between right and wrong. Core values also help us determine whether we are meeting our goals.



CUSTOMER FOCUS

Ensuring that the customer's interests are always at the center of Northern1 activities, our goal is to consistently exceed customer expectations and offer solutions suitable for the insurance interests of our customers. For this purpose, we are guided by the following principles of code of conduct:

- we treat all our customers fairly, regardless of race or ethnicity, gender or sexual orientation, religion or belief, age or disability, and ensure that we put their needs and interests first;
- we provide all our customers with clear information and individual solutions that meet their insurance interests and needs;
- we provide our clients with comprehensive advice on insurance and risk management issues;
- we ensure that all our customers are provided with the best service and support in all aspects of our service.



INTEGRITY

Our core values require us to act honestly, responsibly, openly, clearly and collaboratively, showing respect for everyone we work with.



RESPECT

We listen to each other and learn from each other. We support and recognize differences, promote an inclusive culture. We manage our relationships both inside and outside the company as a good citizen with honesty and decency.



TEAMWORK

We value each colleague and equally contribute to the company's success. We bring innovative solutions and professional advice to our customers by working across boundaries. We help each other succeed and create more value by working together.



EXCELLENCE

We strive to lead and maintain excellence. We take responsibility for the development of our knowledge, competences and professional status. On a daily basis, we focus on innovation, quality and risk management.

2. LOYALTY AND DUTY OF CARE

Insurance broker shall apply in their activities all measures which ensure the best protection of the client's interests and is obliged to act based on the client's insurance interest and the requirements set forth in the law, with due diligence corresponding to the level of complexity of the insurance contract, and with the foresight and competence expected of an intermediary.

An insurance broker shall avoid any activities beyond the scope of the insurance broker's activity which are in conflict with the client's interests and, in the event a conflict of interests cannot be avoided, to act in the interests of the client. In the event that the client gives an instruction to the insurance broker to execute, which, in the opinion of the insurance broker, is not in line with the client's interest, the assurance broker's duty of loyalty to the client is deemed to have been fulfilled if the insurance broker has explained to the client the possible damage to his interests.

An insurance broker is prohibited to simultaneously provide insurance distribution to several clients for insuring the same object against the same risk if the conflict of interests of these clients can be reasonably presumed in connection with insuring this object. In the event of a conflict of interest situation, the insurance broker is obliged to inform the client immediately, disclosing the general nature and source of the possible conflict of interest and, in the event of an unavoidable conflict of interest, to act in the best interests of the client or to refuse to provide the service.

An insurance broker is prohibited to enter into agreements with an insurance undertaking or to follow the instructions of an insurance undertaking on the basis of which the insurance undertaking grants the insurance broker the right to independently determine the amount of the insurance premium depending on the amount of the insurance premiums of another insurance undertaking or other insurance undertakings.

 For additional reading "Conflict of interest policy"

3. ASSISTANCE OF THIRD PARTY

For better performance, an insurance broker may outsource operations related to his or her activities if the requirements are complied with and if:

- 1) the third party is an insurance broker or an expert necessary for the mediation activities of an insurance broker;
- 2) the client's interests are not damaged ;
- 3) this does not interfere with the intermediary's operations and performance of his or her duties at requisite level
- 4) this does not interfere with exercising of supervision over the intermediary;
- 5) it is ensured that the person from whom the operations are outsourced has the necessary knowledge and skills which enable the performance of the assumed obligations;
- 6) this does not cause a situation where an intermediary is not actually engaged in insurance distribution;
- 7) due to the client's instructions, the specific nature of the insurance risk, the lack of offers from insurers or their absence, or other similar reasons, it is not possible to mediate an insurance contract that meets the client's insurance interest and requirements without using the help of a third party, making reasonable efforts and applying the diligence expected of an insurance broker. The insurance broker is obliged to comprehensively and thoroughly evaluate the necessity of outsourcing the activity and the competence and suitability of the third party to perform the outsourced activity.

4. REQUIREMENTS FOR OUR EMPLOYEES

Northern1's member of the management board and an employee directly engaged in insurance distribution shall have an impeccable business reputation and knowledge in the field of insurance.

The management of the Northern1 is responsible for verifying the impeccable business reputation and insurance training of the employee directly engaged in mediation. Northern1's members of the board and employees directly engaged in mediation may not act as an individual insurance agent or as a member of the board of a corporate insurance agent or be an employee of an insurance agent at the same time.

The principles of remuneration of employees directly engaged in insurance distribution, including the objectives set for their activities and the criteria for the evaluation of meeting the objectives, must be designed in such a way that these shall not endanger the intermediary's obligation to act in the interests of the client or induce the intermediary to recommend an insurance contract which does not correspond to the client's insurable interest and requirements.

5. OUR OBLIGATIONS

5.1 INFORMATION PRIOR TO BROKER AGREEMENT

Prior to entry into a brokerage contract, an insurance broker shall, within a reasonable time period:

- inform the client of its business name and contact details;
- inform the client that the insurance broker acts in the client's interests while distributing insurance contracts to the client on the basis of an independent analysis;
- refer to the list of intermediaries where the insurance broker is entered by the Estonian financial supervision and resolution authority and to the possibility to check the entry made concerning the insurance broker;
- disclose to the client the bases for calculation of the brokerage fee;
- disclose to the client whether the insurance broker is remunerated by the client or by an insurance undertaking on behalf of the client;
- present to the client the business name and contact details of Northern1 professional liability insurance undertaking;
- inform the client about the procedure for filing complaints regarding the activities of the insurance broker, including the address of the competent authority exercising supervision over the activities of the insurance broker.

The insurance broker must be able to prove the provision of information to the client prior to the conclusion of the brokerage contract.

 For additional reading "Information sheet"

5.2 CONCLUDING A BROKER AGREEMENT

The brokerage agreement with the client is the basis for the mediation activities of the insurance broker and assisting the client in managing and fulfilling his insurance contracts. The conclusion of the brokerage contract must precede the mediation activity of the insurance broker and assisting the client in the management and execution of his insurance contracts.

When the client first approaches the insurance broker, the insurance broker must provide the client with information prior to the brokerage agreement in accordance with point 5.1 of the code of conduct and the general terms and conditions of the brokerage agreement.

The brokerage agreement is deemed concluded if the client has expressed to the broker a desire to use the insurance broker's mediation service and the broker has agreed to provide the corresponding service.

The client's request may be submitted orally, or in writing, or in some other way on a permanent data medium, and it may also be expressed as acceptance of a comparative insurance offer, payment of a payment related to the first broker's offer, or other confirmation by the client. The broker's consent can be the submission of a comparative insurance offer to the client, another act, or confirmation.

The brokerage agreement is concluded between the parties for an indefinite period, if the client does not express a wish for the brokerage agreement to be concluded separately for the mediation of each insurance contract.

 For additional reading "Broker agreement"

5.3 DETERMINING CLIENT'S INSURANCE INTEREST

Every time before concluding an insurance contract and, if necessary, before changing the concluded insurance contract, the insurance broker must clarify the customer's insurance interest and requirements for the insurance contract based on the information provided, including at least:

- clarifies in consulting activities which risks the client wants to insure against;
- asks the client about the scope of the recommended insurance coverage and the deductible rate suitable for the client;
- based on the information provided by the client, finds out whether the offered insurance contract meets the client's insurance interest and requirements;
- explains to the customer the specifics of the insurance conditions, including limitations and exclusions, which are important for the customer in terms of a specific type of insurance;
- finds out the client's additional interests compared to what is stipulated in the general terms and conditions of the insurance for the type of insurance;
- explains to the client that when insuring additional risks compared to what is stated in the general conditions of the insurance for the type of insurance, the insurer may add additional insurance coverage, which will also result in an additional insurance premium;
- communicates with the client on other matters related to the conclusion of the insurance contract, which may have a significant impact on the decision to conclude the contract.

The information about the insurance interest submitted by the client to the insurance intermediary must be stored by the insurance intermediary on a permanent data carrier.

5.4 PRESENTING INSURANCE OFFERS

The insurance broker must submit to the client, as a rule, at least 3 (three) insurers' insurance proposals from a sufficient number of insurance providers' offers, which must meet the client's insurance interest the most, unless, due to the client's instructions, the specifics of the insurance risk, the lack of insurers' offers, or other similar reasons, the submission of three offers is not reasonable possible by making efforts and applying the due diligence expected of an insurance broker. In this case, the insurance broker must justify the submission of offers from less than three insurers to the client.

The insurance broker presents the offer to the client on a permanent data medium, and presents the introduction of important conditions as a comparison. Important conditions are conditions that can affect the customer's economic behavior and for which the customer's reasonable interest can be expected, such as the price of the service, the list of risks covered by the contract, limitations and exclusions related to the contract, grounds for non-reimbursement, etc.

The insurance broker outlines the exclusions related to the insurance contract to the client in a separate document. The insurance broker makes efforts to clarify the exact content of the limitations and exclusions of the insurer's insurance conditions.

The insurance broker, using his best professional skills, is obliged to recommend to the client, on a permanent data medium, the insurance offer that best meets the insurance interest and requirements of the client expressed to the insurance broker.

The basis for selecting the best insurance offer must be the insurance contract with all its important conditions, which are evaluated based on the client's interest in insurance. If the client has not given different instructions to the insurance broker, the selection of the best insurance contract cannot be based on any single component of the offered insurance contract, e.g. the amount of the insurance premium, the amount of the deductible or other similar single important indicator, if as a whole it is not the best offer, taking into account the client's information published to the insurance broker insurable interest and claims.

Considerations for selecting the best insurance contract must be clearly and unambiguously presented to the client. At the same time, the insurance broker must substantiate the advice and recommendations given to the client with a thoroughness that corresponds to the complexity of the insurance contract.

5.5 DISCLOSING BROKERAGE FEE

Before concluding a brokerage contract, the insurance broker must disclose to the client the basis for calculating the brokerage fee and disclose to the client whether he is paid by the client or by the insurance company on behalf of the client.

Every time before concluding an insurance contract and, if necessary, also before changing the concluded insurance contract, the insurance broker must inform the client about the amount of the broker's fee, including the amount of the broker's fee received from the insurer for each brokered insurance contract separately. The amount of the brokerage fee must be disclosed to the client separately for each submitted offer and each brokered insurance contract in a way that ensures the comparability of the brokerage fees. The amount of the brokerage fee and the basis of its calculation must be clearly understood, described in detail and easily found in the documents presented to the client. The insurance broker is prohibited from entering into any agreements, the purpose of which is to distort the commission amount disclosed to the client.

Also, based on the insurance broker's duty of loyalty to the client, the insurance broker is not entitled to enter into agreements regarding the payment of the broker's fee, according to which his broker's fee would depend on anything other than the mediation activity of the insurance broker provided to a specific client and assisting the client in managing and fulfilling his insurance contract. The insurance broker evaluates the compliance of any other agreements for the payment of brokerage fees with the duty of loyalty and the prohibition to act as an insurance agent, for example, an agreement where receiving a fee from an insurance company is related to the amount of mediated insurance contracts or losses in the future, etc.

6. REQUIREMENTS FOR THE CUSTOMER FILE

The insurance broker is required to create a client file for each client in the customer relationship management program so that it can later be assessed whether the insurance broker has fulfilled all the requirements arising from legislation when providing the service.

The client file is a collection of pre-contractual information, insurance offers, consulting documents, client statements of intent and requests, signed contracts and other important information about a specific client relationship provided by the insurance broker to the client.

The insurance broker must be able to provide the customer file at the request of the authorized person within a reasonable time.

7. SEPARATION OF ASSETS

An insurance broker is required to keep the insurance premiums which are paid by the client to the intermediary and which belong to an insurance undertaking on a separate bank account.

An insurance broker shall not use the funds in such separate bank account in the economic activities of the intermediary, these do not form a part of the bankruptcy estate of the intermediary and a claim for payment shall not be made thereon against the insurance broker in execution proceedings.

The insurance premiums paid to an intermediary by the client are deemed to be paid to an insurance undertaking, regardless of whether the intermediary has forwarded the premiums to the insurance undertaking or not. If the insurance undertaking pays an insurance indemnity through an intermediary, the indemnity is deemed to be paid when the insured person or the beneficiary has received the indemnity.

8. PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING AND IMPLEMENTATION OF INTERNATIONAL SANCTIONS

Considering the openness of the economic and business environment in which the company operates, the general globalization of the financial sector and the technical development of financial services and the resulting opportunities (including the opportunity to seize new markets), such openness also entails risks, on the other hand, where money with a criminal background may seek opportunities to infiltrate the financial system or use this for such concealment and distortion transactions. Such conditions require us to exercise due diligence to prevent money laundering and terrorist financing, thereby protecting, among other things, the reliability and integrity of the financial system.

It is our responsibility to adjust our activities and company accordingly in order to keep the financial sector and business environment reliable and transparent, thus preventing the use of the financial system of the Republic of Estonia and the economic space for money laundering and terrorist financing, and thus meet the goals arising from legislation and the expectations of financial supervision.

In fulfilling his professional obligations, the insurance broker is based on the International Sanctions Act. The insurance broker checks potential clients (both legal and private) and partners, as well as existing clients and partners, to ensure compliance with applicable law regarding the implementation of international sanctions.

Ensuring the legal implementation of international financial sanctions in Estonia is the task of the Money Laundering Data Bureau. [UN Security Council sanctions](#) are applied in Estonia. The EU sanctions website [EU Sanction Map](#) gathers information about all sanctions regimes applicable in the EU jurisdiction. Northern1 implements the automatic interface [sanctions.io](#) (API Version 2) to monitor changes in the sanctions list to ensure the achievement of the international financial sanctions objective and to prevent violations of international financial sanctions.

 *For additional reading "Prevention of money laundering and terrorist financing and implementation of international sanctions policy"*

9. WHISTLEBLOWER PROTECTION

Based on the European Union Whistleblower Protection Directive, we ensure that employees are able to transmit information about misconduct (for example, internal fraud, corruption, etc.) through internal or external channels in a secure, confidential and, if necessary, also anonymously.

 *For additional reading "Whistleblower protection policy"*

10. FAIR TREATMENT OF VULNERABLE CUSTOMERS

We understand that the changes in our lives can be temporary, random or permanent, and this sometimes leaves us vulnerable. Northern1 is committed to ensuring that all our customers receive a level of service tailored to their individual needs, particularly those who feel they are vulnerable customers.

Our goal is to:

- treat each of us, too. the vulnerable, the client and the situation independently
- provide flexible and customized solutions when necessary
- record additional information about the special needs of the vulnerable client
- effectively guide the vulnerable client through the process of signing the insurance
- to help the vulnerable customer understand the products and services we provide

 *For additional reading "Fair treatment of vulnerable customers policy"*

11. INFORMATION DISCLOSURE PROCEDURE

Northern1 submits reports to the Estonian financial supervision and resolution authority in accordance with the content, form and submission procedure of the reports established by ministerial regulation. Estonian financial supervisory and resolution authority has the right to demand additional reports and information, which are necessary for supervision to the extent provided by law, as well as reports and information about the services provided by the insurance broker.

Northern1's members of the board is responsible for the correctness and timely submission of the information disclosed and submitted to the Financial Supervision Authority about the economic activity and financial status of the insurance broker.

Northern1 shall make the annual report available at the registered office and on the website, if any, within two weeks after the approval at the general meeting, but not later than on 1 May of the next year.

12. IMPLEMENTATION OF CHANGES

These code of conduct can only be changed by a decision of the board of the private limited company.

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