



CROSS COUNTRY INSURANCE CONSULTANTS PTY LTD

CONFLICT OF INTEREST POLICY

Version	1
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1. **INTRODUCTION**

Cross Country Insurance Consultants (CCIC) is committed to ensuring that all business is conducted in accordance with the standards of good corporate governance principles as established in the Companies Act and in accordance with the King IV Report (refer to Addendum A for an overview on King IV) on Corporate Governance for South Africa, 2016 (King IV) and to meet the regulatory requirements of The Financial Advisory and Intermediary Services Act (FAIS) Act 37 of 2002.

Cross Country Insurance Consultants has the right to expect the undivided loyalty and highest level of ethical conduct of its directors, managers and employees with respect to all its business matters. Nonetheless, many relationships and affiliations exist that may seem to create a conflict of interest.

This Policy therefore aims to identify conflict of interest situations and provide guidance in order to protect the interests of all stakeholders by minimizing and managing all actual or potential conflicts of interest.

This policy deals with Conflicts of interest between CCIC, our employees, our respective product providers, service providers and our policyholders and Broker clients.

The aim of the policy is to ensure that we avoid or where necessary mitigate any actual or potential conflict of interest situations that could negatively affect our Policyholders and Broker clients.

A short summary of this policy is included in our policy "Disclosure Document", issued with all quotes and policy schedules.

The full Management policy document is also available on request.

The Policy will be reviewed on an annual basis, revised and adapted to stay relevant to the legislative changes and the business of Cross Country Insurance Consultants.

2. **APPLICABILITY**

This policy applies to all employees, including permanent and temporary employees, representatives and our Key Individuals and Third parties.

Failure to comply with the provisions of the Policy by any staff member shall constitute a major transgression (Level Two Transgression in accordance with the Cross Country Insurance staff manual).

A major transgression means those major or serious transgressions/offences which, when committed by a staff member or group of staff members, requires the mandatory conducting of a disciplinary enquiry which may result in the dismissal of the staff member accused of such transgressions.

3. **OBJECTIVE**

The Financial Advisory and Intermediary Services Act, General Code of Conduct for Authorised Financial Services Providers and Representatives ("the Code") states that a provider or representative must avoid, and where this is not possible mitigate any conflict of interest between the provider and a policyholder or the representative and a policyholder.

However, the protection of our clients (Policyholders) and Broker client's interest is our primary concern as stated in this policy.

We will identify circumstances which may give rise to actual or potential conflicts of interest, entailing a material risk of damage to our policyholder's interests; and

- we have established appropriate structures and systems to manage those conflicts; and
- we will maintain systems in an effort to prevent damage to our clients (policyholders) and Broker client's interest through identified conflicts of interest.
- Where we have identified an actual conflict situation this will be disclosed to the necessary parties along with details of what measures we have in place to mitigate the conflict.

4. DEFINITIONS

Section 3A(2)(a) of the FAIS General Code of Conduct stipulates that every provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act.

Cross Country Insurance Consultants (Pty) Ltd for future reference within this policy will also be known as CCIC.

CCIC Executives -	Claims Department	:	Cal Masterton-Smith
	Underwriting Department	:	Jaco Janse Van Rensburg
	Business Department	:	Ian Georgeson
	Commercial Underwriting Department	:	Craig Diederiks

A Conflict of Interest means any situation in which a FSP or a representative has an actual or potential interest that may, in rendering a financial service to a client -

- Influence the objective performance of his, her or its obligations to that client: or
- Prevent a FSP or representative from rendering an unbiased and fair financial service to the client (policyholder), or from acting in the interest of that client. The same standards apply to Broker clients' relationships.

including, but not limited to –

- a financial interest;
- an ownership interest;
- any relationship with a third party;"

Financial interest is any:

- Cash
- Cash equivalent
- Voucher
- Gift
- Service
- Advantage - Benefit
- Discount
- Foreign or domestic travel
- Hospitality - Accommodation
- Sponsorship
- Any other incentive or valuable consideration

The purpose of business gifts and entertainment in commercial settings is to create goodwill and nurture sound working relationships, rather than to gain any unfair advantage with customers and or a provider's clients. Reasonable business entertainment and customer gifts of immaterial financial interest are



permitted, including promotional events, provided that the offer is consistent with usual business practice and cannot be viewed as bribe or a payoff and certainly cannot be in violation of this policy.

Other than:

- an ownership interest or
 - training on:
 - products and legal matters related to the products,
 - general financial and industry information,
 - specialised technological systems of a third party required for the rendering of a financial service
- (excluding costs of training and accommodation associated with the training)

Ownership interest is: (a) any equity or proprietary interest for which fair value was paid by the owner at time of acquisition (other than equity or proprietary interest held as a nominee)
(b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest

Immaterial financial interest is any financial interest that has a determinable monetary value, the aggregate of which does not exceed R1000.00 in any calendar year: -

- a representative for that representative's direct benefit –
- an FSP that aggregates immaterial financial interest paid to its representatives from its benefit or some or all its representatives.

Associate: in the case of a company, as “any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary.

Subsidiary: A subsidiary company or daughter company is a company owned or controlled by another company, which is called the parent company or holding company. Two subsidiaries that belong to the same parent company are called sister companies. The parent holds a controlling interest in the subsidiary company, meaning it has or controls more than half of its stock. In cases where a subsidiary is 100% owned by another firm, the subsidiary is referred to as a wholly owned subsidiary. (Refer to Addendum B for the full definition of a subsidiary)

A third party is:

- A product supplier (insurer)
- Another Financial services provider
- An associate of a product supplier or a provider
- A distribution channel
- Any person acting in terms of an agreement or arrangement with any of the above, provides a financial interest to a provider or its representatives.

5. MANAGING THE RISK OF CONFLICTS OF INTEREST DEVELOPING

In terms of Section 3A(2)(b)(i)(bb) of the General Code of Conduct, a conflict of interest management policy must provide measures for the avoidance of conflicts of interest, and where avoidance is not possible, the reasons therefore and the measures for the mitigation of such conflicts of interest between the provider and a client or the representative and a client.



A conflict of interest may arise where a company, or one of its employees, is providing a financial service to its clients and may entail a material risk of damage to those client's interests, and whether the company or its employee:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client (policyholder) or Broker client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favor the interest of another client, or group of clients, over the interest of the client;
- carries on the same business as the client; or
- receives or will receive from a person other than the client, an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

a) Identifying Conflicts of interest

No person may avoid, limit or circumvent, or attempt to avoid, limit or circumvent compliance with the Conflict of Interest Policy via an associate or third party or an arrangement involving an associate or a third party.

To adequately manage conflicts of interest we must identify all relevant conflicts timeously.

- The CCIC executives as defined above are each responsible and accountable for the identification of Conflicts of Interest in the areas under their control.
- They must ensure that the identification process is carried out and appropriately documented.
- They must ensure that all relationships are reviewed for any potential *conflict of interest* at least once a year and issue a report to the CCIC Insurance Board.

Once a conflict of interest has been identified, it must be appropriately and adequately managed.

- A central register for the recording of the conflicts of interest, including the persons involved and the controls implemented that has been created.
- Annual conflict of interest reviews is performed in consultation with the Executive, on all CCIC employees by having them complete an on-going Conflict of Interest and Fit and Proper questionnaire, which is aimed at identifying any potential Conflict of Interest that might exist
- A duty rests on an employee to disclose to his / her future employer information which may affect the employer's decision to employ him / her. The failure to disclose such information constitutes misconduct.

b) Financial Interest that Cross Country Insurance offers to a Third party

CCIC and its representatives only receive the following financial interest from or to a Financial Service Provider:

- Commission (reasonably commensurate to the services being rendered) authorised under the Insurance Act of 2017.
- CCIC do not receive fees from policyholders and Broker clients, however as a UMA their main income is from fees for the rendering of a service to a third party which are reasonably commensurate to the services being rendered



- Subject to any other law, receipt of an immaterial financial interest is allowed subject to the limit and is tracked. Such interest is also provided to brokers but is also subject to the limits.

Where an interest is received, or stands to be received, other than the instances set out above and outside the scope and definition of an immaterial financial interest, then a potential conflict of interest arises.

c) Financial interest / incentives as applicable to representatives

We confirm we will not offer a financial interest to our key individuals or representative for: -

- Giving preference to the quantity of business secured for the provider to the exclusion of the quality of service rendered to the client
- Giving preference to a specific product supplier where a representative may recommend more than one product supplier to the client
- Giving preference to a specific product of the product supplier where the representative may recommend more than one product of that product supplier to the client

d) Our policy defines possible conflicts of interest as, inter alia;

- Conflicts of interest between CCIC and the policyholders and CCIC and the broker clients.
- conflicts of interest between our clients (policyholders) and broker clients if we are acting for different clients and the different interests' conflict materially;
- Conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;
- by holding confidential client information, which if we disclosed or used would affect the advice or services provided to client.

Other examples of Conflicts that might arise

a) Contracts, proposed contracts and similar transactions or arrangements

A conflict of interest may arise where an employee has a direct or indirect interest in a transaction. Employees are required to notify CCIC of any such potential conflicts of interest, who will then decide if the employee can be involved in the transaction. CCIC will also ensure that the relevant provisions have been met.

b) Gifts, Hospitality & Inducements

- Inducements, gifts and hospitality are all issues that could lead to potential Conflicts of Interest. CCIC has a strict policy regarding such issues.
- All Employees must act with the highest standards of integrity to avoid any allegations of Conflicts of Interest.
- Employees must not accept any cash payments, significant gifts or hospitality. Token gifts may be accepted, providing that the value of the token gifts remain within the allowable limits as determined by the Act, and provided that they have not been solicited, have not been given as a business inducement and will not compromise CCIC's integrity.
- A register is kept of any gifts, or hospitality received. Employees cannot attend hospitality events, without the approval of CCIC. Where an invitation could be construed as being a business inducement, it must be declined.

All submissions are monitored by the Managing Director to ensure that no specific product of a particular provider is given undue and unwarranted preference over another product.

6. PROCESSES AND INTERNAL CONTROLS

a) Management of Conflicts of interest within CCIC

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the Managing Director of any conflicts they may become aware of. The Managing Director will assess the implications of the conflict and how the conflict should be managed and act impartially to avoid a material risk of harming clients' interests.

b) Assess and manage the conflict

The Managing Director will conduct an assessment and evaluation of the conflict of interest and its impact. A decision must then be made on what steps to take in terms of avoidance or mitigation.

The assessment and evaluation process includes a query regarding:

- whether it is possible to avoid the conflict by ending it. If it is possible to end the conflict situation record
 - what action has been taken to do so (in Conflicts register)
- if conflict cannot be avoided, the reasons why the conflict cannot be avoided, and
- steps taken to mitigate the effects of the conflict of interest on the client, and
- how the mitigation measures will reduce the effects of the conflict on the client, and
- method and content of disclosure to the client

c) Measures for the avoidance of Conflicts of Interest

The Managing Director will conduct an assessment of the conflict.

After the impact assessment conducted by the Managing Director indicates that a conflict cannot be avoided, either

- Appoint/allocate another representative to provide services to the client
- the Managing Director may consult with the Compliance Officer and/or the Renasa legal team to develop appropriate and adequate means to mitigate and manage the identified *conflict of interest*.
- Decline services to the client.
- Communicate the above in writing to the client within 30 days clearly stating reasons for your actions.
- With respect to representatives, the Managing Director, is to ensure that, in addition to the provisions of the Conflict of Interest Management Policy, compliance procedures are scrutinised on an ongoing basis and at least every second month report formally to the Compliance Officer.

This will serve to ensure that:

- Where the representative has a choice of product providers/products from a specific product provider, a recommendation is made that does not prejudice the client.

The responsible and accountable CCIC Executive must ensure that the potential conflicts of interest are appropriately communicated.

d) Measures for mitigation of Conflict of Interest

CCIC expects all its employees to maintain the highest standards in carrying out their business activities, adhering to legislative requirements and our policies on business conduct. They are expected to act professionally, honestly and ethically in all their dealings with clients (Policyholders), Broker clients, colleagues and third parties.

CCIC has a clear policy on Conflicts of Interest:

- Conflicts of Interest should always be avoided, wherever possible.
- Whenever any potential *conflict of interest* is identified, the responsible and accountable Cross Country Insurance executives must consider any efficient and effective means to avoid the *conflict of interest*

e) Disclosure to client

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect the client's (policyholder) interests, the conflict must be disclosed to allow the client to make an informed decision. CCIC and its representatives must at the earliest reasonable opportunity disclose to a client any conflict of interest in respect of that client (policyholder) (and all other impacted parties).

The disclosure must be made in writing to the client (Policyholder) and contain the following information which includes, but is not limited to:

Inform the client (policyholder) in writing within 30 days of the following:

- Circumstances giving rise to/reasons for conflict of interest
- A description of, the measures taken in accordance with this policy to avoid and/or mitigate the potential conflict of interest.
- Any ownership interest or financial interest, other than an immaterial financial interest, that CCIC or its employees may become eligible for:
- The nature of the relationship or arrangement with a third party that may give rise to a conflict of interest.
- Existence of the Conflict of Interest Management Policy and the client's right of access to the policy

f) Measures to ensure compliance

- CCIC shall conduct business in relation to the identification, avoidance and managing of conflicts of interest.
- Ensure the Conflict of interest policy is managed and updated regularly by the Managing Director.
- The onus is on the individuals subject to this Conflict of Interest Policy to avoid creating conflicts of interest, and if this is unavoidable, to take effective steps to mitigate such a Conflict of Interest and ensure that proper disclosure is made in respect thereof
- Ensure understanding and adoption of the conflict of interest policy and management measures by all employees, representatives and associates.
- All employees are responsible for identifying specific instances of conflict of interest and are required to notify the Managing Director of any conflicts of interest they become aware of.
- Regular inspections of all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.
- Identification of each conflict including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Implementation of controls to manage the conflict

- Measures will be implemented to ensure continuous monitoring of compliance to the Conflict of Interest Policy.
- Where monitoring has identified non-compliance with either the Conflict of Interest Policy, the compliance risk should be assessed with a recommendation as to the measure that will be taken to mitigate the compliance risk: and
- All employment contracts must include the necessary termination and / or sanction clause to manage the risk of an actual or potential conflicts of interest situation created by employees acts or omissions.

7. **ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT.**

The CCIC executives must ensure that:

The Policy is implemented in the areas under their control and all staff are to have access to this Conflict of Interest Management Policy.

They are also responsible to:

- Monitor the Conflict of Interest Management Policy on an ongoing basis as part of their general monitoring duties and conduct an annual review of the policy which will summarise what has changed, what current conflicts we have as well as any breaches that has occurred. A report will be submitted by the Compliance officer regarding the implementation, monitoring and compliance of the Conflict of Interest Management Policy and will report thereon in the annual Compliance Report if and when requested by the Regulator. It will also cover ease of accessibility of the Conflict of Interest Management Policy.
- On an annual basis certify to the Board of Directors that their obligations under the Policy were met and describe the steps taken to do so.
- Facilitate an annual review of this policy for relevance and appropriateness to the statutory
- In the event of a potential conflict arising, the Managing Director is to ensure commencement of the investigation and impact assessment process and appropriate action taken where necessary.
-
- All relevant entries are to be documented in the respective registers viz. the Master Conflicts Register and the Immaterial Financial Interests Register. Refer to addendum C

8. **TRAINING AND STAFF**

Create awareness and knowledge of applicable stipulations of the general Code of Conduct and relevant legislation relating to conflict of interest, through training and educational material.

Comprehensive training on the Conflict of Interest Management Policy will be provided to all new employees and representatives as part of their induction training.

Annual refresher training is to be implemented. Where applicable, the conflict of interest management policy is to be included in the training manual provided for all staff and all new staff members are to have training on conflict of interest management.

All training is to be recorded in the relevant training and/or competence registers.

The responsible and accountable CCIC executives must ensure that means to mitigate and manage the identified *conflict of interest* are documented and communicated to all the stakeholders involved in managing the relationship.

Consequences of non-compliance

- The FAIS Act provides for penalties in the event that a person is found guilty of contravening the Act, or of non-compliance with the provisions of the Act. The penalty for non-compliance of specific provisions of the Act, is an amount of up to R1 million or a period of imprisonment for up to 10 years.
- The Registrar of FAIS is empowered to refer instances of non-compliance to an Enforcement Committee of the FSB that may impose administrative penalties on offenders.
- The FAIS Act also gives the Registrar the powers to revoke the license of an FSP.

9. REGISTERS

With regard to existing third party relationships, we confirm that we do not have any ownership interest nor are subject to exclusive training nor are there any other circumstances which could lead to a potential conflict of interest. Should any conflicts arise with regard to any of these prior to entering into any business transactions, we undertake to disclose these in the registers that we have implemented below.

- CCIC keep and maintain a register in which all actual or potential conflicts of interest are recorded
- Nature and Extent of Ownership interest
- Financial Interest Received
- List of Cross Country Service providers

Third parties who hold an ownership interest in Cross Country Insurance

Renasa Insurance Company hold shares in CCIC and all of their UMA's, and this shareholding is managed by the Summit Group on behalf of Renasa.

A third-party holding major ownership interest in Cross Country Insurance is noted to be Really Useful Investments 181 Pty Ltd which is owned by the Summit Group. Summit Group in turn is controlled by Oaksure, a broker and this relationship could potentially be seen as a conflict of interest. There is however, an understanding and a control to ensure that such a conflict does not arise.



Review of this Policy

This Policy will be reviewed annually or as otherwise stated in CCIC 's Compliance Monitoring Plan.

Cross Country's Internal Compliance Officer:

Name: Jennifer Georgeson
Physical Address: 253 Smit Street, Fairland, Johannesburg
Telephone number: 011 215 8800
Telefax number: 011 476 8205
E-mail Address: jenn@ccic.co.za

Cross Country's External Compliance Officer:

Name: Craig Ormrod Associated Compliance
E-mail Address: craig@associatedcompliance.co.za

The Insurer Internal Compliance Officer:

Name: Lara Van Niekerk
Physical Address: Renasa House 170 Oxford Road, Melrose. 2196
Telephone number: 011 380 3080
Telefax number: 011 380 3088
E-mail Address: Lara.vanniekerk@renasa.co.za

The Board of Directors confirm that this policy and its accompanying annexures were considered and signed and adopted by the Board of Directors at a meeting held on the _____ day of _____ 2021

Ian Laurence Georgeson

Jennifer Georgeson

Nichol Beyers

Clinton McAllister

ADDENDUM A

Overview on King IV

If one was asked to summarise King IV™ in one word, 'transparency' would come to mind. King IV™ builds on its predecessors' positioning of sound corporate governance as an essential element of good corporate citizenship. Good corporate governance requires an acknowledgement that an organisation doesn't operate in a vacuum, but is an integral part of society and therefore has accountability towards current and future stakeholders. With the introduction of an 'apply and explain' regime, King IV™ asks organisations to be transparent in the application of their corporate governance practices.

King IV™ reinforces the notion that good corporate governance is a holistic and interrelated set of arrangements to be understood and implemented in an integrated manner – good governance is not a tick-box or compliance exercise. King IV™ asks for mindful application of the King IV Code™ and for its recommended practices to be interpreted and applied in a way that is appropriate for the organisation and the sector in which it operates. Mindful application harnesses the benefits of corporate governance in the interests of the organisation.



ADDENDUM B

KEY DEFINITIONS

Subsidiary

Auxiliary; aiding or supporting in an inferior capacity or position. In the law of corporations, a corporation or company owned by another corporation that controls at least a majority of the shares.

A subsidiary corporation or company is one in which another, generally larger, corporation, known as the parent corporation, owns all or at least a majority of the shares. As the owner of the subsidiary, the parent corporation may control the activities of the subsidiary. This arrangement differs from a merger, in which a corporation purchases another company and dissolves the purchased company's organizational structure and identity.

Subsidiaries can be formed in different ways and for various reasons. A corporation can form a subsidiary either by purchasing a controlling interest in an existing company or by creating the company itself. When a corporation acquires an existing company, forming a subsidiary can be preferable to a merger because the parent corporation can acquire a controlling interest with a smaller investment than a merger would require. In addition, the approval of the stockholders of the acquired firm is not required as it would be in the case of a merger.

When a company is purchased, the parent corporation may determine that the acquired company's name recognition in the market merits making it a subsidiary rather than merging it with the parent. A subsidiary may also produce goods or services that are completely different from those produced by the parent corporation. In that case it would not make sense to merge the operations.

Corporations that operate in more than one country often find it useful or necessary to create subsidiaries. For example, a multinational corporation may create a subsidiary in a country to obtain favorable tax treatment, or a country may require multinational corporations to establish local subsidiaries in order to do business there.

Corporations also create subsidiaries for the specific purpose of limiting their liability in connection with a risky new business. The parent and subsidiary remain separate legal entities, and the obligations of one are separate from those of the other. Nevertheless, if a subsidiary becomes financially insecure, the parent corporation is often sued by creditors. In some instances, courts will hold the parent corporation liable, but generally the separation of corporate identities immunizes the parent corporation from financial responsibility for the subsidiary's liabilities.

One disadvantage of the parent-subsubsidiary relationship is the possibility of multiple taxation. Another is the duty of the parent corporation to promote the subsidiary's corporate interests, to act in its best interest, and to maintain a separate corporate identity. If the parent fails to meet these requirements, the courts will perceive the subsidiary as merely a business conduit for the parent, and the two corporations will be viewed as one entity for liability purposes.



ADDENDUM C

REGISTERS

Master Conflict of Interest register



Immaterial Financial register



List of associates:

Name	Relationship

Nature and Extent of Ownership interests in third parties:

Name	Nature of Interest	Extent of Interest

Third parties with ownership interest in provider:

Name	Nature of interest	Extent of interest

List of Cross Country Service Providers

Name	Nature of interest	Extent of interest
Concourse IT (Nimbus, ROC)		
Oxford Claims and Legal Services (Pty) Ltd		
Hooker Attorneys		
Oxford Loss Adjusters (Pty) Ltd		
CIMS SA		
Travel 2 South Africa		