

CONFLICT OF INTEREST MANAGEMENT POLICY FOR CAMARGUE UNDERWRITING MANAGERS

Management policy statement

Camargue Underwriting Managers recognizes the importance of operating in an open and transparent manner in all aspects of the operations of the business, be they with our clients, our suppliers, our service providers or members of the greater business community within which we work, be they directly a part of the financial services industry or not. Whilst the legislative requirements may be the foundation for our policy, it is far more practical in its application and takes basic business ethics as its overall primary standard and objective.

The board of directors personally takes this policy as a statement that binds the ethics of the company.



Signed: Gerhard de Bruin

Date: 12/12/2016

Managing Director

THE POWER OF KNOWLEDGE

To whom does this policy apply?

This policy is deemed to apply to all employees, which includes

1. Directors
2. Managers
3. Permanent members of staff
4. Contract and/or temporary staff

whether they be employed in the financial services sector or not.

What do we deem to be a Conflict of Interest?

The Financial Advisory & Intermediary Services (FAIS) Act gives us the foundation for our policy. It defines a conflict as

“any situation in which a Provider or a Representative has an actual or a potential interest that may, in rendering a financial service to a client

- (a) influence the objective performance of his, her or its obligations to that client; or
- (b) prevent a Provider or Representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client

including but not limited to

- (i) a financial interest
- (ii) an ownership interest
- (iii) any relationship with a third party.

Where can these potential conflict situations arise within our business?

1. With insurers with whom there is a business/ownership relationship;
2. With other FSPs with whom there is a business/ownership relationship;
3. With other distribution channels with whom there is a business/ownership relationship;
4. With any other persons with whom there is a business/ownership relationship;
5. With any service providers with whom there is a business/ownership relationship;
6. With our employees as a result of employment contracts and/or remuneration policies;

7. With any other relevant relationship that may exist within our company.

How do we assess whether there are conflict situations within our business?

We have a management tool that assists in documenting the various relationships and arrangements that we currently have in place, whether or not these create a conflict or potential conflict. If they do then a decision has been taken as to whether these are to be avoided or mitigated and the decision recorded accordingly. These sections are reviewed as part of the ongoing monitoring process followed by our external compliance officer and forms the basis of an ongoing reporting strategy to ourselves and, should the need arise, to the Financial Services Board, the ultimate authority governing the financial services sector.

To assess what conflict situations we had we firstly identified all the situations that may have led to a conflict. This was an initial once off exercise but our compliance policy is such that these key indicators are reviewed at least annually and also before any new relationship is entered into because a new relationship may well demand avoidance, steps in mitigation or further disclosures.

The situations that we analysed include:

1. What associate company relationships do we or our staff have?

i.e. companies with whom there is a relationship based on common shareholding, management control or family (in its widest context) members are involved and subsidiary or holding company status.

2. What third party relationships do we or our staff have? These include

- (i) Product suppliers (insurers) including any of their associates;
- (ii) Other FSPs including any of their associates; (iii) Distribution channels;
- (iv) Any other person who in terms of an agreement or arrangement with any of these provides a financial interest is due to us or one of our representatives e.g. panel beaters, assessors, security companies.

3. Was there any ownership interest within these relationships? If so could this create a conflict of interest?

4. Was there any financial interest paid from or to the entities within these relationships? If so could this create a conflict of interest?

5. Was there any immaterial financial interest paid from or to the entities within these relationships? If so are we monitoring the frequency and extent?

6. What are our staff remuneration policies?

The process allowed us to assess all our relationships including those of our staff and including financial aspects, and to document these fully. The data collected was then reviewed to see if a potential conflict had been identified and how best to deal with this. The options open to us included:

- (i) Avoidance – take away the situation that creates the conflict;
- (ii) Mitigation – put measures in place that acknowledge the conflict situation but implement measures to reduce its potential impact;
- (iii) Disclosure – formally provide details of the situations that are there and what has been done if anything about these to reduce or eliminate the situation itself.

Any solution we have established could be a combination of all three: avoid some, mitigate others and disclose what we have done and will continue to do so.

Our general strategy was where possible to avoid such conflicts i.e. prevent them by physically removing the conflict situation.

Where we could not avoid the conflict situation, actual or potential, it needed to be mitigated i.e. we had to put controls in place to reduce the likelihood of a conflict arising.

Where disclosure of conflicts, including potential ones, involved clients the standard adopted demands a higher level of formality. It demands formal disclosure at the earliest possible opportunity which is deemed to be when providing you with the initial advice / quote.

Our disclosures are clear, concise and effective, in our opinion, and we constantly strive to ensure that we are achieving this lofty ideal.

Our disclosures include

- (i) What conflicts we have;
- (ii) What measures we have taken to avoid or mitigate these;

- (iii) Ownership interests that may become due to us – this includes shareholding, dividends, profit shares and similar payments. This includes ownership of and payments from associated companies that can include administrators, cell captives and insurers;
- (iv) Financial interests (these are things we actually pay for that are made available by other FSPs or insurers as part of the relationships that exist) that may become due. These include vouchers, benefits, travel, hospitality, accommodation, sponsorships and other incentives;
- (v) Details of the relationships and/or arrangements that exist that create the potential conflict;
- (vi) How to obtain our conflict of Interest Management Policy.

What are the results of this process and its ongoing monitoring?

We have summarised the results in 3 specific annexures namely

- (i) Management policy summary of our conflict situations and actions taken;
- (ii) A listing of all associated companies;
- (iii) A listing of all third party companies with whom there is an ownership interest by ourselves and/or staff.

How do we ensure this policy is understood and adhered to by all role players?

1. This policy has been developed in conjunction with and formally approved by our management. Adherence to and breaches of this policy are a standing item on the board agenda.
2. This policy is published within the company and is readily available to all staff, clients and other interested parties.
3. All staff has been provided with a copy of this policy and have been given awareness training by our compliance department / compliance officer.
4. Compliance with this policy is an integral part of our employment contract and subject to review at least annually. Breaches of the policy are seen as an issue subject to the company's disciplinary procedures.
5. All staff complete and update annually a Conflict of Interest Questionnaire.

6. All management and staff sign a formal declaration relating to the understanding of and agreement to adhere to this policy.

7. Our compliance programme ensures a constant review of our standards which includes an obligation to report non-compliance to the authorities if corrective action is not taken.

Annexure 1 - Summary of our conflict situations and actions taken.

1. With Insurers with whom there is a business / ownership relationship

We have mandates from Compass Insurance Company Limited and various underwriters at Lloyd's to underwrite specified classes of short-term insurance on their behalf.

We own no shares in any Lloyd's Underwriters or Compass Insurance Company Limited. Compass Insurance Company Limited do not own any shares in us. One of our Lloyd's Underwriters, namely Brit Insurance Holdings owns shares in us. We do not have a relationship with any other product provider that provides an ownership or financial interest.

We are paid a fee by Insurers and also have a profit share agreement dependent upon the annual underwriting result.

2. With other FSPs with whom there is a business / ownership relationship

All business we underwrite is sourced from licensed FSPs.

No FSP from whom we source business has any ownership interest in Camargue, and neither do we have any ownership interest in them.

FSPs are paid commission in respect of policies placed with us in accordance with legislated maximum commission rates. No other payments are made to any FSP.

As normal business practice immaterial financial interest is provided to and received from FSPs from time to time. A record is maintained of such immaterial financial interest which is within the legislated limits.

3. With other distribution channels with whom there is a business / ownership relationship

We have no relationship with any other distribution channel other than those mentioned in 2 above.

4. With any other person with whom there is a business / ownership relationship

There is no information to disclose under this heading.

5. With any service providers with whom there is a business / ownership relationship

As part of normal business practice we utilise the services of various third party service providers such as loss adjusters, attorneys, accountants, IT companies.

Contracts / service level agreements are entered into with all such service providers who are remunerated on the basis of services rendered.

6. With our employees as a result of employment contracts and /or remuneration policies

All employees are required to complete annually a questionnaire that identifies any potential conflict of interest that might exist. If such is disclosed it will be assessed and appropriate action taken as deemed necessary.

No employee is remunerated solely on the basis of the volume of business produced, although this is one of the factors taken into consideration when salaries are reviewed annually. The Company has adequate procedures in place to ensure that business is not written for volume rather than quality.

Annexure 2 - Details of all associated companies

1. Brit Insurance Holdings

Brit Insurance Holdings has a 50% shareholding in Camargue Underwriting Managers (Pty) Ltd.

2. Phoenix Underwriting Managers (Pty) Ltd (Dormant)

Camargue Underwriting Managers (Pty) Ltd has a 100% shareholding in Phoenix Underwriting Managers (Pty) Ltd

3. Camargue Risk Managers (Pty) Ltd (Dormant)

Camargue Underwriting Managers (Pty) Ltd has a 100% shareholding in Camargue Risk Managers (Pty) Ltd

4. Camargue Commercial Crime (Pty) Ltd (Dormant)

Camargue Underwriting Managers (Pty) Ltd has a 75% shareholding in Camargue Commercial Crime Underwriting Managers (Pty) Ltd.

5. Camargue General Liability Underwriters (Pty) Ltd (Dormant)

Camargue Underwriting Managers (Pty) Ltd has a 100% shareholding in Camargue General Liability Underwriting Managers (Pty) Ltd.

6. Synergy XOL (Pty) Ltd

Camargue Underwriting Managers (Pty) Ltd has a 100% shareholding in Synergy XOL (Pty) Ltd.

7. Camargue Fiduciary Liability Underwriters (Pty) Ltd (Dormant)

Camargue Underwriting Managers (Pty) Ltd has a 100% shareholding in Synergy XOL (Pty) Ltd.

Annexure 3 - Summary of other identified conflicts and corrective actions taken

Possible other conflicts identified:

Staff receiving gifts, vouchers and the like

Staff entertained by associate or third party companies

Staff providing gifts, vouchers and the like to clients, third parties or associated companies

Staff entertaining associate or third party companies

Do we see this as a potential conflict? YES

What have we done about it?

We have instituted specific controls to monitor these activities and have included full disclosure of the possibility of payments, gifts and the like as well as the limits applicable in our standard disclosure document supplied to clients.

Controls in place

We have set up a register to monitor all gifts and hospitality received and / or given by the FSP to ensure that no provider supplies anything in excess of R 1,000 in any one year or that no Representative of a provider receives from us anything in excess of R 1,000 in any one year.

This register can be viewed upon written request.