

## **1. Statutory definitions of COI.**

**“Conflict of interest”** means any situation in which a provider or a representative has an actual or 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 best interests of that client,

Including, but not limited to –

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

**“financial interest”** means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than -

- (a) an ownership interest;
- (b) training, that is not exclusively available to a selected group of providers or representatives, on -
  - (i) products and legal matters relating to those products;
  - (ii) general financial and industry information;
  - (iii) specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training;

**“immaterial financial interest”** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third party;

**“third party”** means a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel and any other person who in terms of an agreement provides a financial interest to a provider or its representatives.

## **2. Policy statement.**

We are committed to complying with the regulatory requirements governing Conflict of Interest under the FAIS General Code of Conduct and ensuring that conflicts of interest are appropriately managed in the best interests of our partners, customers and policyholders.

**This policy was formally adopted by the Board of Directors of Insurance Zone Administrations Services (Pty) Ltd on the 15 May 2018 by resolution.**

## **3. The management of COI.**

### **3.1. Mechanisms for the identification of COI.**

Before we conclude new business arrangements we shall consider whether the proposed arrangement will present any potential conflict of interest. It will be the responsibility of each representative entering into the relationship on behalf of ourselves to ensure that this identification process is carried out and appropriately documented before the relationship with an Insurer is progressed.

All Representatives will be accountable to ensure that the necessary reviews of all existing business arrangements are conducted at least annually to assess the ongoing conflict of interest in the light of changing circumstances, operational processes and procedures that may have been implemented since the commencement of the business.

### **3.2. Measures for the avoidance and mitigation of identified COI.**

Whenever any potential conflict of interest is identified, the Representative responsible for the relationship will consider whether any practical means exist for avoiding such conflict of interest. Where this is not practical, the Representative will consult with the Company's Compliance Officer to devise appropriate and adequate measures to mitigate and manage the identified conflict of interest.

The resulting mitigating and managing measures will be documented and communicated to all staff involved in managing the relationship to ensure that the risk of the identified conflict of interest is appropriately managed by the affected business unit.

### **3.3. Measures for the disclosure of COI.**

Wherever potential conflict of interest is identified, the Company or Representative concerned will ensure that appropriate communication regarding the following aspects is included in the disclosure information and documentation provided to potential customers purchasing products:

- The existence of the conflict of interest;
- A description of what the conflict is;
- Its impact;
- The measures taken to mitigate and manage it; and

- The customer's free choice whether he wishes to continue with purchasing the product.
- Insurance Zone Administration Services (Pty) Ltd does all the administration work associated with issuing and maintaining of clients policies.
- An admin fee is built into premiums charged to clients to assist in covering some of the costs associated with maintaining these policies.
- In addition, for policies placed through the Hollard Insurance Company Ltd, subject to the scheme being profitable an additional administration fee can be earned.

#### **3.4. Processes, procedures and internal controls to facilitate compliance.**

Representatives will be required to ensure that the policy is implemented with their clients and the Company's compliance officer and will on an annual basis warrant to their Compliance Officer in writing that they have met their obligations under this policy and describe the steps taken to do so.

Training for all affected staff will be provided by the Company or people procured by the Company to ensure that they understand their responsibilities under this policy.

The Compliance Officer will monitor compliance with this Conflict of Interest Management policy and will perform the necessary reviews in consultation with Executive Management to ensure that appropriate procedures and processes are in place and effective to comply with the policy.

The Compliance Officer will facilitate a review of this policy annually to ensure that it remains relevant and appropriate to meet the statutory requirements.

#### **4. Financial interests offered to our representatives.**

We may offer its representatives sales incentives, in addition to their basic salary, based upon a combination of:

- The quantity of business introduced, and
- The quality of the service rendered to customers (as measured by the Quality Assurance process).

No sales incentives may be offered to representatives for preferring one product over another that may be offered to a customer.

Our representatives are not authorised to sell, and may not accept remuneration for selling, the products of other product suppliers.

#### **5. Financial interests offered by ourselves to Third Parties.**

We may only offer the following financial interests to third parties being Product Providers or other Financial Service Providers:

- Commission authorised under the Short Term Insurance Acts
- fees that are reasonably in line with Short Term Insurance Acts
- fees for the rendering of a financial service in respect of which commission or fees referred to above is not paid, if those fees -
  - (aa) are specifically agreed to by a client in writing; and
  - (bb) may be stopped at the discretion of that client;
- fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably in line with the service being rendered;
- any immaterial financial interest as defined in the FAIS General Code of Conduct; and
- any other financial interest, for which consideration that is reasonably in line with the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

#### **6. List of Our Associates.**

- Insurance Zone Insurance Brokers (Pty) Ltd.

#### **7. Third parties in which we hold an ownership interest.**

We do not hold ownership interests in any third parties.

#### **8. Third parties who hold an ownership interest in Ourselves.**

Tuscaloosa 53 (Pty) Ltd.

#### **9. Consequence of non-compliance with this policy.**

Failure to comply with the provisions of this policy by any staff member or FAIS representative shall constitute serious misconduct and will result in disciplinary action being initiated against such staff member or representative.

**CONFLICT OF INTEREST SUMMARY**

As defined in the FAIS General Code of Conduct

<b>Possible conflicts of interest identified</b>	<b>Measures for avoiding the conflict</b>	<b>Mitigating the conflicts of interest</b>	<b>Measures for disclosure</b>	<b>Internal controls</b>	<b>Consequences of non-compliance</b>
Employees receiving gifts, vouchers, holidays or any other 'handout' from suppliers	All prohibited except gifts of less than R200	None necessary	None necessary	Ongoing declaration of honesty by employee	Disciplinary action.
Employees being employed by another company	Only allowed if not competing with our company or a client and prior written approval obtained	None necessary	None Necessary	Must obtain permission from managing director and recorded on personnel file	Disciplinary action.
Receiving remuneration for services other than from our company	Only allowed if not competing with our company or a client and prior written approval obtained	None necessary	None Necessary	Must obtain permission from managing director and recorded on personnel file	Disciplinary action.

**Conflict of Interest Policy**  
**Insurance Zone Administration Services (Pty) Ltd**  
**FSP NO 42879**



Being invited by a supplier to lunches/dinners/shows and other entertainment events;	Allowed depending on value of event and prior written approval obtained	None necessary	Disclosed to client during any discussion involving that supplier	Permission to be obtained from line manager	Disciplinary action.
Any activity involving clients by which family and friends of an employee can financially benefit.	Prohibited unless agreed to by line manager (only in special circumstances)	Excluding the employee from discussions with clients	Disclosed to client during any discussion involving that supplier	Employees must provide ongoing disclosure as to which family members or friends could be involved and why	Disciplinary action
Our company only has agency contracts with selected insurers	We make sure that the agencies we have are representative of the entire insurance industry	We do annual surveys of insurers to ensure that we have a full armory of products and services on offer			