

## Warwick Cover and Risk (Pty) Ltd

### Conflicts of interest Policy Management Policy – Abridged version

#### 1. Introduction

This document details Warwick Cover & Risk (Pty) Ltd Conflicts of Interest Management Policy

A short summary of this policy is included in the “Letter of Introduction” document, issued and explained to clients at the beginning of the sales process. The full Management Policy document is also available on request.

This policy applies to all employees of Warwick Cover & Risk, Company registration number 2001/014353/07.FSP number 765.

#### 2. What is a Conflict of Interest and when may it arise?

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 clients 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;
- 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 favour the interest of another client, or group of clients, over the interests 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.

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### **3. How we manage conflicts of interest**

The following are examples of conflicts of interest and how we manage these conflicts:

#### **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. This may be where the employee has a connection with the other party to the transaction, or where the employee's family has a connection. The connection may be from a directorship, significant shareholding, employment or consultancy.

Warwick Cover & Risk requires disclosure of any connection which could, or could be seen to have the effect of compromising the judgment of any of our employees. Employees are required to notify the Managing Director of any such potential conflicts of interest, who will then decide if the employee can be involved in the transaction. The Managing Director will also ensure that the relevant provisions have been met.

#### **Gifts, Hospitality & Inducements**

Inducements, gifts and hospitality are all issues that could lead to potential Conflicts of Interest. Warwick Cover & Risk has a strict policy regarding such issues, which is documented in Company staff hand book. 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 they have not been solicited, have not been given as a business inducement and will not compromise Warwick Cover & Risk's integrity. A register is kept of any gifts, or hospitality received.

Employees cannot attend hospitality events, without their Managing Director/ Regional Managers approval. Where an invitation could be construed as being a business inducement, it must be declined.

### **4. Warwick Cover & Risk's policy**

Warwick 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. Warwick expects its employees to act professionally, honestly and ethically in all their dealings with clients, colleagues and third parties. Warwick has a clear policy on Conflicts of Interest:

- must avoid and where not possible mitigate any conflict of interest between client and representative or provider
- Disclose to client in writing any conflict of interest including
  - Measures taken to avoid or mitigate the conflict
  - Any ownership interest or financial interest other than an immaterial one

- Sufficient details of any relationship with a third party that gives rise to a conflict of interest in sufficient detail so that the client can understand the nature of the relationship
- Details of the conflict of interest management policy and how it may be accessed.

Warwick Cover & Risk or its representative may ONLY RECEIVE OR OFFER the following financial interest from or to a third party –

- Commission authorised under LTA or STA
- Commission authorised under Medical Schemes Act
- Fees authorised under LTA, STA or MSA if reasonable commensurate to the service being rendered
- Fees for rendering service in respect of which commission or fees is not payable if those fees
  - Are specifically agreed to by client in writing
  - May be stopped at discretion of client
- Fees or remuneration for the rendering of a service to third party but reasonable commensurate to the service rendered
- Subject to any other law on immaterial financial interest and
- Financial interest not referred to above for which the provider or representative pay a consideration, fair value or remuneration at time of receipt.

A provider may not offer any financial interest to a representative of Warwick for-

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

List of "Associates".

As contained in the attached Board notice 58 of 2010. Associate is defined for two entities being "natural" or "juristic" person.

Warwick Cover & Risk (Pty) Ltd is a company (as defined) and thus the following details are provided

| <b>Required disclosure</b>                         | <b>Disclosure</b> |
|--|-------------------|
| Any subsidiary                                     | None              |
| Holding company or                                 | Warwick Holdings  |
| Subsidiary of that holding company                 | yes               |
| Any company of which holding company is subsidiary | None              |

Warwick Cover and Risk is a single independent entity run as a subsidiary of Warwick Holdings without any connection to any other entity whether juristic or natural.

List and classification of all third parties as defined

Definition: Third Party means any

- Product supplier
- Another provider
- Associate of a product supplier or provider
- Distribution channel
- Any person who in terms of an agreement or arrangement with anyone referred to above provides a financial interest to a provider or its representatives

Process followed to identify third parties and classify them

The accounts and bank statements, for a year, was scrutinised to identify every source of income and list them as above.

After this audit the accountant reported on a monthly basis that every source is listed on the schedule of third parties.

#### Description of financial interest (income) received

- Commission
- Administration fees paid by third party
- Fees agreed and paid by client
- Profit share
- Incentive

#### Remuneration model for representatives

##### Method of remuneration

- All staff of Warwick Cover & Risk are paid a salary that excludes any commission element.

##### How quality is measured

- Sources of securing new short term Insurance business is both focused & limited. Proposals are screened, before inception, to confirm that the potential policy holder can afford the premium and has an unblemished premium payment record.
- The regional portfolios are monitored monthly and any policy cancellations are recorded as well as reasons for termination. The Managing Director signs off all Terminations before the instructions are forwarded to underwriters.

##### Avoidance of preferential treatment of suppliers and/or specific products

- Every new client is obliged to complete (in conjunction with the Representative) a "Record of advice". This allows a transparent confirmation from the client that the advice was both objective and in terms of the client's needs.

##### Employee training

- All staff of Warwick Cover & Risk have received training on the COI policy. This training has been recorded in the staff file of all Representatives.

#### Consequences of non-compliance by employees

- The Staff hand book details that no compliance with the Company COI policy will result in formal disciplinary action being taken against the Representative.

#### Adoption of the Conflicts of Interest policy by the Board of Directors.

- A meeting of the Board of Directors of Warwick Cover & Risk (Pty) Ltd was held in CapeTown on 11 April 2011. In terms of agenda item 14, The Board approved the wording of the policy. Minutes of the meeting are recorded in the Company Minute Book.

#### Accessibility of Conflict of Interest Management Policy

- The policy is available to all internal staff of the Company and is stored on a shared user drive on the Company computer system.
- The policy is in the possession of messers Compli-serve SA, the compliance officers for Warwick Cover & Risk.
- Any interested party may formally approach the company for a copy of the policy.

#### Attachments

- Board Notice 58 of 2010

Should you require the full unabridged version of this document, please email [conflictsofinterest@warwickwealth.com](mailto:conflictsofinterest@warwickwealth.com) or complete a request form, which can be found at <http://warwickwealth.com/contact/>.

Your request will be responded to within one working day.

Managing Direct Warwick Cover



Roy Wright