



Conflict of Interest Policy

This policy applies from June 2017 to the following financial services provider, and its representatives:

Trucksurance Risk Services (Pty) Ltd

Throughout this document, any reference to “Trucksurance” shall mean Trucksurance Risk Services (Pty) Ltd.

Introduction

In terms of the General Code of Conduct for Authorised Financial Services Providers and Representatives, as amended (“the Code”), promulgated in terms of the provisions of the Financial Advisors and Intermediary Services Act (Act No. 37 of 2002 – “the FAIS Act”) financial services providers (“Providers”) must take all necessary steps to eliminate any practices and/or services that may create a conflict between their interests and the interests of an existing potential client.

A conflict on interest is any situation where a Provider or a Providers representative (whether an Independent Financial Advisor or a representative) has a interest that may in rendering a financial service to a client, influence the objective performance of his/her/its obligations to that client or where it prevents him/her/it from rendering an unbiased and fair financial service to that client.

It includes receiving a wide range of financial and non-financial benefits, ownership interests and any relationship with a third party.

Conflict of interest situations must be avoided.

In addition, the code requires that where it is not possible to avoid any act, action or reward that may create a potential conflict of interest, appropriate steps must be taken to mitigate the impact and it must be appropriately disclosed to the client at the earliest reasonable opportunity.

This policy sets out the management of any such conflicts of interest:

- the mechanisms used to identify such conflicts,
- the measures for avoidance and disclosure ,
- processes and procedures for compliance with the policy, and
- the consequences of non-compliance to the policy.

The policy also contains details of the types of financial interest a Trucksurance representative, including an Independent Financial Advisor (“IFA”) receives and the basis on which it is received.

The Policy also contains a list of all associates of Trucksurance and third parties in which Trucksurance holds an ownership interest or that hold an ownership interest in Trucksurance.

1. Identifying conflicts of interest

Trucksurance has developed the following processes to identify conflicts of interest:

- An analysis of all the sales and distribution areas within Trucksurance has taken place;
- The types of financial interest received/offered have been identified and analysed;
- Appropriate rules have been put in place around the receipt/offering of financial interests;
- All remuneration models for representatives are required to be signed off by the compliance officer and the management of the affected sales and distribution areas;
- Remuneration for IFA’s is limited to regulated commissions and fees;
- Appropriate training has been developed to enable representative to identify conflict of interest situations.

Annual reviews of these processes are included in Trucksurance’s Compliance Monitoring Programme in order to ensure that any conflicts of interest that arise are identified.

These annual reviews include independent reviews of business practices and interviews with representatives in order to ascertain whether they receive financial interest from third parties.

2. Measures for avoidance and disclosure

Trucksurance’s policy is to establish contractual relationships with its representatives, which prevents its representatives from placing business with other Providers unless Trucksurance’s express consent has been given.

Trucksurance’s policy is to provide specific training and educational material on how conflicts of interest may arise and how it can be avoided to all new representatives. Training is also provided to all existing representatives.

Where a conflict of interest cannot be avoided, Trucksurance's representatives are required to make a written disclosure of such a conflict to their existing and potential clients at the earliest reasonable opportunity, together with measures that were taken to mitigate the situation. Any such disclosures are required to be approved by the relevant Trucksurance compliance function.

Every existing and potential client has the right to ask his/her Trucksurance representative for further details regarding such disclosures. A (potential) client's rights (or potential rights) and the protection offered under the Code may not be waived.

Trucksurance's compliance officers monitor all financial interest received by its representatives, as part of Trucksurance's overall compliance monitoring program. In addition, all financial interest offered to/received from IFA's and third parties are monitored as part of Trucksurance's overall Compliance Monitoring programme.

3. Processes and Procedures for compliance

Trucksurance has adopted a governance process that requires executive management to ensure compliance to this policy:

Trucksurance Executive Officer

The Trucksurance Executive Director is accountable for the implementation and compliance with this policy within Trucksurance.

Trucksurance Compliance Officer and his assistant

The Trucksurance compliance officer is accountable for the monitoring of compliance to this Policy as a part of Trucksurance's Compliance Management Framework and for reporting to management in terms of the Risk and Compliance Monitoring Programme.

Key Individuals

Trucksurance's appointed Key Individuals are accountable for ensuring compliance by representatives listed on the representative registers under their control as required in terms of the provisions of the FAIS Act.

Complaints Department

Existing and potential clients may also direct questions and complaints concerning the application of this policy to Trucksurance Complaints Department via e-mail. The e-mail address that may be used is: complaints@trucksurance.com

4. Consequences of non-compliance

Non-compliance to this policy will be dealt with in terms of Trucksurance's disciplinary policies.

Non-compliant employees

All Trucksurance employees who do not comply with this Policy will be subjected to Trucksurance's internal employee disciplinary procedures.

Non-compliance by representatives

All Trucksurance representatives, including IFA's who do not comply with this Policy will be subjected to the processes and procedures applicable to representatives under the FAIS Act.

5. Financial Interests

Independent Financial Advisors (IFA's)

Trucksurance's Policy is to offer and facilitate the payment of the following financial interests to IFA's for providing services as an intermediary or for giving financial advice to a client:

- Regulated commission under short the Short-Term insurance Act (No. 53 of 1998- "the SIA")
- Fees specifically agreed to by a client in terms of a written mandate that a client may terminate in his/her discretion.

Trucksurance's policy is also to offer and facilitate certain immaterial financial interest to FIA's (not exceeding R1000.00 per individual per annum) as permitted in terms of the Code.

Trucksurance has contractual relationships with other Providers, but Trucksurance's policy is not to receive anything other than the commissions and fees, listed above, permitted in terms of the Code.

Representatives

Some of Trucksurance's representatives are salaried employees. Others are independent contractors. Trucksurance's policy is to pay them a, combination of commission and other benefits.

These other benefits include:

- Certain non-cash prizes if specific business targets are met.
- Certain re-imbursive allowances.

Before these other benefits are paid, Trucksurance's policy is to take the following quantity and quality measures into account:

- The size of the representative's book of business, measured by premiums.
- The growth of the representative's book of business, measured by the amount of business the representative has introduced successfully during the year.
- Persistence of the representative's book of business, measured by short and long-term calculation rates.
- The quality of the representative's advice and service to the client, measured by the representative's Compliance Scorecard (i.e. appropriateness of financial advice provided as reflected by the Financial Needs Analysis that was done).

6. List of associates and third parties in which Trucksurance holds an ownership interest (at 31 March 2014).

Trucksurance has the following "associates" and holds no ownership interest in any third party.

- Locke Hugh Purdon

Locke Purdon is the Executive Director of both Trucksurance and Road-Freight Risk Services (Pty) Ltd.

Road-Freight Risk Services:

- a) Is the majority shareholder of Tandem Equity Pty Ltd.
- b) Is the provider of the DriveSmart Risk Management Product and Service
- c) Has Locke Purdon representing it as 1 of a board of 5 directors. The chairman is one of the other directors.

Tandem Equity Pty Ltd holds shares in Guardrisk Insurance Company Limited and accordingly operates a "cell captive" for the benefits of all its shareholders.

All clients placed by Trucksurance with Guardrisk Insurance Company Limited are offered shares in Tandem Equity Pty Ltd in accordance with their respective levels of profitability. In so doing the potential conflict of interest that may exist is mitigated.

7. List of Ownership interest in Trucksurance

No conflicted third party holds an ownership interest in Trucksurance Risk Services (Pty) Ltd. The majority shareholder of Trucksurance is Lockson Family Trust & the minority shareholder is Locke Purdon