



## **REGENT GROUP**

# **POLICY ON CONFLICTS OF INTEREST**

## **REGENT GROUP POLICY ON CONFLICTS OF INTEREST**

This Policy reflects the Group's commitment to doing business ethically and honestly by acting in the interests of its policyholders. This policy therefore binds all employees<sup>1</sup> and is incorporated into the terms and conditions of all employees' contracts of employment with the Group, including subsidiaries of the Group.

In the course of conducting the business of the Group, employees may encounter situations that result in a conflict between the interests of the Group and the **interests of a policyholder**. This policy is intended to guide the decision-making and the behavior of employees when faced with such situations.

The general guiding principle is that employees are required to avoid conflicts of interest at all times.

The Regent insurance companies are wholly owned by Imperial Holdings; to view the associated companies in the group you may access the website or click on the link below;

[http://www.imperial.co.za/Divisions\\_Insurance.aspx](http://www.imperial.co.za/Divisions_Insurance.aspx)

### **Conflict of Interest**

A conflict of interest is defined as "any situation in which an employee has an actual or potential interest that may, **in rendering a financial service to a client,**

- influence the objective performance of that employee's obligations to that client or
- prevent the employee from rendering an unbiased and fair financial service to that client or
- prevent the employee from acting in the interests of that client.

A conflict of interest may arise out of the employee's relationship with a third party, or from an ownership interest the employee has with a third party or from a financial interest the employee has or may have in a third party.

A financial interest includes:

- cash,
- a cash equivalent,
- a voucher,
- a gift,
- a service,
- an advantage,
- a benefit,

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<sup>1</sup> Employees includes tied agents of Regent Life

- a discount,
- domestic or foreign travel,
- hospitality,
- accommodation,
- sponsorship
- any other incentive
- valuable consideration

The receipt or the offer of such is prohibited where this interferes with or may interfere with the employee's ability to render a financial service to a client in a fair, unbiased or objective manner.

### **Dealings with policyholders**

It is recognized that the Group's business model is an intermediated model and that business with policyholders is transacted by means of a network of intermediaries. This model therefore does not currently involve many opportunities for employees to deal with policyholders directly but rather through an intermediary.

Nevertheless, when employees interact directly with policyholders (such as when dealing with a claim), employees may not receive from anyone nor may they offer anyone cash, a cash equivalent, a voucher, a gift, a service, an advantage, a benefit, a discount, domestic or foreign travel, hospitality, accommodation, sponsorship or any other incentive or valuable consideration related to the rendering of that financial service to that client.

#### **Rules of Business Courtesy**

The giving or receiving of modest items of appreciation as part of an expression of business courtesy **unrelated to a specific financial service or transaction** is permitted subject to the giving or receiving of such business courtesies being recorded in the departmental gift register.

The gift register is regularly reviewed to ensure that the nature and extent of business courtesies received or given does not create a climate in which policyholders' interests are prejudiced.

It is necessary for an employee to record both the receipt and the giving of a gift/business courtesy.

The failure to accurately and timeously complete the gift register is an offence and could lead to dismissal.

### **Dealings with intermediaries (FSPs)**

In business dealings with intermediaries and with business partners, employees are required to avoid conflicts of interest.

### Broker Vetting Process

The Group's business dealings with intermediaries are required to follow the Agency Management or Broker Vetting process.

This process is designed to ensure that the Group only deals with duly registered intermediaries who meet all legislative requirements (such as FSP licenses, IGF, where appropriate) as well as additional Regent requirements. Legal agreements regulate the relationship, rights and duties between the Regent Group and its intermediaries. These agreements contain all the relevant restrictions, terms and conditions required by legislation and by the Regent Group to protect its business interests.

To facilitate compliance with legislation and with this policy, all intermediaries are limited to earning from the Regent Group only the following:

1. no more than Statutory Commission set out in the Long-term Insurance Act or in the Short-term Insurance Act (whichever is applicable to the agreement in question)
2. Fees authorized under the Long-term Insurance Act or under the Short-term Insurance Act if those fees are reasonably commensurate with a service being rendered
3. Fees for the rendering of a service to a third party where such fees are reasonably commensurate with the service being rendered
4. An immaterial financial interest that may not exceed R1000 per person per annum (this may take the form of cash, a cash equivalent, a voucher, a gift, a service, an advantage, a benefit, a discount, domestic or foreign travel, hospitality, accommodation, sponsorship or any other incentive or valuable consideration)

### Entertainment of intermediaries

The entertainment of intermediaries is limited to a sum of R1000 per annum. This limit applies to the individuals entertained provided that those individuals benefit from the entertainment. It is not permissible to pay the broker entity a sum representing the number of individuals who are to be entertained.

As an example, Regent may take 5 people from the same brokerage to lunch. The maximum amount payable on the broker staff would be R5000 per annum. However, if the broker requests Regent to make a contribution towards the broker's Christmas lunch, this amount would be limited to R1000 per annum.

### Employees with an ownership interest in an intermediary

An employee who has an interest in an intermediary that transacts business with Regent needs to disclose this interest. The disclosure of the interest does not necessarily 'cure' the conflict and the Group may, at its discretion, require further steps from the employee.

## Permissible business activity

It is recognized that a number of legitimate and necessary business situations and circumstances do not involve the possibility of a conflict of interest. This may be because there is no policyholder interest at stake or it may be that the valuable consideration in question is not capable of being meaningfully valued in monetary terms.

Such situations and circumstances include:

1. Advertising and Marketing
2. Brand awareness and Brand building activity
3. Training (but excluding travel and accommodation associated with the training)
4. Corporate social responsibility (CSI) activity
5. Internal staff (employee) recognition awards
6. Enterprise Development
7. Profit-share and other arrangements in terms of binder regulations

### 1. Advertising and Marketing

Advertising includes any communication (written, printed, electronic or oral) which is **directed to the general public** or any section thereof, or to any client on request, which is intended primarily to call attention to the marketing or promotion of financial services offered by the Group and which does not purport to provide detailed information regarding any such financial services.

Marketing means the rendering of financial services by way of telephone, internet, media insert, direct mail or electronic mail but excluding advertisements not containing transaction requirements

### 2. Brand awareness/Brand building activity

The Regent Group is entitled to promote and maintain awareness of its products and services with its business partners, service providers and customers. To this end, brand awareness and building is engaged in to periodically establish, renew and refresh the Regent brand with business partners, service providers and customers.

Brand awareness and building is characterized by:

- Primarily aimed at drawing attention to the Group's products and services – whilst other activities make take place around the brand building, the primary aim is to focus attention on the Regent brand.
- Generality of application – in other words, promotional activity is undertaken with a group of business partners, service providers or customers in mind – not with an individual.
- Presence of the Regent brand – the Regent brand being promoted must be present and feature prominently in the activity being undertaken.

- Planned activity – brand building is not random but is a planned activity, is approved by senior management and is therefore not of a once-off nature.

Where these characteristics are present and where the activity in question thus constitutes brand awareness or building activity, there is no conflict of interest with policyholders, nor is there a financial interest that is readily reducible to a monetary value.

Therefore all duly approved promotional activity can be undertaken and does not form part of the Regent Group Policy on Conflicts of Interest.

### 3. Training

It is a legislative imperative for a product supplier to train its staff and its business partners, including intermediaries, on the products and services of the product supplier. It is also a logical and ethical imperative to conduct training as this reduces the risk of mis-selling and the churn necessarily attendant upon mis-selling. Training helps to protect the interests of policyholders by assisting employees, intermediaries and business partners in selling products that are appropriate to the needs of the policyholder.

Training can, and must, be undertaken with employees, intermediaries and with business partners, where relevant. Normal business courtesies associated with the training are permissible, however any travel or accommodation associated with the training is not permitted. Delegates are required to get to the training venue at their own cost and are required to pay for their own accommodation.

Normal business courtesy includes the provision of refreshments, snacks, food and beverages for delegates.

### 4. Corporate Social Responsibility - CSI

National legislation, such as BBBEE, Employment Equity and related imperatives require the Group to invest in corporate social responsibility initiatives. The Group views this as part of the Group's commitment to being a responsible corporate citizen. Where such investments are made these will not constitute a breach of this Policy.

### 5. Internal staff (employee) recognition awards

The Group strives to develop a high performance culture and therefore considers it important that individual performance is recognized and rewarded. The recognition and rewards programme of the Group is based upon quantitative and qualitative criteria which are regularly reviewed by senior management to ensure appropriateness and effectiveness.

The recognition of staff by means of the programme does not constitute a conflict of interest since the recognition is unrelated to the provision of a service to a client.

6. Enterprise Development

National legislation, such as BBBEE, Employment Equity and related imperatives require the Group to invest in enterprise development of certain qualifying entities, which may include intermediaries. The Group views this as part of the Group's commitment to being a responsible corporate citizen. Where such investments are made these will not constitute a breach of this Policy.

7. Profit Share and other arrangements in terms of Binder Regulations

Remuneration practices permitted in terms of the binder regulations are part of national legislation and, as such, do not constitute a breach of this Policy.

**Process to follow when confronted with a potential conflict of interest**

Where an employee is in a potential conflict of interest situation this must be reported to the General Manager Compliance or, failing her, the Executive General Manager Corporate Services as soon as practicably possible.

The General Manager Compliance or, failing her, the Executive General Manager Corporate Services Compliance Officer will give guidance and advice to assist the employee to avoid or mitigate the conflict.

**Breach of this Policy**

The offer or acceptance of an unlawful or unethical incentive is prohibited and may not be offered or received by an employee of the Group. The offer or acceptance of unlawful or unethical incentives is considered a breach of Company Policy and may lead to dismissal.