

Treating Customers Fairly Policy (TCF)

for

GUARDRISK GROUP (PROPRIETARY) LIMITED

Including the following operating entities;

GUARDRISK LIFE LIMITED

GUARDRISK INSURANCE COMPANY LIMITED

GUARDRISK ALLIED PRODUCTS AND SERVICES (PTY) LIMITED

GUARDRISK MICROINSURANCE

and associated entities:

MOMENTUM ABILITY LIMITED

MOMENTUM STRUCTURED INSURANCE LIMITED

MOMENTUM ALTERNATIVE INSURANCE LIMITED

Policy Owner: Market Conduct Manager

July 2020

Version: 4

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1. Overview

1.1. Document History

Revision Date	Document Version	Summary of Changes	Author/Reviewer
31 May 2018	1	Initial Policy Drafting	Natasha Holt
09 July 2018	2	Initial Policy second draft	Natasha Holt
12 June 2019	3	Annual Review of Policy	Natasha Holt
13 July 2020	4	Annual Review of Policy	NH & RK

1.2. Operational Approvals

This document has obtained the following approvals:

Name	Nature	Document Version	Approval Signature	Date of Approval
Market Conduct Steering Committee	Approval and Recommendation	1	Refer to Minutes	16 July 2018
Executive Committee	Approval and Recommendation	2	Refer to Minutes	3 Aug 2018
Market Conduct Steering Committee	Approval	4	Refer to Minutes	15 July 2020

1.3. Governance Approvals

This document has obtained the following approvals:

Name	Nature	Document Version	Approval Signature	Date of Approval
Audit & Risk Committee	Approval and Recommendation	2	Refer to Minutes	8 August 2018
Board of Directors	Approval	2	Refer to Board Minutes	21 August 2019
Audit & Risk Committee	Approval and Recommendation	3	Refer to Minutes	8 August 2019
Board of Directors	Approval	3	Refer to Board Minutes	19 August 2019
Audit & Risk Committee	Approval	4	Refer to Minutes	14 August 2020

1. Introduction

At Guardrisk, our focus on client centricity has become deeply engrained in our business philosophy, ethos and culture. This focus is boldly evidenced through the incorporation and embedding of the outcomes of Treating Customers Fairly (“TCF”) in the end-to-end client value chain.

Guardrisk recognises that each cell captive / binder holder is a key contributor in sustaining long-term growth requiring a client centric focus and a service orientated culture geared toward customer satisfaction at all times. The responsibility in ensuring that the principles of TCF are practiced at all times, in any form of customer engagement vests with every employee within Guardrisk and each cell captive / service provider / binder holder that we contract with.

As the leading cell captive insurer, Guardrisk runs the risk of competitors coming into the market space with better technology, service offering and greater control over the cell captive / binder holder arrangements. To this end, Guardrisk has embarked on a variety of focused projects and the creation of additional steering committees to aid business with a more formalised approach to governance structures, processes, risk mitigation and procedures to ensure that our end customers are protected to the best of our ability at all times.

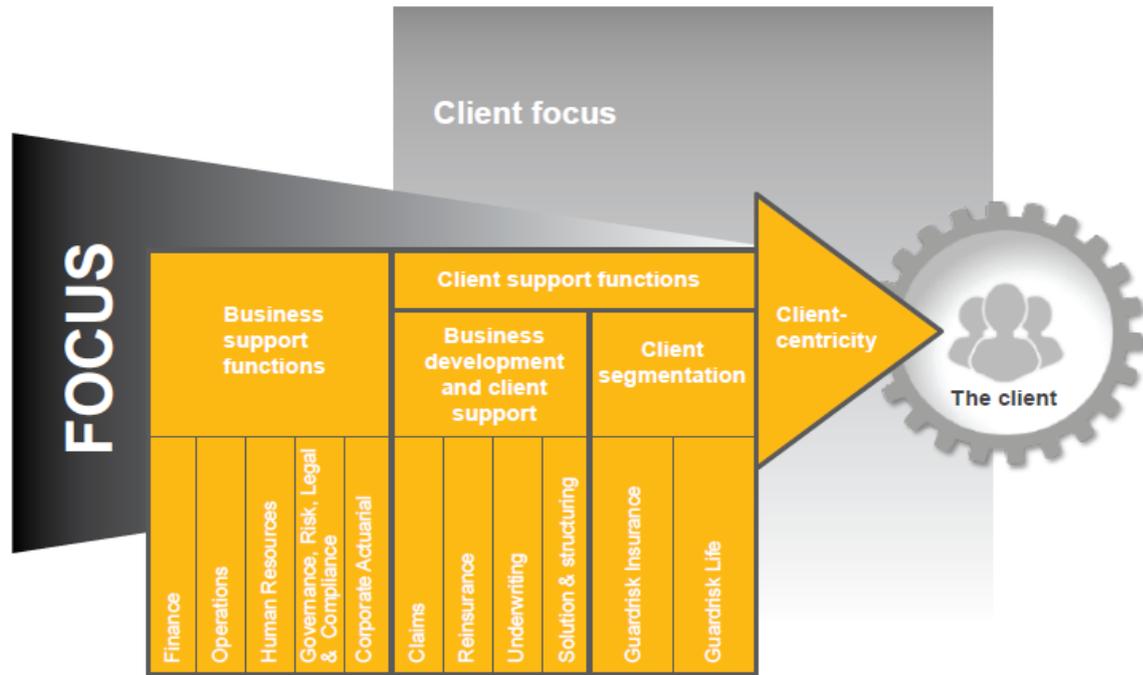
We are a client centric business with the end customer being at the forefront of all decisions and product development.

2. Guardrisk Operating model, Mission, Purpose and Values

Guardrisk is a client-centric business, everything we do focuses on how we can better serve our clients.

Financial wellness, the stated purpose of our parent company, MMH Holdings, remains valid and the strategy remains sound. However, especially in the current trading environment, Guardrisk can only differentiate ourselves by materially improving customers’ experience and implementing our strategic actions with agility.

2.1 Our Operating Model



2.2 Our Purpose

To be the trusted insurance partner to our clients for sustainable growth and financial stability.

2.3 Our Mission

- To provide innovative, integrated and cost-effective insurance and alternative risk transfer solutions.
- To employ industry experts with a passionate commitment to service excellence.
- To network locally and internationally and forge world-class partnerships.
- To be an enabler for sustainable economic transformation in SA.
- To enhance our technology and systems to be more agile and to offer better service solutions for all binder holders.

2.4 Our Values

- We are passionate about our clients and seek to meet and exceed their expectations.
- We care for our staff and grow them.
- We treat everyone with respect and dignity by embracing our diversity.
- We acknowledge the demands and rewards of teamwork by celebrating each other's strengths.
- We value integrity, and practice good faith, fairness and honesty.
- We value our position as leading market innovators by constantly challenging ourselves and the industry.
- We hold ourselves accountable and take ownership of our actions and responsibilities.

- We are committed to being socially responsible and creating better communities around us.
- We seek enhanced technology and systems to offer better service to our clients and to ensure better data integrity for reporting purpose, data analytics, regulatory reporting.

2.5 Strategic Goal

Grow directors Valuation to agreed target by 2022.

3. Regulatory Requirements

The Financial Services Conduct Authority (FSCA), previously known as the FSB, published the TCF Roadmap in 2011, which formed the basis of the TCF framework. All organisations, specifically those authorised under the FSCA, are required to embed the TCF principles in governance processes, frameworks and furthermore to demonstrate that they measure their behaviour against these key principles, to manage conduct risks and protect their customers. As TCF has been legislated under the revised Policyholder Protection Rules (the “PPR’s”), all TCF Outcomes must continue to be embedded in all our business practises and client interactions.

The six TCF principles have been adopted within Guardrisk across all business practices, governance frameworks and day-to-day processes.

- Outcome 1:** Policyholders can be confident that they are dealing with an insurer where the fair treatment of policyholders is central to the insurer’s culture
- Outcome 2:** Products are designed to meet the needs of identified types, kinds or categories of policyholders and are targeted accordingly.
- Outcome 3:** Policyholders are given clear information and are kept appropriately informed before, during and after the time of entering into a policy.
- Outcome 4:** Where policyholders receive advice, the advice is suitable and takes account of their circumstances;
- Outcome 5:** Policyholders are provided with products that perform as insurers or their representatives have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect; and
- Outcome 6:** Policyholders do not face unreasonable post-sale barriers to change or replace a policy, submit a claim or make a complaint

4. Guardrisk TCF Standard per Outcome

OUTCOME 1 - CULTURE

Policyholders can be confident that they are dealing with an insurer where the fair treatment of policyholders is central to the insurer’s culture.

To ensure that Guardrisk’s business practices are fully governed with a culture of TCF, the Guardrisk Board of Directors have adopted the TCF framework and are specifically responsible to ensure that it is embedded throughout the DNA of our organization. Our organisation has formalized the requirements of TCF though

a TCF Framework supported by robust governance structures and frameworks.

The responsibility of the end-to-end implementation of the TCF Framework has been delegated to the Market Conduct Department as the custodian of the internal / external rollout across the cell captives / binder holders and the group as a whole. In addition, the creation of a Market Conduct Steerco comprising managing executives has resulted in far better accountability through all levels of management within each segment and business unit across the Guardrisk Group.

Every business unit within Guardrisk is required to adopt the Guardrisk TCF Framework and embedded practices. In addition, business is required to measure themselves against a stringent set of standards set out in the Guardrisk TCF Self-Assessment tool, which aligns to the FSCA Self-Assessment Questionnaire. Up to January 2020, all business units have submitted evidence to demonstrate compliance with each TCF Outcome and from January 2020, all business units are expected to review their evidence and to update evidence at least annually.

The elements which make up the Guardrisk TCF Framework are as follows:

- TCF Policy
- TCF Training and Awareness Programmes
- TCF Self-Assessment Template and automated implementation plan
- New Business / Onboarding Assessment Template
- TCF Key Fairness Indicators
- TCF Governance Forums
- TCF Scorecard Measurements
- Annual TCF evidence review

To ensure that TCF is firmly embedded within Guardrisk, a combined assurance approach will continue to be followed to give the regulatory authorities, the shareholders, the board and executive management of Guardrisk the comfort that TCF practices are controlled and remain embedded within Guardrisk.

Guardrisk has launched a modernization project enhancing our data submissions from binder holders to continue to ensure that we have regular, accurate, reliable data exchange with all our binder holders which will allow us to proactively scrutinize management information to identify possible instances of poor customer outcomes and to then mitigate same.

OUTCOME 2 – PRODUCTS & SERVICES

Products are designed to meet the needs of identified types, kinds or categories of policyholders and are targeted accordingly.

Rigorous reviews and due diligence is conducted by the various technical teams within Guardrisk to ensure that when a binder holder and/or intermediary / registered FSP selects a target market for distribution of their product, all environmental, circumstantial and financial factors are duly considered before proceeding with approval of product design, product development or defining pricing models.

To ensure that all product design, product development and pricing activities within Guardrisk place the customers' needs at the forefront of their process, a New Business / Onboarding Assessment Template

remains a control element of the overall business. This template aims to govern the product development and pricing process before new products are introduced into the Guardrisk Product Suite, but to also ensure that where existing products are amended or when key traits of a product are altered that the product, pricing, distribution method and disclosures remain suitable for the target market for which it is intended. Furthermore, the New Business process and onboarding Product Assessment gives the relevant Guardrisk Product Committee responsible for sign off, the confidence that customers will not be placed in (any) detrimental situation should they choose to take up a product or service offered on our licenses.

All new product developments, material changes to existing products and/or pricing must be ratified by the applicable Guardrisk Product Management Committee (PMC) which is an executive management committee within Guardrisk. The PMC is also a subcommittee of the Guardrisk Exco, which is a Board, appointed committee charged with the oversight of the Market Conduct Framework, of which the TCF Framework is a subset.

OUTCOME 3 – POINT OF SALE

Policyholders are given clear information and are kept appropriately informed before, during and after the time of entering into a policy.

Guardrisk subscribes to the most rigorous standards in relation to “disclosures” as per the Policyholder Protection Rules of both Short Term and Long Term Insurance requirements and we have documented procedures and minimum requirements to ensure all stakeholders align with same. In addition, FAIS and the General Codes of Conduct associated with various categories of licenses also governs the Guardrisk way of engagement with our customers in relation to transparency and disclosures through the policy life cycle with the organization.

Guardrisk has defined vetting strategies, plans and processes associated within customer engagement across all stages of the customers’ journey within binder holder and intermediaries/registered FSP relationships.

OUTCOME 4 - ADVICE

Where policyholders receive advice, the advice is suitable and takes account of their circumstances.

Guardrisk’s registered representatives must always understand the client’s needs and their financial situation, to ensure that we are able to make appropriate recommendations to our corporate clients in relation to the most appropriate risk solutions for their business. Guardrisk is also committed to ensuring that our representatives meet the requirements set out in section 7(1) (b) of the FAIS Act as well as any fit and proper requirements prescribed under the FAIS Act, including but not limited to the FAIS product knowledge and competency requirements.

As a Cell captive insurer, our customers receive advice from outsourced intermediaries who Guardrisk has contracted with. We have put robust intermediary agreements in place to ensure that intermediaries who provide advice to customers understand what their obligations are.

Guardrisk also has processes in place to conduct due diligence before contracting with a new intermediary to ensure that they are licensed as financial services providers and authorised to render financial services in respect of the policies that will be offered. This is done in accordance with section 8 of the FAIS Act to satisfy ourselves that the independent intermediary and, where applicable, any persons rendering services as an intermediary on the independent intermediary's behalf, meet the FAIS product knowledge competency requirements and have the operational and technological infrastructure to support the advice process.

OUTCOME 5 – PRODUCT & SERVICE PERFORMANCE

Policyholders are provided with products that perform as insurers or their representatives have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect

Product Design & Product Performance Management

At Guardrisk we have technical teams and governance structures that are tasked with ensuring that all potential risks in relation to the products sold on the Guardrisk licenses are identified, rectified and tracked proactively within the organization.

Our actuarial teams are responsible to ensure that projections in relation to performance are proactively tracked, monitored and reported on in monthly and quarterly intervals to ensure that we are able to satisfy prudential requirements.

Guardrisk also has a dedicated Third Party Assurance team who conduct annual reviews on cell facilities and binder holders to ensure that they remain compliant with applicable legislation and to ensure that the products & services offered remain acceptable and suitable for the target market concerned.

Marketing

To ensure that customers are not provided with misleading information or misrepresented facts, a number of guidance documents have been developed for business which governs the activities defined as advertising or marketing in relation to the definitions found in the Policyholder Protection Rules for Long and Short Term Insurance. These guidance documents govern the way of work within the business and set out the processes, regulatory requirements and minimum standards which need to be complied with by all stakeholders.

A firm sign off process remains in place to ensure that disclosures and product related marketing material is reviewed objectively by technical areas within Guardrisk, to ensure that the material is appropriate and that the average targeted policyholders would not be misled by the information provided.

Governance and PMC

Guardrisk has implemented overarching governance forums which facilitate the implementation of the TCF principles. These forums also ensure that the fair treatment of customers is prioritized and always at the forefront of staff's mindset.

To ensure that products are appropriately governed throughout the life cycle of all products, the Product Management Committee (“PMC”) was established. This overarching governance committee ensures that the TCF principles are firmly tested and embedded before developing, amending or introducing a new product or service into the marketplace.

In addition, the PMC forms part of the larger Governance Community. The PMC utilises a New Business Committee and comprehensive on-boarding assessment template to ensure that all TCF principles are considered before signing off of material changes to existing products and services and before a new product is launched.

The Market Conduct Steering Committee is an Executive Committee that is tasked with the direct oversight of market conduct practices within Guardrisk. The Market Conduct Steering Committee is a management committee which is responsible for ensuring that the requirements set out in the Guardrisk Market Conduct Framework are implemented, monitored and reported on across all Guardrisk Key Fairness Indicators (“KFI’s”).

The Market Conduct Steerco is responsible for the actual implementation and operationalization of the requirements set out in this policy. TCF implementation is decentralized and delegated to each business segment within Guardrisk to ensure that TCF is embedded throughout the lifecycle of products offered on our licenses. Management information relating to claims, complaints and other key fairness indicators is monitored and reported on a monthly basis to ensure that the principles of TCF are tracked and monitored rigorously within Guardrisk to manage and mitigate conduct risk.

Quality Assurance on service levels and performance scorecards

Service requirements have been built into all performance management scorecards to ensure that higher service levels are not only implemented, but also maintained, tracked and monitored. Robust binder agreements with service level agreements have been rolled out to our outsourced business partners to ensure that all service levels are not only maintained, but also monitored, improved and managed to continue to deliver good customer outcomes. Market Conduct standards are reviewed constantly, especially where trends of poor customer treatment are identified with specific types of products or services offered on the Guardrisk licenses.

OUTCOME 6 – POST SALES BARRIERS

Policyholders do not face unreasonable post-sale barriers to change or replace a policy, submit a claim or make a complaint

At Guardrisk we believe that our customer experience throughout their journey must be of a standard and quality which does not prejudice the customer in any manner whatsoever. We continue to develop strong overarching governance frameworks which detail the standards and requirements related to claims, complaints, or switches in relation to products originally selected.

Within the Guardrisk Claims and Complaints departments we also have strong governance and review processes to ensure that customers are not treated unfairly when dealing with our binder holders and intermediaries/registered FSP’s. Furthermore, we are fully transparent with our customers and ensure that we provide suitable channels for customers to contact us if they have complaints or queries. In addition,

we monitor claims and complaint data to ensure that agreed turnaround times and minimum service standards are adhered to.

We are committed to ensuring that we continuously monitor management information relating to complaints, claims and switching processes to identify trends of poor customer treatment and to implement corrective measures to ensure that clients do not face any post sales barriers when dealing with Guardrisk or our stakeholders.

5. Governance of this Policy

5.1. Ownership of this Policy

Ownership of this policy is vested in the Guardrisk Market Conduct Team.

5.2. Drafting and Amendments

The Guardrisk Market Conduct Team is responsible for the co-ordination and drafting of any amendments to this policy. Any proposed changes to the policy will be submitted to the relevant Boards for approval, as and when necessary.

5.3. Approval

This policy must be approved by the Guardrisk Market Conduct Steering Committee.

5.4. Non-Compliance

Guardrisk views any non-compliance to this policy as well as any non-compliance with its obligations in terms of legislation in a serious light. Any deliberate action by an employee / cell captive / Binder holder / intermediary or registered FSP to contravene the above will be subject to disciplinary action or termination of the binder / intermediary agreement. All instances of non-compliance with this policy will be included within the regular risk reporting process.

5.5. Review

This Policy will be reviewed by the Market Conduct Manager on an annual basis and submitted for approval to the Guardrisk Market Conduct Steering Committee, as deemed necessary.

6. Known Limitations and Planned Developments

The following limitations have been identified with the corresponding planned developments.

Limitation	Planned Developments	Priority and timeline for completion

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