

Guardrisk Market Conduct Framework

for

GUARDRISK GROUP (PROPRIETARY) LIMITED

Including the following operating entities;

GUARDRISK LIFE LIMITED

GUARDRISK INSURANCE COMPANY LIMITED

**GUARDRISK ALLIED PRODUCTS AND SERVICES (PTY)
LIMITED**

and associated entities:

MOMENTUM ABILITY LIMITED

Policy Owner: Life and Non-Life Cell Captive Operations

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Table of Contents

1.	Overview	3
2.	Definitions and Abbreviations	3
3.	Introduction.....	4
4.	Purpose & Objective.....	4
5.	Scope	4
6.	Guardrisk Market Conduct Principles	4
7.	Governance.....	5
8.	Roles and Responsibilities	5
9.	Governance of this Policy	8
10.	Applicable Governance Frameworks	8
11.	Known Limitations and Planned Developments	8

1. Overview

1.1 Document History

Revision Date	Document Version	Summary of Changes	Author/Reviewer
02 October 2018	1	Initial drafting	Natasha Holt
01 November 2018	2	Review with Compliance and Risk	Natasha Holt
13 November 2018	3	Review by Market Conduct Steering Committee	Natasha Holt
16 June 2020	4	Annual Review	Natasha Holt & Russell Krawitz
27 June 2022	5	Annual Review	Natasha Holt & Russell Krawitz

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	3	Refer Minutes	29.01.2019
Executive Committee	Approval	3	Refer Minutes	27.02.2019
Market Conduct Steering Committee	Approval	4	Refer Minutes	14.05.2020
Executive Committee	Approval	4	Refer Minutes	26.05.2020

1.3 Governance Approvals

This document has obtained the following approvals:

Name	Nature	Document Version	Approval Signature	Date of Approval
Risk and Audit Committee	Approval	3	Refer Minutes	17.05.2019
Risk and Audit Committee	Approval	4	Refer Minutes	14.08.2020

2. Definitions and Abbreviations

Guardrisk Board	Board of Directors of Guardrisk
Guardrisk	Guardrisk and all its subsidiaries globally, including but not limited to all South African licensed insurers
Guardrisk Exco	Management Executives of Guardrisk
CAF's	Guardrisk Combined Assurance Forums
Companies Act	Companies Act no. 71 of 2008 and its Regulations (as amended from time to time)
Subsidiary	As defined in the Companies Act

3. 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 principles of Treating Customers Fairly (“TCF”) and the revised Policyholder Protection Rules (“PPR’s”) 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 and the PPR’s 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 with the approval of the Market Conduct Steering Committee and the Product Management Committees, continues to revise the on-boarding due-diligence processes, when applicable, 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.

4. Purpose & Objective

This framework aims to create clear accountability for the management and oversight of Market Conduct Practices within Guardrisk. These practices are guided by our client centric strategy, Market Conduct legislative requirements and MMH Group Regulatory Risk Universe as defined within the framework.

5. Scope

The Guardrisk Group Market Conduct Risk Framework applies to Guardrisk as defined.

6. Guardrisk Market Conduct Principles

Guardrisk is guided by the following key principles:

- We focus on our clients’ needs 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 as a whole;
- We hold ourselves accountable and take ownership of our actions and responsibilities; and
- We are committed to being socially responsible and creating better communities around us.

7. Governance

To ensure that within all levels of management at Guardrisk a robust market conduct culture is established, the Guardrisk Board has delegated the implementation of the Market Conduct Framework to the Guardrisk Executive Committee (Exco) and oversight to the Market Conduct Steering Committee.

The Guardrisk Executive Committee (Exco) is responsible for entrenching the requirements of the framework within the business and will be monitored on the implementation of this framework on an ongoing basis through the relevant governance structures.

In addition, Guardrisk Exco has established the Guardrisk Market Conduct Steering Committee, which is tasked with ensuring that the principles of fair treatment of clients and appropriate market conduct practices are adhered to within the business and within the broader business model. This committee will ensure that the businesses which operate within Guardrisk have appropriate guidance, support and steer to ensure that they are held to the highest standards when implementing and managing Market Conduct requirements as defined by this framework.

List of Committees mandated to provide management and oversight for Market Conduct Practice within Guardrisk:

Guardrisk Management Committee's and Forums:

- Guardrisk Integrated Assurance Committee (IAC)
- Guardrisk Executive Management Committee (Exco)
- Guardrisk Market Conduct Steering Committee (GMCS)
- Guardrisk Product Management Committee (PMC)
- Guardrisk Combined Assurance Forum (CAF)

8. Roles and Responsibilities

8.1 Board of Directors

Oversight of the Market Conduct Framework within Guardrisk is charged to the Board of Directors. This duty is delegated to the Risk and Audit Committee who in turn delegate to the Guardrisk Exco who have delegated the custodial and operational processes to the Guardrisk Market Conduct Steering Committee who will ensure that all businesses adhere to the requirements set out herein.

8.2 Managing Executives

Managing Executives will be required to ensure that this framework is implemented in each of their respective business units, to ensure that conduct risk is effectively identified, measured, monitored and remedied on an ongoing basis.

In addition, the Managing Executives will be required to ensure the following:

- That sufficient business representation exists on all prescribed governance committees within Guardrisk relative to Market Conduct.
- The role of the Managing Executive will be defined in relation to membership on the Guardrisk Market Conduct Steering Committee. The Market Conduct function will support Managing Executives in fulfilling these requirements

8.3 Guardrisk Market Conduct Steering Committee

The Guardrisk Market Conduct Steering Committee is responsible for the implementation of the requirements set out in the terms of reference for this committee within Guardrisk. The forum will operationalize the requirements and report into the Risk and Audit Committee.

8.4 Market Conduct Function

The Market Conduct function is responsible for ensuring that Guardrisk complies with the requirements set out in this Framework. In addition, the development, monitoring and implementation of the following Guardrisk Frameworks, Policies, Guidelines & Standards vests with this function:

- Guardrisk Group Treating Clients Fairly Framework
- Guardrisk Group Conduct of Business Returns (“CBR”) Standards and Guideline Document
- Guardrisk Group Complaints Management Policy
- Guardrisk Group Claims Management Policy

In addition to the above, the Market Conduct Function will ensure that all the requirements listed below are fulfilled across Guardrisk:

- Ensuring Market Conduct regulatory and reporting requirements are identified, assessed and implemented where applicable;
- Acting as the Centre of Excellence for Market Conduct Regulatory or business related matters;
- Reporting to relevant governance structures on the status of market conduct risk within the organisation and providing assurance to the Board that all relevant governance structures are operating within their specified mandates and remedial action assigned to these governance structures are being measured, tracked and documented accordingly;
- Ensuring that conduct risk within Guardrisk is proactively identified, managed and progress of remedial actions relative to conduct risk identified is tracked appropriately within Guardrisk.
- The market conduct function works in collaboration with technical teams and portfolio managers to achieve these outcomes.

8.5 Management Information and Business Intelligence

The Market Conduct function is responsible to ensure the following principles are catered for relevant to market conduct management information and reporting requirements:

- Internal implementation of TCF
- External implementation of TCF
- Submission of Conduct of Business Returns (CBR’s) to the FSCA on an on-going basis
- Market conduct reviews of existing clients on a risk based approach
- Market conduct due diligence on all new clients
- Internal complaints processes
- External complaints registers

The aforementioned items are reported at all levels. This enables Guardrisk to utilise such information to drive business decisions around market conduct practice for immediate and future purposes.

8.6 Reporting

Monthly and/or adhoc: To management and operational forums; the results of all findings and recommendations, new regulatory developments and market conduct issues.

Quarterly: To the Board and Risk and Audit Committee; covering progress, monitoring findings, new regulatory developments and associated market conduct risks.

8.7 Compliance

Guardrisk is required through various pieces of legislation to ensure compliance with regulation as defined by Guardrisk for the Group. The Guardrisk Compliance Function has incorporated the regulatory requirements listed below which have embedded market conduct requirements into the Guardrisk Regulatory Universe.

Monitoring of Guardrisk's compliance with these regulatory requirements will be documented in the Guardrisk Compliance Monitoring Plans and reported on where non-compliance is identified, in addition to the monitoring that will be conducted by the Market Conduct, Compliance, Risk, Legal and Third Party Assurance functions.

Key contributing regulatory drivers listed below specific in relation to Market Conduct and regulated by the Financial Sector Conduct Authority, Financial Intelligence Centre and National Credit Regulator have been defined for Guardrisk as follows:

- Financial Advisory & Intermediary Services Act ("FAIS") and subordinate legislation
- Financial Intelligence Centres Act ("FICA") & other AML legislation
- Financial Services Regulation Act ("FSRA")
- Long Term Insurance Act ("LTIA") & subordinate legislation
- National Credit Act & subordinate legislation
- Protection of Personal Information Act ("POPIA")
- Short Term Insurance Act ("LTIA") & subordinate legislation
- Treating Customers Fairly Outcomes ("TCF")

8.8 Risk Management

Guardrisk's Risk Management acts as the second line of defence and will ensure that the conduct risk for the organisation is defined in line with the prescribed Integrated Assurance Framework principles and practices, and furthermore that the risk taxonomy for the Group evidences these requirements.

In addition, the Guardrisk Risk Function will assist the Market Conduct Function with developing the Market Conduct Risk register, the risk appetite and risk tools that will be used to identify, monitor, manage and escalate conduct risk for Guardrisk.

8.9 Internal Audit

Guardrisk's Integrated Assurance function fulfilled by Group Internal Audit (GIA) will provide independent, objective assurance to the Guardrisk Board with respect to the effectiveness of governance, risk management and internal controls of the Market Conduct Function.

As part of the internal audit plan, Market Conduct audit reviews will be built into the audit scope where appropriate to ensure the requirements set out within this framework are adequately and efficiently embedded and be evidenced within Guardrisk

8.10 External Audit

Guardrisk's External Audit function will ensure that independent assurance is provided to the Integrated Assurance Function on the status of conduct risk management practices within Guardrisk.

9. Governance of this Policy

9.1 Ownership of this Policy

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

9.2 Drafting and Amendments

The Guardrisk Head: Non-Life Cell Captive Operations Manager 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 Manco Steering Committees for approval, as and when necessary.

9.3 Approval

This policy must be approved by the Guardrisk Market Conduct Steering Committee, Guardrisk Exco, Guardrisk Risk and Audit Committee and the relevant Manco Steering Committees.

9.4 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 to contravene the above will be subject to disciplinary action or termination of employment. All instances of non-compliance with this policy will be reported on by the respective assurance business functions including, but not limited to, Compliance, Market Conduct, Third Party Assurance, Legal and Risk Management

9.5 Review

This Policy will be reviewed by the Head: Non-Life Cell Captive Operations on an annual basis and submitted for approval to the Guardrisk Market Conduct Steering Committee, Guardrisk Exco, Guardrisk Risk and Audit Committee and Guardrisk Board as deemed necessary.

10. Applicable Governance Frameworks

This framework has been drafted in line with the requirements set out in the Guardrisk governance frameworks that have been listed below:

- Guardrisk Governance Framework
- Guardrisk ERM Framework & Policy
- Guardrisk Compliance Risk Management Policy
- Guardrisk Regulatory Universe
- Guardrisk TCF Policy
- Guardrisk Conduct of Business Returns Guidelines & Standards
- Guardrisk Complaints Management Policy
- Guardrisk Claims Management Policy
- Guardrisk Data Governance Policy

11. Known Limitations and Planned Developments

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

Limitation	Planned Developments	Priority and timeline for completion