GMA GLOBAL MOTOR ADMINISTRATORS

CONFLICTS OF INTEREST (COI) POLICY

Introduction:

In terms of the Financial Advisory and Intermediary Services Act, 2002 ("FAIS"), Global Motor Administrators (Pty) Ltd. (GMA) is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest.

GMA has put together a policy to protect our clients' interests and ensure fair treatment of our clients. The key information is summarised below. Further information can be obtained on request from the key individual who is responsible to monitor and manage conflicts of interest on behalf of Global Motor Administrators (PTY) Ltd.

Definitions Defined:

Clients

For the purposes of this policy, 'client' shall mean the Financial Service Provider entity with which **Global Motor Administrators** have entered a business relationship represented by its duly authorised representative. This shall mean either a Motor Dealership or Corporate Head Office of a Motor Dealership Group or A Vehicle Manufacturer Head Office.

Policyholder

The Policyholder shall mean our client's customers, a natural person or fleet / company who have purchased a GMA administered policy.

Conflict of Interest

The FAIS definition of possible conflicts of interest is an actual or potential interest that may, in rendering a financial service to a client, influence the objective performance of obligations to a client, prevent us from rendering an unbiased and fair financial service to the client, or from acting in the interests of the client.

Conflicts of interest can occur:

- between Global Motor Administrators and a client;
- between our clients, if we are acting for different clients and the different interests conflict materially;
- in holding confidential information on clients and policyholders which, if we would disclose or use, would affect the advice or services provided to clients;
- between Global Motor Administrators employee's and representative's relationships with clients / suppliers.

The FAIS Act definition of Personal Interest includes:

- an instance where the FSP sells the product of a smaller product provider company in which the FSP has a financial interest for example, is a shareholder in the company;
- instances where the FSP Global Motor Administrators partakes in some sort of profit share with the product provider company.

Non-Cash Incentives include:

- any cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration

<u>Our Objectives</u>:

Global Motor Administrators (PTY) Ltd. is an Underwriting Management Agency ("UMA") whereby **Global Motor Administrators (PTY) Ltd** acts on behalf of a registered Insurer. **Global Motor Administrators (PTY) Ltd** is involved with premium rating, based on statistical analysis, as well as policy and claims administration; the exact structure is dependent on the client's specific requirements.

Global Motor Administrators (PTY) Ltd is an authorised financial services provider, providing an Intermediary Service to the Insurer. Like any financial services provider, **Global Motor Administrators (PTY) Ltd** is potentially exposed to conflicts of interest in relation to numerous activities. However, the protection of our clients' and policyholder's interests is our main concern and as such, this policy has been put in place to ensure that our client's interests are continuously upheld.

<u>How we Identify Conflict of Interest:</u>

In determining whether there is or may be a real or perceived conflict of interest to which the policy applies, Global Motor Administrators deliberates whether there is a material risk of damage to the client, and policyholder taking into account whether Global Motor Administrators or a **Global Motor Administrators (PTY) Ltd** employee:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client; and policyholder;
- 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;
- 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;
- could influence another provider, or be influenced by another provider, in a manner that might impair the provision of an objective performance of obligations to client or an unbiased and fair financial service to the client or acting in the interests of the Client.

<u>How we Avoid or Manage Conflict of Interest:</u>

Procedures and Control Mechanisms
Once a real or perceived conflict of interest has been identified it needs to be appropriately and adequately managed. Each conflict is assessed, including whether the conflict is real or perceived, as well as what the value of the conflict or the exposure is and the potential reputational risk. **Global Motor Administrators (PTY) Ltd** Compliance and Management then agree on the control measures that need to be put into place to manage the conflict. We have adopted suitable measures throughout our business to manage potential conflict of interest:

- **Declining to act** – We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

- **Executive Review** – This policy shall be reviewed annually and updated if applicable.

- **Gifts and entertainment policy** – **Global Motor Administrators (PTY) Ltd** has a gift policy internally to ensure that the highest standards of ethics are maintained and there can be no question of impartiality.

- **Information barriers** – Restrictive access control to certain areas, separate IT systems and IT folders, IT access control policy and clean desk policy which would prevent instances of holding confidential information on clients which, if we would disclose or use, would affect the advice or services provided to clients.

- **Monitoring** – The Key Individual will conduct ad hoc checks on business transactions to ensure the policy has been obeyed with.

- **A matrix index** – Of real or perceived potential conflict risks at **Global Motor Administrators (PTY) Ltd**, taking into consideration all business areas, including staff and representative's relationships with other FSP's and suppliers is updated annually.

- **No circumvention tolerated** – Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

- **Personal accountability** – All employees, including compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify of any conflicts they become aware of.

- **Reporting** – The compliance officer will include monitoring of the conflict of interest policy as part of his general monitoring duties and will report thereon in the annual compliance report.

- **Repercussions for non-compliance** – Specific measures and consequences have been put in place for non-compliance with our conflict of interest policy. Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable.

- **Structures** – We have established appropriate structures and systems to manage those conflicts. To adequately manage conflicts of interest, Global Motor Administrators must identify all relevant conflicts timeously.

- **Training** – Our representatives, associates and employees receive guidance and training in these procedures and they are subject to monitoring and review processes. Comprehensive training on the conflict of interest policy will be provided either as part of general FAIS training or specifically. All employees, representatives and others, are required to read Board Notice 58 of 2010 as well as this policy and to sign a statement to the effect that they have done so and fully understand the provisions of both documents and the application thereof.

Reducing the Impact of Conflicts of Interest that Cannot be Avoided:

Should a conflict of interest arise which cannot be avoided, we shall immediately disclose the conflict in writing, including the nature and extent of conflict of interest and where applicable, afford clients the opportunity of reviewing their decision to use or continue to use our services.

Procedure for Disclosing any Identified Real or Perceived Conflicts of Interest:

Publication: We will publish our conflict-of-interest policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times.

Report: The Provider, Compliance Officer, or Key individual will include a report on the conflict of interest management policy in the annual compliance report submitted to the Registrar.

Specific Financial Interests Received and how Global Motor Administrators (PTY) Ltd Complies with the rules:

Specific fees and commission disclosures and controls include:

- We may only receive remuneration authorised in terms of applicable legislation; or
- Fees authorised in terms of applicable legislation, or fees or remuneration for services rendered to a third party, if those fees are reasonably commensurate to the service being rendered; or
- A limited immaterial financial interest as defined in the FAIS Act
- A financial interest for a consideration or fair value that is reasonably commensurate to the value of the financial interest that is paid by the provider or representative at time of receipt thereof.
- We will not offer any financial interest to any representative for –
    - Giving preference to the quantity of business secured for the provider to the exclusion of quality service;
    - Giving preference to a specific product supplier where more than one supplier can be recommended to a client;
    - Giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.
- Finally, we will do regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.

Disclosure:

Where there is no other way of managing to avoid or mitigate a conflict, or where the measures in place, as detailed above 'How we avoid or manage conflict of Interest,' do not sufficiently protect our clients' interests, the conflict will be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned.

Immaterial Financial Interest Register

- Non–cash incentives offered or accepted by **Global Motor Administrators (PTY) Ltd**, to any other FSP could be viewed as a potential conflict of interest. (This means any cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration).
- The details of any such non-cash incentives offered or accepted will be recorded in the Immaterial Financial Interest Register. This Register will monitor the Rand value limitation per calendar year of R1,000.00 per representative.
- We also confirm that no **Global Motor Administrators (PTY) Ltd** representative or staff member are incentivised to give preference to any specific insurer and/or product and where incentives based on volumes of business are in place these are supported by an assessment of the quality of the business sold and procedures followed.

GLOBAL MOTOR ADMINISTRATORS

- In addition, in order to comply with our obligation to manage any real or perceived conflict of interests, we believe it is important to disclose the following information to you:
- **Ownership of Global Motor Administrators (Pty) Ltd.**
  Global Motor Administrators (PTY) Ltd. is a new back office Administration company, established in 2014.
- **Relationships with Insurers**
  - **Global Motor Administrators (PTY) Ltd** does not earn more than 30% of income from any one Insurer.
  - In all instances, **Global Motor Administrators (PTY) Ltd** discloses to their clients and policy holders that their business will be insured by our designated Insurers. The possible steps to mitigate this conflict include the client being afforded an opportunity of reviewing their decision to use or continue to use Global Motor Administrators ’s services
    - Our Insurers receive premium and **Global Motor Administrators (PTY) Ltd** earns a fee based on a percentage of the premium.
    - Our Insurers do not receive any benefit from **Global Motor Administrators (PTY) Ltd** that is different to that received by any unrelated third party providing the same service.
    - The fees earned by **Global Motor Administrators (PTY) Ltd** fall within statutory regulations and are similar to those received from other insurers; resulting in product premiums that are competitively priced to other product offerings in the market.

If you have any enquiries or require any further information concerning this policy, please do not hesitate to contact the Key Individual responsible for the Conflict of Management Policy: