

**Compendium**  
INSURANCE BROKERS



## **Conflict of Interest Policy**

Cignet Administration Services (Pty) Ltd  
FSP45313

Compendium Insurance Brokers (Pty) Ltd  
FSP10409 & FSP10405

Compendium Insurance Brokers Zululand (Pty)Ltd  
FSP39116

Edge Insurance Brokers (KZN) (Pty) Ltd  
FSP15175

Swift Auto Brokers (Pty) Ltd  
Juristic representative of FSP10409

Taxi and Transport Insurance Brokers (Pty) Ltd  
FSP4706

Watersure (Pty)Ltd  
FSP34972

GL Broking (Pty) Ltd trading as Gary Leech Insurance Brokers  
FSP1691

Portdem (Py) Ltd trading as Commercial Consultants Insurance  
Brokers  
FSP8276

(hereinafter collectively referred to as “the Company”)

SEPTEMBER 2019



## **BACKGROUND**

Section 3A(2)(a) of the General Code of Conduct stipulates that every provider, other than a representative, must adopt, maintain and implement a Conflict of Interest Management Policy that complies with the provisions of the Act. The policy is to provide mechanisms at Compendium to identify, mitigate and manage conflicts of interest. The Conflict of Interest Management Policy is described as prescribed in Board Notice 58 of 2010 which amends the General Code of Conduct for Authorised Financial Services Providers and Representatives published in Board Notice 80 of 2003, and amended by Board Notice 43 of 2008.

The Conflict of Interest Management Policy does not change our existing conflict of management procedures but intends to document them in simple form as required by the Financial Services Board. In terms of the Financial Advisory and Intermediary Services Act, 2002, Compendium is required to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest. Compendium has put in place a policy to safeguard its clients' interests and ensure their fair treatment. All providers, key individuals, representatives, associates and administrative personnel will comply with this policy and the process will be monitored on an ongoing basis.

Compendium keeps and maintains a register in which all actual or potential conflicts of interest are recorded.

## **MISSION STATEMENT ON CONFLICT OF INTEREST**

Compendium is committed to ensuring that all business is conducted in accordance with good business practice. To this end Compendium conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimize and manage all real and potential conflicts of interest. Like any financial service provider, Compendium is potentially exposed to conflicts of interest in relation to various activities. However, the protection of our clients is our primary concern and as such our policy sets out the following:

We will identify circumstances which may give rise to actual or potential conflicts of interest, entailing a material risk of damage to our clients' interests; we have established appropriate structures and systems to manage those conflicts; and we will maintain systems in an effort to prevent damage to our clients' interest through identified conflicts of interest.



## **UNDERSTANDING THE DEFINITIONS**

### ***Conflict of Interest:***

A conflict of interest may occur when in rendering a financial service to you we do not act objectively or do not render an unbiased or fair service to you or do not act in your interests, including but not limited to:

### ***A financial interest:***

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1000 per annum) other than –

- a) an ownership interest
- b) training, that is not exclusively available to a selected group of providers or representatives, on –
  - i. products and legal matters relating to those products;
  - ii. general financial and industry information;
  - iii. specialized technological systems of a third party necessary for the rendering of a financial service, excluding travel and accommodation associated with that training.

### ***An ownership interest:***

- (i) any equity or propriety interest for which a fair value was paid on acquisition other than such an interest held by a nominee;
- (ii) includes any dividend, profit share or similar benefit derived from such interest.

Any relationship with a third party such as

- (i) a product supplier;
- (ii) another provider;
- (iii) an associate of a product supplier or a provider;
- (iv) a distribution channel;
- (v) any person who in terms of an agreement with a person referred to in paragraphs (i) to (iv) above provides a financial interest to a provider or its representatives.

### ***Immaterial financial interest:***

Any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 (one thousand rand) in any calendar year from the same third party.

### ***Fair value:***

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

## WHAT MAY WE GIVE AND RECEIVE

*We confirm that we will only receive financial interest from the aforesaid providers in the form of:*

- (i) Commission authorized under the Long –Term Insurance Act, 52 of 1998;
- (ii) Commission authorized under the Short –Term Insurance Act, 53 of 1998;
- (iii) Commission authorized under the Medical Schemes Act, 131 of 1998;
- (vii) Subject to any other law, an immaterial financial interest;
- (viii) A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid at the time of receipt thereof.

### **Various Outsourced & Binder Functions**

*Cignet Administration Service and Compendium Insurance Brokers receives fees for outsourced and binder functions performed on behalf of insurers. Some of these insurers include Bidvest, Hollard, Santam, New National, Zurich, Mutual & Federal, AIG, AC & E, Etana, MUA Insurance Acceptances (Pty) Ltd, Lion of Africa, One, Renasa, Lloyds and Infiniti. The fees are not based on profit and the ultimate claims decision is made by the insurance company concerned.*

## REMUNERATION POLICY

The manner in which the Company is remunerated is disclosed to each individual client on the clients Disclosure Notice contained in the clients policy schedule.

## PROCESSES AND INTERNAL CONTROLS

### *Identification of Conflict of Interest*

To adequately manage conflicts of interest we must identify all relevant conflicts timeously. In determining whether there is or may be a conflict of interest to which a policy applies, Compendium considers whether there is a material risk of damage to the client, taking into account whether Compendium, its representatives, associates or employees:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- 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 that in the outcome;
- has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of the client;
- receives or will receive from a person other than a client, an inducement in relation to a service to the client in the form of monies, goods and services, other than the legislated commission or reasonable fees for that service

*Our policy defines possible conflicts of interest as, inter alia:*

- conflicts of interest between Compendium and the client;
- conflicts of interest between our clients if we are acting for different clients and the different interests conflict materially;
- conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;
- by holding confidential client information, which if we disclosed or used would affect the advice or services provided to client.

Compendium maintains an index of potential conflict risks, taking into consideration all business areas and income streams. The index is updated with all new conflicts identified, and to ensure completeness is reviewed on an annual basis.

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the key individual of any conflicts they may become aware of. The key individual will assess the implications of the conflict and how the conflict should be managed and act impartially to avoid a material risk of harming clients' interests.

#### **MEASUREMENT FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTEREST**

Create awareness and knowledge of applicable stipulations of the general Code of Conduct and relevant legislation relation to conflict of interest, through training and educational material.

Ensure understanding and adoption of the conflict of interest policy and management measures by all employees, representatives and associates.

Regular inspections of all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.

Keep a register of the conflicts of interest.

Identification of each conflict including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Implementation of controls to manage the conflict.

#### ***Disclosure:***

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect the clients' interests, the conflict must be disclosed to allow the client to make an informed decision. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements must be disclosed to the client.

#### ***Publication:***

We will publish our Conflict of Interest Management Policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times.

#### ***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.

#### **ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT**

This policy will be reviewed annually and included in our annual FSB compliance report. It will contain details on the implementation, monitoring and compliance with, and the accessibility of the conflict of interest management policy. The key individual or staff member in charge of supervision and monitoring of this policy will regularly monitor and assess all related matters as well as conduct ad hoc checks on business transactions to ensure the policy has been complied with.



### **TRAINING AND STAFF**

All employees and representatives are required to read Board Notice 58 of 2010 and the Conflict of Interest Management 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. Comprehensive training on the Conflict of Interest Management Policy will be provided to all employees and representatives and employees.

The Compliance Officer will include monitoring of the conflict of interest management policy as part of their general monitoring duties and will report thereon in the annual compliance report. Non-compliance by employees and representatives will be subject to disciplinary procedures in terms of FAIS and can ultimately result in debarment of the individual. Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

### **REPRESENTATIVE INCENTIVES**

We confirm we will not offer any financial interest to our key individuals or representatives for –(i) favouring quantity of business over quality of service; or (ii) giving preference to a specific product supplier where more than one supplier can be recommended to a client; or (iii) giving preference to a specific product of a suppliers where more than one product of that supplier can be recommended.

### **REGISTERS**

With regard to existing third party relationships, which are listed in our Disclosure Notice, we confirm that we do not have an ownership interest nor are subject to exclusive training nor are there any other circumstances which could lead to a potential conflict of interest. Should any conflicts arise with regard to any of these prior to entering into any business transaction with you, we undertake to disclose these in the registers below.

Compendium has implemented the following registers:

Nature and Extent of Ownership Interests

1. Financial Interest Received
2. Nature and Extent of Business Relationships
3. Associations



## **Register of Financial Interests, Ownership Interests and Business Relationships**

At Compendium we believe in open, honest and transparent interaction with our clients. In the course of our business activities situations may arise whereby we may become entitled to certain financial interests supplied by external parties in addition to the commission that we earn or the fees that we charge.

At Compendium we take pride therein that our advice is objective and free of external influence, but wish to disclose to you, our valued client, that we have received the following financial interests and wish to disclose the value and the reason for receiving the financial interests.

We do not believe that the financial interests received constitute a conflict of interest, but would gladly address any concerns you may have. Please refer to annexure 1 for complete lists.

We may also enjoy a preferred status with one or more of the product supplier companies with whom we hold contracts. This status allows us and our customers certain benefits when dealing with these providers.

We similarly make every effort to ensure that our advice is not influenced by our status with any one product supplier, but believe that disclosure of these business relationships and the benefits they include, allow you to make informed decisions. Please refer to annexure 2 for complete details of these business relationships.

In accordance with the General Code of Conduct for Financial Services Intermediaries we are required to disclose any ownership interest we may have in external parties. These are contained in annexure 3.

**Compendium Insurance Brokers (Pty) Ltd FSP10409 & FSP10405**

**Compendium Insurance Brokers Zululand (Pty) Ltd FSP39116**

**Cignet Administration Services (Pty) Ltd FSP45313**

**Taxi and Transport Insurance Brokers (Pty) Ltd FSP4706**

**Watersure (Pty) Ltd FSP34792**

**Edge Insurance Brokers KZN (Pty) Ltd FSP15175**

**GL Broking Enterprises (Pty) Ltd trading as Gary Leech Insurance Brokers FSP1691**

**Portdem (Pty) Ltd trading as Commercial Consultants Insurance Brokers FSP8276**

National Compliance CC (Practice Number 1307) is the External Compliance Officer for the group. National Compliance CC is an authorized compliance practice that fulfils the compliance function for Financial Services Providers (FSP's) on an outsourced basis to ensure compliance within the Financial Advisory & Intermediary Services Act (FAIS) and Financial Intelligence Centre Act (FICA) Framework.





### **Various Entities**

**FSP NAME:** CIGNET ADMINISTRATION SERVICES (PTY) LTD

**COMPANY REGISTRATION NO.:** 2004/029524/07

**FSP NUMBER:** FSP45313

**KEY INDIVIDUAL/S:** Rowan Andrew Jones and Debbie Crofts.

**REPRESENTATIVES:** The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

**FSP NAME:** COMPENDIUM INSURANCE BROKERS (PTY) LTD

**COMPANY REGISTRATION NO.:** 2000/009588/07

**FSP NUMBER:** FSP10409 & FSP10405

**KEY INDIVIDUAL/S:** Rowan Andrew Jones, Jonathan Robertson, Noel Martin Swart, Gareth Reeves, Ashley Reeves, David Brauteseth and Wesley Gormley.

**REPRESENTATIVES:** The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

**FSP NAME:** COMPENDIUM INSURANCE BROKERS ZULULAND (PTY) LTD.

**COMPANY REGISTRATION NO.:** 2008/004917/07

**FSP NUMBER:** FSP39116

**KEY INDIVIDUAL/S:** Rowan Andrew Jones and Anthony Collins.

**REPRESENTATIVES:** The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

**FSP NAME:** EDGE INSURANCE BROKERS (KZN) (PTY) LTD

**COMPANY REGISTRATION NO.:** 2001/005734/07

**FSP NUMBER:** FSP 15175

**KEY INDIVIDUAL/S:** Wesley Gormley.

**REPRESENTATIVES:** The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

**COMPANY NAME:** SWIFT AUTO BROKERS (PTY) LTD

**COMPANY REGISTRATION NO.:** 2006/027398/07

**FSP NUMBER:** It is noted that Swift Auto Brokers (Pty) Ltd is a juristic representative of FSP10409.

**REPRESENTATIVES:** The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

**FSP NAME:** TAXI AND TRANSPORT INSURANCE BROKERS (PTY) LTD

**COMPANY REGISTRATION NO.:** 1992/003744/07

**FSP NUMBER:** FSP4706

**KEY INDIVIDUAL/S:** Julie Helena Gascoigne and Heather Lynn Nelson.

**REPRESENTATIVES:** The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

**FSP NAME:** WATERSURE (PTY) LTD.

**COMPANY REGISTRATION NO.:** 2004/027733/07

**FSP NUMBER:** FSP34972

**KEY INDIVIDUAL/S:** Rowan Andrew Jones and David Pickford.

**REPRESENTATIVES:** The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

**FSP NAME:** GL BROKING (PTY) LTD TRADING AS GARY LEECH INSURANCE BROKERS

**COMPANY REGISTRATION NO.**2019/378521/07

**FSP NUMBER:** FSP1691

**KEY INDIVIDUAL/S:** Kathy Petherbridge

**REPRESENTATIVES:** The Company employs a number of representatives who are compliant in terms of FAIS Regulations.

**FSP NAME:** PORTDEM (PTY) LTD TRADING AS COMMERCIAL CONSULTANTS INSURANCE BROKERS

**COMPANY REGISTRATION NO.**2019/112944/07

**FSP NUMBER:** FSP8267

**KEY INDIVIDUAL/S:** ALISON MACKENZIE

**REPRESENTATIVES:** The Company employs a number of representatives who are compliant in terms of FAIS Regulations.



**Annexure 1**  
**Financial Interest Received**

**Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1000 per annum) other than –**

- a) an ownership interest
- b) training, that is not exclusively available to a selected group of providers or representatives, on –
  - i. products and legal matters relating to those products;
  - ii. general financial and industry information;
  - iii. specialized technological systems of a third party necessary for the rendering of a financial service, excluding travel and accommodation associated with that training.

Description	Date Received	From	Reason	Value

**Annexure 2  
Business Relationship**

<b>Company</b>	<b>Name of relation</b>	<b>Benefits</b>
Cignet Administration Services (Pty) Ltd	Common shareholder	None
Compendium Insurance Brokers (Pty) Ltd	Common shareholder	None
Compendium Insurance Brokers Zululand (Pty) Ltd	Common shareholder	None
Edge Insurance Brokers (KZN) (Pty) Ltd	Common shareholder	None
Swift Auto Brokers (Pty) Ltd	Common shareholder	None
Taxi and Transport Insurance Brokers (Pty) Ltd	Common shareholder	None
Watersure (Pty) Ltd	Common shareholder	None
Portdem (Pty) Ltd trading as Commercial Consultants Insurance Brokers	Common shareholder	None
GL Broking trading as Gary Leech Insurance Brokers (Pty) Ltd	Common shareholder	None

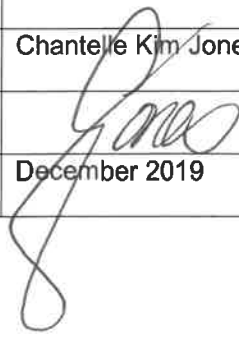
Compendium Group Investment Holdings (Pty) Ltd have ownership in all the entities listed above with some of the entities having common shareholders.

**Annexure 3  
Ownership Interest**

Any equity or proprietor interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a propriety interest held as an approved nominee on behalf of another person. This includes and dividend, profit share or similar benefit derived from that equity or ownership interest.

<b>Company Name</b>	<b>Percentage Ownership</b>	<b>Date Obtained</b>
Compendium Group Investment Holdings (Pty) Ltd in Compendium Insurance Brokers (Pty) Ltd.	87.75%	2018
Compendium Group Investment Holdings (Pty) Ltd in Compendium Insurance Brokers Zululand (Pty) Ltd.	33%	2011
Compendium Group Investment Holdings (Pty) Ltd in Swift Auto Brokers.	100%	2017
Compendium Group Investment Holdings (Pty) Ltd in Cignet Administration Services (Pty) Ltd.	100%	2017
Compendium Group Investment Holdings (Pty) Ltd in Watersure (Pty) Ltd.	25%	2004
Compendium Group Investment Holdings (Pty) Ltd in Edge Insurance Brokers (KZN) (Pty) Ltd.	100%	2019
Compendium Group Investment Holdings (Pty) Ltd in Portdem (Pty) Ltd trading as Commercial Consultants Insurance Brokers	100%	2019
Compendium Group Investment Holdings (Pty) Ltd in GL Broking trading as Gary Leech Insurance Brokers	100%	2019
Compendium Group Investment Holdings (Pty) Ltd in Taxi and Transport Insurance Brokers (Pty) Ltd	100%	2019

Compendium Group Investment Holdings (Pty) Ltd. is the majority shareholder of Compendium Insurance Group (Pty) Ltd. Bidvest Insurance Group (Pty) Ltd has a controlling interest of 75% in Compendium Group Investment Holdings (Pty) Ltd.

Version	2
Date of Approval	September 2019
Approved by	Chantelle Kim Jones
Signature	
Next review Date	December 2019