Insurancewise Complaints Resolution Systems and Services (Pty)Ltd

FSP 32023

insurancewise
rules bound, values driven

Insurancewise conflict of interest policy

Introduction

A conflict of interest arises when a person or business that is supposed to act with objectivity and fairness is affected, or may be affected, by another interest that competes with that duty. In the financial services environment, that competing interest may be personal, financial, commercial, relational or strategic. It may involve money, ownership, gifts, hospitality, production pressure, referral arrangements, loyalty to a product supplier, a desire to protect a business relationship, or any other influence that could interfere with proper judgment. The concern is not limited to actual dishonesty. The real problem is that a conflict of interest can distort the way decisions are made, even where the person affected believes that he or she is still acting properly. A conflict may therefore be actual, potential or perceived. An actual conflict exists where the competing interest is already influencing conduct. A potential conflict exists where the risk is present and may develop into a real problem. A perceived conflict exists where a reasonable client may believe that judgment is no longer independent, even if no improper conduct can yet be proved. In a business such as Insurancewise, all three are important because trust in financial services depends not only on what is done, but on whether the client can have confidence that recommendations and actions are free from hidden influence.

A conflict of interest is undesirable because it undermines the core duty that financial services must be rendered honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry. If a representative is influenced by commission structures, personal gain, supplier pressure or internal targets, the client may receive advice that is biased, incomplete or not truly suited to that client's needs. If Insurancewise, its employees or its mandated F&Is allow outside incentives to shape their conduct, the consequences can be serious. The client may be placed in an unsuitable product, may pay more than is necessary, may lose the opportunity to choose a better option, or may be given a misleading impression of the strengths or weaknesses of competing products. The business may face complaints, ombud referrals, reputational harm, regulatory action and internal disciplinary consequences. Employees and representatives may also be exposed to allegations of misconduct even when they did not intend to act improperly. The existence of a conflict can therefore harm the client, the representative and the provider at the same time. That is why conflict management is not a technical side issue. It is part of good governance, fair treatment of customers and the long-term credibility of Insurancewise.

For Insurancewise, this policy is intended to explain, in clear and formal but understandable language, how conflicts of interest are to be recognised, avoided, mitigated, disclosed and monitored. It is written in narrative form so that it can be read as a practical statement of principle rather than as a dense legal instrument, but it is rooted in the FAIS General Code requirements and must be applied as a binding internal governance standard. The policy should be understood as applying not only when an obvious problem arises, but whenever a financial service is being rendered and there is any possibility that objectivity, fairness or loyalty to the client may be weakened by another interest.

Objective judgement and the client’s interests

The General Code requires that where a provider’s licence, terms of employment or mandate allow that provider to offer clients financial services in respect of a choice of product suppliers, the provider must exercise judgment objectively in the interest of the client concerned. This requirement goes to the heart of what it means to act as a financial services provider rather than as a mere promoter of whichever product is most convenient, profitable or familiar. Where a real choice exists, that choice must be exercised with disciplined judgment. The provider is not permitted to allow convenience, habit, production expectations, supplier pressure or personal relationships to become the hidden driver of the recommendation. The question must always be what is objectively in the interests of the client, having regard to that client’s needs, circumstances and reasonable expectations.

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For Insurancewise, this means that whenever employees, representatives or mandated F&Is are in a position to consider more than one product supplier, they must approach the task with independence of mind. They must not begin with the answer already chosen because one supplier pays better, responds faster, has the closer relationship with the business, or assists more generously with marketing or support. Those factors may exist in commercial life, but they may not be allowed to displace the duty of objective judgment. Objective judgment requires a fair assessment of the client's needs, a fair understanding of the products or suppliers available, and a willingness to recommend the option that is most appropriate rather than the option that is most advantageous to the provider.

This duty also requires Insurancewise to create internal conditions that make objective judgment possible. It is not enough to tell representatives to be fair while rewarding them in a way that encourages product bias. Nor is it enough to claim to act in the client's interests while allowing supplier relationships to influence recommendations behind the scenes. Objective judgment depends on culture, systems and incentives. For that reason, this policy treats the duty of objectivity as both an individual conduct obligation and a business-wide governance responsibility.

Fair comparison and responsible criticism

The General Code also provides that, subject to the rules that apply to comparisons in advertisements, a provider may not compare different financial services, financial products, product suppliers, providers or representatives unless the differing characteristics of each are made clear, and may not make inaccurate, unfair or unsubstantiated criticisms of any financial service, financial product, product supplier, provider or representative. This rule protects clients from distorted selling practices. Comparison is often helpful and sometimes necessary. Clients are better served when they understand meaningful differences between products, pricing structures, exclusions, benefits, service levels and suitability factors. However, comparison becomes improper when it is selective, unbalanced or unsupported by fact.

In practical terms, Insurancewise may compare products or providers only where the comparison is fair, factually correct, properly explained and sufficiently complete to avoid misleading the client. It is not enough to highlight a single advantage of one product without explaining the corresponding disadvantages or differences that may materially affect the client's decision. Nor may representatives create the impression that a competing product or provider is inferior unless there is a proper factual basis for saying so. Statements based on exaggeration, assumption, personal dislike, sales rhetoric or incomplete information are unacceptable.

For Insurancewise, this means that comparisons must be approached with care and intellectual honesty. The purpose of a comparison is to help the client make an informed decision, not to steer the client through selective disclosure or negative commentary. Any criticism of a competitor, product or service must therefore be accurate, fair and substantiated. If a representative cannot support a criticism with reliable information, the criticism should not be made. This is especially important in conflict of interest management because unfair comparisons are often a symptom of hidden bias. A representative who has become too aligned with one supplier or product may begin to describe alternatives in a distorted way. This policy is intended to prevent that outcome by insisting that choice be accompanied by objectivity and that comparison be accompanied by fairness.

What the key definitions mean in practice

The FAIS framework uses several important definitions that shape the way conflict management must work in practice.

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A **financial interest** includes any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, subject to the exclusions specifically recognised by the Code. In ordinary language, this means almost any benefit with value can potentially be a financial interest if it is received from or offered to a relevant third party in connection with the rendering of a financial service. The definition is deliberately wide because influence does not arise only from direct cash payments. A dinner, a trip, a discount, a service, sponsored attendance at an event, or another commercial favour may all create a sense of obligation or preference. The Code excludes ownership interests from this definition because they are dealt with separately, and it also excludes certain training that is broadly available and genuinely related to products, legal matters, general financial and industry information, or specialised systems necessary for rendering a financial service, although travel and accommodation associated with such training are expressly excluded from the training exception.

An **immaterial financial interest** is a financial interest with a determinable monetary value that does not exceed the aggregate amount of R 1 000 in any calendar year from the same third party. In other words, the law recognises that very small benefits may sometimes be tolerated, but only up to a strict threshold and only within the stated annual aggregate from the same source. This does not mean that such benefits are irrelevant. Even a small benefit must be monitored, because repetition can create dependency or appearance of favour. Insurancewise therefore treats the concept of an immaterial financial interest as a narrow exception, not as a free licence to accept benefits casually.

An **ownership interest** means an equity or proprietary interest for which fair value was paid at the time of acquisition, excluding interests held merely as an approved nominee on behalf of another person, and it includes dividends, profit shares or similar benefits derived from that interest. In practical terms, an ownership interest exists where there is a real stake in an entity, together with the financial upside that comes from that stake. Ownership matters in conflict management because it can create deep structural incentives. If Insurancewise, or a person connected to it, has an ownership interest in a product supplier or another relevant entity, that fact may affect independence, disclosure obligations and the way the business may describe itself to clients.

Insurancewise's commitment

Insurancewise commits itself to managing conflicts of interest in a way that gives practical effect to the client-interest standard in the FAIS framework. The business recognises that conflicts cannot always be eliminated from commercial life, but it also recognises that they can never be ignored. The policy of Insurancewise is therefore to identify conflicts as early as possible, avoid them where reasonably possible, mitigate them where avoidance is not possible, disclose them where disclosure is required, and monitor the business continuously for patterns that may create biased or unfair outcomes.

This commitment applies across the business and binds directors, key individuals, representatives, employees, mandated F&Is and, where relevant, associates and service providers involved in the rendering of financial services. Conflict management is not the responsibility of compliance alone. It is part of day-to-day business conduct and decision-making. Anyone who is in a position to influence product recommendation, client communication, comparison, disclosure, remuneration, supplier interaction or service delivery must understand that conflict management is part of his or her professional duty.

How insurancewise identifies conflicts

Insurancewise identifies conflicts of interest by paying attention to both specific transactions and broader business structures. A conflict may arise through a product recommendation, a comparison between suppliers, a fee arrangement, a gift, a hospitality event, a sponsorship, a referral arrangement, a production target, an ownership link, a service agreement, an outside business interest, a personal relationship or an instruction from a third party. It may also arise where a representative stands to gain, directly or indirectly, from favouring one supplier, one product or one client outcome over another.

For that reason, Insurancewise requires ongoing disclosure and recording of relevant interests, relationships and benefits. This includes internal declarations by representatives and employees, registers of gifts and hospitality, records of third-party arrangements, and records of ownership interests and associates. A conflict does not have to be certain before it is reported internally. If a person is unsure whether a situation creates a conflict, that uncertainty is itself a reason to raise the matter. A possible conflict that is examined early can usually be managed; a conflict that is hidden often becomes a compliance failure.

Avoidance, mitigation and disclosure

The first preference of Insurancewise is always to avoid a conflict where avoidance is reasonably possible. Avoidance may mean declining a gift, refusing an incentive, changing the allocation of a matter, recusing a conflicted person from a decision, declining a problematic supplier arrangement, or redesigning a business practice that creates product bias. Avoidance is the best solution because it removes the risk rather than trying to control it after the fact.

Where avoidance is not reasonably possible, Insurancewise will mitigate the conflict. Mitigation may include oversight by a manager or key individual, enhanced supervision, restricted authority, separation of duties, approval requirements, independent review, clearer disclosures, tighter record keeping, or adjustments to remuneration structures. The chosen control must be proportionate to the seriousness of the conflict. A structural conflict created by ownership or incentives requires more than a generic warning. It requires a deliberate control response that can be shown to work in practice.

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Where a conflict of interest exists in relation to a client, it must be disclosed in writing at the earliest reasonable opportunity. That disclosure must include the measures taken to avoid or mitigate the conflict, any ownership interest or financial interest other than an immaterial financial interest that the provider or representative may be or become eligible for, and the nature of the relationship or arrangement with the third party that gives rise to the conflict, described in enough detail for the client to understand what the conflict is and why it matters. The client must also be informed of this policy and how it may be accessed. Insurancewise will ensure that such disclosure is made in plain language and at a point when the client can still make an informed decision.

Financial interests that may or may not be received or offered

Insurancewise and its representatives may receive or offer only those financial interests that are permitted under the General Code. These include authorised commission under the applicable insurance or medical schemes legislation, authorised fees under that legislation, agreed client fees in circumstances where commission or those fees are not paid and where the amount, frequency, payment method, recipient and service details are specifically agreed to by the client in writing and may be stopped at the client's discretion, fees or remuneration for services rendered to a third party, immaterial financial interests, and financial interests for which fair value or reasonably commensurate remuneration is paid at the time of receipt.

Where Insurancewise or its representatives receive or offer fees or remuneration of the kinds referred to in the Code, the business will ensure that the financial interest is reasonably commensurate with the service being rendered, that the payment does not result in remuneration more than once for performing a similar service, that any actual or potential conflict is effectively mitigated, and that the arrangement does not impede fair outcomes for clients. Permissibility under the Code is therefore the starting point, not the end of the enquiry. Insurancewise will also ask whether the arrangement is fair, explainable and consistent with client interests.

Prohibited incentive structures

Insurancewise may not offer any financial interest to a representative that is determined with reference to the quantity of business secured without also giving due regard to the delivery of fair outcomes for clients. Insurancewise may also not offer a financial interest for giving preference to a specific product supplier where more than one supplier may be recommended, or for giving preference to a specific product of a supplier where more than one product of that supplier may be recommended. This is a central feature of the conflict rules because remuneration often drives behaviour more powerfully than policy language alone.

Where Insurancewise structures remuneration, rewards or incentives for representatives, it must be able to demonstrate that entitlement to those financial interests takes into account measurable indicators relating to minimum service level standards, delivery of fair outcomes for clients, and quality of compliance, with sufficient weight to mitigate materially the risk that quantity of business will be preferred over fair treatment. In practical terms, this means that sales volume may never be the sole or dominant measure. The quality of the business written, the fairness of the outcomes achieved and the standard of compliance must matter in a real and measurable way.

Insurancewise also adopts the rule that a Category I provider authorised or appointed to give advice may not receive a sign-on bonus from any person, and that no person may offer or provide such a bonus to anyone other than a new entrant as an incentive to become such a provider. The business will not permit prohibited recruitment or migration incentives to be disguised through another person, associate or arrangement.

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Independence, supplier relationships and structural conflicts

Insurancewise recognises that conflict management is not limited to individual conduct. Structural features of the business may also create conflicts. If Insurancewise has an ownership relationship with a product supplier, receives certain financial interests from a product supplier, or has another relationship that creates a material conflict of interest, that fact may affect whether the business can properly describe itself or its services as independent. The language used in client communication, marketing and disclosure must therefore reflect the true nature of the business structure and not create a misleading impression of neutrality where neutrality is compromised by ownership or aligned commercial interests.

For this reason, Insurancewise will maintain and keep current a list of all associates, the names of any third parties in which it holds an ownership interest, the names of any third parties that hold an ownership interest in Insurancewise, and the nature and extent of those ownership interests. This information forms part of the minimum legal content of a compliant conflict of interest management policy and is essential to transparency and governance. Where the factual detail is maintained in a separate internal schedule or register, that schedule or register will be incorporated into this policy framework for compliance purposes.

Responsibilities within Insurancewise

The board of directors, or where there is no board the governing body, is responsible for adopting this policy and overseeing its implementation. Key individuals and senior management are responsible for embedding it in the business, ensuring that representatives and employees understand it, and ensuring that business practices, incentives and supplier relationships are aligned with it. Compliance is responsible for supporting implementation, guidance, monitoring, reporting and review, but compliance does not carry the burden alone. Each employee, representative and mandated F&I remains responsible for personal compliance and for raising issues that may create conflict risk.

Managers must respond actively when conflicts are disclosed or suspected. A disclosure is not a mere formality. It calls for assessment, record keeping, a control response and, where appropriate, disclosure to the client. The effectiveness of this policy depends on how management responds in real situations. A culture in which disclosures are ignored or treated as inconvenience will undermine the policy no matter how well drafted it may be.

Training, awareness and accessibility

Insurancewise will ensure that employees, representatives and, where appropriate, associates are aware of the contents of this policy and receive suitable training and educational material. That training will address the meaning of conflicts of interest, the categories of permitted and prohibited financial interests, the rules on objectivity and comparison, the treatment of gifts and hospitality, disclosure obligations, internal reporting routes and the consequences of non-compliance.

This policy will be drafted and maintained in an easily comprehensible form and manner, as required by the Code. It will also be published in appropriate media and made easily accessible for public inspection at all reasonable times. When a client is informed of a conflict, the client must also be informed how this policy may be accessed. Accessibility is part of transparency, and transparency is part of fair treatment.

Monitoring review and reporting

Insurancewise will continuously monitor compliance with this policy and conduct at least an annual review of it. Monitoring will include review of declarations, registers, remuneration structures, supplier relationships, complaints, incidents, audit findings and any other information that may indicate conflict risk or weakness in controls. Where a weakness is identified, the response must be practical and timely. The point of monitoring is not merely to detect non-compliance after the event, but to improve the way the business manages risk.

A report on the implementation, monitoring, compliance with, and accessibility of this policy must be included in the provider's compliance reporting in the manner required by the Code. The policy must therefore be capable not only of being read, but of being evidenced in operation. Insurancewise accepts that proper conflict management requires proof of implementation, not only good intentions.

Consequences of non-compliance

Non-compliance with this policy may lead to client harm, biased advice, unfair treatment, complaint escalation, ombud exposure, regulatory criticism, reputational damage and internal disciplinary consequences. Depending on the seriousness of the matter, Insurancewise may respond with retraining, formal instruction, withdrawal of authority, amendment of remuneration consequences, disciplinary action, enhanced supervision, termination of arrangements, reporting through governance channels, or any other lawful corrective step appropriate to the breach.

The business will also treat serious or repeated breaches as indicators of wider governance problems. A conflict breach may reveal not only individual misconduct, but also inadequate controls, poor incentive design, weak management response or insufficient training. In that sense, enforcement of this policy is also part of maintaining the health of the business.

Closing statement

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This policy expresses Insurancewise's commitment to conducting financial services business in a manner that is fair, transparent and worthy of client confidence. Conflict of interest management is not about resisting commercial reality. It is about ensuring that commercial reality does not override the client's right to objective, honest and fair treatment. Insurancewise therefore adopts this policy not as a document for the shelf, but as a practical framework for judgment, conduct and accountability in everyday business life.

Quinten Knox
Director: Insurancewise Complaints Resolution Systems and Services (Pty)Ltd
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