

CONFLICT OF INTEREST MANAGEMENT POLICY FOR:

CROSS COUNTRY INSURANCE CONSULTANTS (PTY) LTD

Cross Country takes personal responsibility to make sure all our business dealings with our clients, colleagues, service providers, suppliers, regulatory bodies, other FSP's and product suppliers are of the highest quality and are open and transparent in all aspects of the operations of the business, whether they are part of the financial services industry or not. Cross Country's primary objective is business ethics and will endeavour to deal fairly and be open and transparent in all business undertakings.

Cross Country take this policy as a statement that binds the ethics of the Company.

Ian Georgeson
Managing Director

Signature

1 April 2011
Date

THIS CONFLICT OF INTEREST MANAGEMENT POLICY APPLIES TO:

- 1) Directors
- 2) Managers
- 3) Permanent staff
- 4) Temporary staff or staff on contract

whether they are employed in the financial services sector or not.

WHAT DOES CROSS COUNTRY CONSIDER AS A CONFLICT OF INTEREST:

The FAIS (Financial Advisory and Intermediary Services Act) Act gives us the basis for our policy. The FAIS act is defined as follows:

“any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client:

- influence the objective performance of his, her or its obligations to that client; or

- prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client,
- including, but not limited to –
- a financial interest
 - an ownership interest
 - any relationship with a third party”

A POTENTIAL CONFLICT SITUATION MAY ARISE WITHIN CROSS COUNTRY WHERE:

- 1) Insurers with whom there is a business/ownership relationship.
- 2) Other FSP’s with whom there is a business/ownership relationship.
- 3) Distribution channels with whom there is a business/ownership relationship.
- 4) Any other person/s with whom there is a business/ownership relationship.
- 5) Any service providers with whom there is a business/ownership relationship.

Cross Country could have relationships with any of the above where we may have an ownership interest in them or by them. These companies, where applicable, are listed in separate annexures to this policy.

- 6) Cross Country staff have a different remuneration policy on their employment contracts.
- 7) There may be other relevant relationship that exist within Cross Country.

Where applicable, they are listed in separate annexures to this policy.

HOW CROSS COUNTRY EVALUATE WHERE THERE ARE CONFLICT SITUATIONS WITHIN OUR BUSINESS:

All relationships that we have in place are documented whether or not they create a conflict of interest or potential conflict of interest. In all instances we make the decision as to whether these are to be avoided or mitigated and these decisions are documented. These relationships are reviewed on an ongoing basis (at the very least Annually and before any New relationships are entered into) and any changes or new relationships that are established are documented accordingly. Our external compliance officer (Associated Compliance Services – C Ormrod) is updated on any changes, and if the need arises, he will notify the Financial Services Board, who are the ultimate authority governing the financial services sector.

THE SITUATIONS WE EXAMINED INCLUDE:

- 1) What Associate company relationships do we have?
- 2) What Third Party relationships do we have?

Including but not limited to: Product Suppliers, Other FPS’s, Distribution Channels, Other Persons with whom we may have a financial interest (i.e., panel beaters, assessors etc.) and Suppliers outside the Insurance Industry (i.e., stationary, IT, Accounting, Equipment etc.)

Furthermore, we have asked the following questions:

- a) Is there any Ownership interest within these relationships?
- b) Is there any Financial interest paid from or to the entities within these relationships?
- c) Is there any Immaterial financial interest paid from or to the entities within these relationships?

In each case, we have asked whether or not these relationships cause a conflict of interest and if so how are

we monitoring the frequency and extent.

3) What are our staff remuneration policies – including what relationships they have with Associate company's, Third Parties, Service Providers and Suppliers?

Data was collected from all staff members in order for us to assess whether or not there were any conflict of interest situations. Once assessed, we reviewed the data and then had to see how best it was to deal with the situation. The options included:

- a) Avoidance – Take away the conflict situation, OR
- b) Mitigate – Acknowledge the conflict, but put measures in place to reduce the potential impact, AND/OR
- c) Disclose – Provide full details of the conflict and what has been done and how to reduce or eliminate the situation.

Any solution could be a combination of all three, however our general strategy is to avoid conflicts by physically removing them. Where we could not avoid the conflict situation, we put measures in place to control the conflict. All possible conflicts are disclosed to clients in writing in all documentation (New business, Endorsements and Renewals) given to the broker, to be forwarded to the clients.

All our disclosures are clear and to the point.

Our disclosures include:

- 1) What conflicts we have.
- 2) What measures we have taken to avoid or mitigate these.
- 3) Ownership interests that may become due to us – this includes shareholding, dividends, profit share and similar payments. This includes ownership of and payments from associated companies that can include administrators, cell captives and Insurers.
- 4) Financial interests (these are things we actually pay for that are made available by other FSP's or Insurers as part of the relationships that exist) that may become due, these include: vouchers, benefits, travel, hospitality, accommodation, sponsorships and other incentives.
- 5) Details of the relationships and/or arrangements that exist that create the (potential) conflict.
- 6) How to obtain our Conflict of Interest Management Policy.

HOW DO WE ENSURE THIS POLICY IS UNDERSTOOD AND ADHERED TO BY ALL:

- 1) This management plan has been developed and approved by management at Cross Country.
- 2) The FAIS conflict of interest adherence is on every Agenda at the management meetings.
- 3) All staff have been trained with regards to conflict of interest and are constantly updated with any changes.
- 4) This policy is readily available to all staff, clients or any other interested party.
- 5) This policy is updated on an annual basis.
- 6) If any staff member does not adhere to this conflict of interest policy, it constitutes disciplinary procedures.
- 7) All staff complete a conflict of interest questionnaire on an annual basis.
- 8) All management and staff have signed a formal declaration confirming their understanding and agreement to adhere to this policy.
- 9) Our compliance officer will review this conflict of interest policy on a constant basis and if necessary has an obligation to report the noncompliance to the authorities if corrective action is not taken.

We have summarized the results below, under the headings:

- 1) Details of identified associated companies (incl. those of our staff)
- 2) Details of 3rd party companies with ownership relationships (incl. those of our staff)
- 3) Summary of other identified conflicts and corrective actions taken

CONFLICT OF INTEREST MANAGEMENT POLICY – DETAILS OF IDENTIFIED ASSOCIATED COMPANIES

(including those of our staff)

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(including those of our staff)

Who is the Associate Company?	Do we have a shareholding in them?	Do they have a shareholding in us?	Do we see this as a potential conflict?	If Yes, what have we done about it?	Controls in place?
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<p>REALLY USEFUL INVESTMENTS 181 (PTY) LTD – A wholly owned subsidiary of Renasa Holdings (Pty) Ltd</p>	<p>No</p>	<p>Yes</p>	<p>No. Our primary product provider is Renasa Insurance Company Ltd – this company is a wholly owned subsidiary of Renasa Holdings (Pty) Ltd as is CCIC – the product service etc. is conducted according to recognized insurance practice guidelines and as such our relationship with them cannot be seen as one creating a conflict situation</p>	<p>N/A</p>	<p>N/A</p>
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In addition to the relationship with Renasa, there are a number of additional relationships with the other product/service providers who provide benefits in terms of our Policy Wording. The business placed via these facilities does generate a financial interest to us but is not seen as creating a conflict of interest as these are merely service providers and no shared interest in ownership or management exists. The providers concerned are: CIMS SA, ICOM, ABELARD, there are no ownership or interest relationships with any of these providers. For all suppliers and provider’s business is conducted according to contracts or binders in place.

X’S SURE, IVP AND TRAVEL TO SA.

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CONFLICT OF INTEREST MANAGEMENT POLICY – DETAILS OF 3RD PARTY COMPANIES WITH OWNERSHIP RELATIONSHIPS

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Who is the 3rd party?	Do we receive any financial interest from this 3rd party?	Nature of the financial interest?	Do we see this as a potential conflict?	Controls in place?
Really Useful Investments 181 (Pty) Ltd	Yes	Really Useful Investments 181 (Pty) Ltd. Holds a 47.3% shareholding in CCIC and is a wholly owned subsidiary of Renasa Holdings (Pty) Ltd. Renasa Insurance company Ltd, who supplies our primary product is also a wholly owned subsidiary of Renasa Holdings (Pty) Ltd.	No, as all our basic business is placed according to the guidelines and conditions of our binder agreement with Renasa Insurance Company Ltd. These are standard industry related conditions of placement of business.	The existence of the fees is disclosed to all clients
CIMS SA, 1COM, X'S SURE, IVP RENASA, ABELARD and TRAVEL TO SA with whom various portions of our products not underwritten by Renasa are placed	Yes	We receive a commission based payment from the 3 rd parties.	No, because the covers are placed with specific markets that provide niche aspects of the cover provided. The payment of fees has no influence on these transactions	The existence of the fees and potential profit share payments are disclosed to all clients

CONFLICT OF INTEREST MANAGEMENT POLICY – SUMMARY OF OTHER IDENTIFIED CONFLICTS AND CORRECTIVE ACTIONS TAKEN

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Possible other conflicts identified?	Do we see this as a potential conflict?	If Yes, what have we done about it?	Controls in place?
Staff receiving gifts, vouchers and the like.	Yes		We have set up a register to monitor all gifts and hospitality received by our
Staff entertained by Associate or Third party companies	Yes	We have instituted specific controls to monitor these activities and have included full disclosure of the possibility of payments, gifts and the like as well as the limits applicable in our standard disclosure documentation supplied	staff from another FSP to ensure that no provider supplies anything in excess of R1000 in any one calendar year. This register can be viewed upon written request
Staff providing gifts, vouchers and the like to clients, Third parties or associated companies.	Yes	to clients	We have set up a register to monitor all gifts and hospitality provided to another FSP and/or their representatives to ensure that no provider or its
Staff entertaining Associate or Third party companies	Yes		representatives are supplied with anything in excess of R1000 in any one calendar year. This register can be viewed upon written request
There are incidences of clients wanting to deal with CCIC directly. We recognize that this is not allowed and as such clients are referred to Brokers.	Yes	We do as a standard advise them that only Brokers may place business with Cross Country and we provide details of Brokers closest to them who can handle the placing of business through Cross Country	

<p>Staff with allowed associations elsewhere within the financial services industry</p>	<p>Yes</p>	<p>Shawn Beyers has an association with Lionel Isaacs Insurance Brokers. We have controls in place to ensure that no existing business via other Brokers is transferred to this facility without the request from the client being verified by management to ensure that there are no other options available to the client. The business Shawn Beyers assists with is in his own time for Lionel Isaacs. The business placed is Personal Lines Householders and Commercial business.</p>	
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