



IBG Underwriting Managers

FSP: 36515

IBG Underwriting Managers is an authorised Financial Services Provider with FSP number 365151 Underwriting on behalf of Renasa Insurance Company Limited, a licensed non-life insurer and FSP.

FRAUD RISK & PREVENTION POLICY

1. POLICY CONTENT

1.1. WHY DOES THE POLICY EXIST?

Our reputation is our most important assets, all our operations and the way we do business is guided by our set of core values. IBG Underwriting Managers Pty Ltd, its employees and affiliates will at all times act with honesty and integrity. IBG Underwriting Managers Pty Ltd operates in the financial services industry, which is a highly regulated industry and compliance with all applicable laws and adopted standards is imperative. This policy sets the strategies and procedures to deter, prevent, detect, report and remedy fraud. This policy is required under general governance and risk management obligations in Board Notice 194, and supported by anti-fraud provisions in PPRs and TCF principles. IBG Underwriting Managers Pty Ltd views any criminal activity, and transgression of internal rules, policies, and procedures in a serious light and as such has a zero tolerance to such actions and matters. This Policy provides a process by way of which the conduct is dealt with and reported, with the assurance of confidentiality or anonymity where appropriate and/or required. The Policy further regulates how these reports will be dealt with by IBG Underwriting Managers Pty Ltd.

1.2. PURPOSE OF THE POLICY

- 1.2.1. To outline the appropriate strategies, procedures, and controls to prevent, detect, report and remedy fraud or fraudulent activities.
- 1.2.2. For managing fraud risk and the risk to IBG Underwriting Managers financial soundness, reputation or its sustainability caused by fraud.
- 1.2.3. To consider how the effectiveness of fraud risk management may be enhanced by contributing industry-wide initiatives to deter, prevent, detect, report, and remedy insurance fraud.
- 1.2.4. To outline the fraud reporting procedure to the relevant regulatory authorities.
- 1.2.5. To encourage the parties envisaged by this policy to feel confident to raise or report any unacceptable conduct contemplated by this Policy, to responsible person(s) at the Company
- 1.2.6. This Policy prescribes the process and manner in which any disclosure as contemplated by this Policy should be made.
- 1.2.7. This Policy is not intended to constitute a basis or ground for an employee to question or challenge the financial or business decisions of the Company.
- 1.2.8. This Policy is further not intended to reconsider matters that have been dealt with in terms of the Company's Disciplinary or Grievance policies.

2. SCOPE OF COVER

- 2.1. The fraud policy applies to:
 - 2.1.1. All Key Persons, employees and Juristic representatives of IBG Underwriting Managers Pty Ltd;
 - 2.1.2. All Intermediaries holding an agency with IBG Underwriting Managers Pty Ltd;
 - 2.1.3. All contracting parties;

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3. PROTECTED DISCLOSURES

This Policy will apply to any disclosure of information regarding any conduct of any person as contemplated in this Policy, made by any employee of IBG Underwriting Managers Pty Ltd who has reason to believe that the information concerned shows or tends to show one or more of the following:

- a) That a criminal offence has been committed, is being committed or is likely to be committed;
- b) That a person has failed, is failing or is likely failing to comply with any legal obligation to which that person is subject;
- c) That the environment has been, is being or is likely to be damaged;
- d) Unfair discrimination and/or harassment as contemplated by the Employment Equity Act 55 of 1998;
- e) Corruption and/or conflict of interest with the Company; or
- f) That any matter referred to in paragraphs (a) to (e) has been, is being or is likely to be deliberately concealed.

4. GOVERNANCE FRAMEWORK

4.1. Directors

4.1.1. The Directors is responsible for the development of the Insurance Fraud Risk Policy and ensuring that IBG Underwriting Managers Pty Ltd complies with the principles and requirements under general governance and risk management obligations in Board Notice 194, and supported by anti-fraud provisions in PPRs and TCF principles.

4.1.1.1. The Directors authorises and instructs:

4.1.1.1.1. Directors to set strategy and related policies in order to ensure that the zero-tolerance appetite in respect of anti-money laundering, bribery, corruption, and employee misconduct are maintained. The Underwriting team is responsible for fostering an ethical culture within IBG Underwriting Managers Pty Ltd.

4.1.1.1.2. Underwriters to implement and maintain pro-active anti-money laundering, anti-bribery and corruption, and employee misconduct risk prevention and detection functionalities and infrastructure as set out in this Policy.

4.1.1.1.3. Underwriters to appropriately respond to incidents of money-laundering, employee misconduct, bribery and corruption as set out in this Policy, and to follow the escalation and reporting protocols as set out in this policy.

4.1.1.1.4. The Directors and Compliance Officer, are responsible for adherence to and implementation of this policy in their business department and operational areas.

4.2. Compliance Officer

4.2.1. Ensuring that this Policy is implemented and communicated to all IBG Underwriting Managers Pty Ltd employees and agency/ies.

4.2.2. Provide assurance and oversight within the region in relation to the requirements of this policy.

4.2.3. Define the responsibilities within IBG Underwriting Managers Pty Ltd, in order to ensure the implementation of this Policy, and in establishing business processes and controls appropriate to the risk and reviewing them periodically in accordance with any changes to relevant laws or regulations.

4.2.4. Will ensure that IBG Underwriting Manager's team is kept abreast of compliance and legal requirements as and when legislation changes in this regard.

4.2.5. Monitoring compliance with this Policy and overseeing remediation of non-compliance issues.

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4.2.6. The Compliance department will assist the Human Resources department with ensuring the required procedure relating to debarment is followed, should an employee that served as a representative as defined under the FAIS Act, be found guilty of fraudulent activity.

4.2.7. The Compliance Officer will ensure that there are sufficient processes and procedures in place to deal with employees who are found guilty of fraudulent activity.

4.2.8. Where employees are implicated in an incident that warrants investigation in terms of this Policy, the Compliance Officer will timeously inform the appropriate Director and vice versa, of the incident and keep each other informed of relevant details and developments.

4.2.9. Where the Director of IBG Underwriting Managers is implicated, escalation will be to the other Director/s as well as the FIC.

5. RELATED POLICIES

5.1. The Governance Framework

6. TERMINOLOGY

6.1 **Anti-money Laundering** Encompasses all operational processes in respect of managing the risk of money laundering (AML) and combating of financing of terrorist activities (CFT). Where the abbreviation AML is used it is inclusive of CFT.

6.2. **Bribery or Corruption:** Offence includes giving or accepting or receiving money, goods, reward or services as an inducement to do some act which is detrimental to the employer.

6.3. **Claim Fraud:** For the purposes of this document, Claim Fraud is defined as fraud related to insurance claims submitted to GENRIC by external parties.

6.4. **Dishonesty:** Any Conduct on the part of an employee which is deceitful or fraudulent and which has resulted in a monetary loss to the employer or could have resulted in such loss if not discovered prior to the commission of the conduct. Thus, an attempt to commit an act or deceitfulness or fraud will be constituted as dishonesty.

6.5. **Economic Crime:** Economic Crime relates to any crimes committed by internal or external parties with specific reference to Theft of Assets, Expense Fraud, Forgery/ Impersonation, Premium or Policy Fraud, Recruitment Fraud, Disclosure of Confidential Information, Accounting Irregularities, Bribery and Corruption, Distribution Fraud, Procurement Fraud, Fraudulent use of the Profsave Brand and Payment Fraud for personal gain.

6.6. **Financial Crime:** Financial Crime refers to the Compliance activities relating to Anti-Bribery and Corruption, Anti-Money Laundering and Counter Terrorist Financing, and Trade and Economic Sanctions. Financial Crime as a Compliance Risk Universe work stream is out of scope for the purposes of this policy.

6.7. Fraud and/or Alleged Fraud:

6.7.1. Misappropriating, concealing, diverting or obtaining money, assets, information or services by deceptive means.

6.7.2. Misusing one's position through unlawful or improper acts intended to cause financial loss to IBG Underwriting Managers Pty Ltd, its clients or suppliers.

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6.8. Industrial Espionage: Includes divulgence/falsification of company information/documentation and breach of client or staff confidentiality, the selling or passing on of client or company information, records or electronic data to any unauthorised person.

7. CATEGORIES OF FRAUD

7.1. POLICYHOLDER FRAUD AND/OR CLAIMS FRAUD

7.1.1. Fraud against the company in the purchase and/or execution of an insurance product, including fraud at the time of making a claim.

7.1.2. The following are examples of policyholder or claims fraud;

- a) Misrepresentation of factual information in order to claim undue benefit under a policy
- b) Inflating the damages/loss in order to yield a higher claims pay-out.
- c) Staging the incident in order to submit a claim.
- d) Reporting and claiming of fictitious damage/loss.
- e) Medical claims fraud and fraudulent death claims.
- f) alteration of claims documentation in an attempt to validate a claim

7.1.3. Managing policyholder and claims fraud.

- a) All policyholders found to be involved in fraudulent activities will be reported to the relevant authorities.
- b) A centralised 'blacklist' of policyholders found to be involved in fraudulent activities will be maintained.
- c) Such a policyholder's policy will be terminated within the 31 days as prescribed by the relevant legislation.
- d) Depending on the severity of the act committed, such a policyholder may also be reported to the relevant law enforcement agencies.

7.2. INTERMEDIARY FRAUD - FRAUD PERPETUATED BY AN INSURANCE AGENT OR AN UNDERWRITING MANAGER

7.2.1. The following are examples of possible intermediary fraud;

- a) Premium diversion, where the intermediary takes the premium from the client and does not pass it to the insurer.
- b) Inflates the premium, passing on the correct amount to the insurer and keeping the difference.
- c) Non-disclosure or misrepresentation of the risk to reduce premiums.
- d) Commission fraud - insuring non-existent policyholders while paying a first premium to the insurer, collecting commission and then cancelling the insurance stopping the premium payment.

7.2.2. Managing Intermediary fraud.

- a) Should an intermediary be found guilty of a fraudulent activity, IBG Underwriting Managers Pty Ltd will terminate the intermediary agreement with immediate effect.
- b) Such an intermediary will be reported to the Financial Sector Conduct Authority or any other relevant body such as but not limited to the Financial Intelligence Centre, SAPS etc.

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7.3. INTERNAL FRAUD

7.3.1. Fraud/ misappropriation against IBG Underwriting Managers Pty Ltd by the Directors, Managers and/or any employee.

7.3.2. The following are examples of possible internal fraud:

- a) Misappropriating funds;
- b) Fraudulent financial reporting;
- c) Overriding decline decisions so as to incept policies or pay claims for family or friends;
- d) Inflating expenses claims/overbilling;
- e) Paying false (or inflated) invoices, either self-prepared or obtained through collusion with suppliers;
- f) Granting business to favoured suppliers, for kickbacks/favours;
- g) Forging signatures and falsifying documents;
- h) Selling IBG Underwriting Manager's assets at below their true value in return for payment.

7.3.3. Managing Internal Fraud:

- a) Any employee found guilty of a fraudulent will subjected to IBG Underwriting Managers Pty Ltd process and procedures.
- b) Should the employee have been on IBG Underwriting Manager's representative register the necessary debarment processes will be followed in order to notify the relevant authority of the representative adverse fit and proper status.

8. THE THREE LINES OF DEFENSE AGAINST RISK

- 8.1. First line of defence – IBG Underwriting Pty Ltd Management Team and every employee
- 8.2. Second Line of Defence – Internal and External Audit
- 8.3. Third line of Defence- Directors

9. STRATEGIES, PROCEDURES AND CONTROLS FOR FRAUD RELATED DISCLOSURES

9.1. In collaboration with the Directors and Compliance Department, IBG Underwriting Managers Pty Ltd will educate all employees on how to identify fraud and measures to be taken once a fraudulent activity has been identified.

9.2. All IBG Underwriting staff will be tasked with monitoring employee activities in order to ensure prevention and detection of internal fraud.

9.3. IBG Underwriting Managers is dedicated to working closely with Qsure and Renasa in order to detect, prevent and combat all forms of Fraud, Financial and Economic Crime by policyholders.

9.4. IBG Underwriting Managers will report all fraud matters to the relevant crime prevention institution such as the South African Police Services or the Financial Intelligence Centre etc, depending on the severity and complexity of the matter.

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9.5. All matters relating to suspected Fraud, Financial and Economic Crime must be reported by IBG Underwriting Managers and internal staff to the Compliance Officer as soon as possible.

9.6 The report must be made in writing and if the reporting person is not willing place the allegation in writing, the must be able to give specific detail of the fraudulent activity, such as time, date and implicated person.

9.7. The Officer receiving the report must ensure to maintain the confidentiality of the informant.

9.8. If a report is anonymous and is not accompanied by the give specific detail of the fraudulent activity, such as time, date and implicated person, the report may not be acted upon.

9.9. Should the report from the informant be vexatious, the necessary human resource department procedures may be instituted.

9.10. Once the Compliance Officer has assessed the severity of the report, he must in consultation with IBG Underwriting Managers Director to decide on the appropriate steps to be taken within 24 hours of receiving the report.

9.11. If necessary, the Compliance Officer may confiscate all devices, documents and records to prevent evidence from being tampered with, destroyed or removed by the alleged implicated person.

9.12. Should the report require further investigation, the matter will be referred to the internal audit department or appropriate external corporate investigators.

9.13. The Compliance Officer must after having received a report, as soon as possible consider the most appropriates steps to be taken and thereafter submit recommendations to the Director or his/her nominated individual on such next steps to be taken and the relevant reports to be submitted to regulatory and other authorities, where necessary.

10. REPORTING

10.1. IBG Underwriting Managers's management team must maintain a register of all fraud matters reported.

10.2. The Compliance Officer must ensure that all fraud matters are reported to the Directors as and when such activities occur.

11. ENFORCEMENT

An employee found to have violated this Policy may be subject to disciplinary action, up to and including termination of employment. A violation of this policy by a temporary worker, contractor, supplier, or vendor may result in the termination of their contract or assignment with IBG Underwriting Managers Pty Ltd.

12. POLICY REVIEW

Policy must be reviewed on a bi-annual basis. Any amendments must be indicated on the document review roster and relevant staff members must be informed of any updates.

Review Date 24/06/2025

Director Signature



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