INSURANCE FRAUD RISK AND WHISTLEBLOWING POLICY

GENRIC Insurance

INSURANCE
INTELLIGENCE
INTEGRITY

GENRIC Insurance Company Limited
Reg No: 2005/037828/06 FSP No: 43638
Executive Directors: MCS du Toit (CEO), PCF Schoeman
Non-executive Directors: N de Villiers, PL Marais,
GJ Serfontein, CW Clarke, JR Oliphant, M Prinsloo
Company Secretary: Corpstat Governance Services (Pty) Ltd

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1. POLICY CONTEXT

1.1. WHY DOES THE POLICY EXIST?

GENRIC Insurance Company Limited's (hereinafter referred to as "GENRIC") philosophy is based on three core principles, namely, Insurance, Intelligence, and Integrity.

Our reputation is one of our most important assets, all our operations and the way we do business is guided by our set of core values. The success of GENRIC as a law-abiding citizen therefore requires that GENRIC, it's employees and affiliates will at all times act with honesty and integrity. GENRIC further operates in the financial services industry, which is a highly regulated industry and compliance with all applicable laws and adopted standards is imperative.

We recognise our obligations to our stakeholders. This policy sets out GENRIC's strategies and procedures to deter, prevent, detect, report and remedy fraud.

In terms of the Prudential Standard GOI 3 under Section 63 of the Insurance Act No 18 of 2017, GENRIC is required to ensure that a Company Fraud policy is documented and implemented.

GENRIC views the wilful non-compliance with legislation, any criminal activity, and transgression of GENRIC's internal rules, policies, and procedures as well as its values in an extremely 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 the Company and provides safeguards to whistle-blowers.

1.2. PURPOSE OF THE POLICY

1.2.1. To outline the appropriate strategies, procedures, and controls to deter, prevent, detect, report and remedy fraud or fraudulent activities.

1.2.2. To outline appropriate strategies for managing fraud risk and the risk to GENRIC's financial soundness, reputation or Company 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. The Company will protect whistleblowing by not tolerating any harassment or victimisation of the whistle-blower, where the whistle-blower has raised the unacceptable conduct and/or suspected unacceptable conduct in terms of the provisions of this Policy.

1.2.7. This Policy prescribes the process and manner in which any disclosure as contemplated by this Policy should be made.

1.2.8. 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.

1.2.9. 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 GENRIC Insurance fraud policy applies to:

2.1.1. All Key Persons, employees and Juristic representatives of GENRIC;

2.1.2. All Underwriting Managers Agencies of GENRIC;

2.1.3. All Intermediaries holding an agency with GENRIC;

2.1.4. All contracting parties;

2.1.5. All suppliers of GENRIC and any Subsidiaries thereof;

2.1.6. All Stakeholders at large.

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 GENRIC 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 a miscarriage of justice has occurred, is occurring or likely to occur;
d) That the health or safety of any person has been, is being or is likely to be endangered;
e) That the environment has been, is being or is likely to be damaged;
f) Unfair discrimination and/or harassment as contemplated by the Employment Equity Act 55 of 1998;
g) Corruption and/or conflict of interest with the Company; or
h) That any matter referred to in paragraphs (a) to (g) has been, is being or is likely to be deliberately concealed.

4. WHISTLEBLOWING CONFIDENTIALITY

Any disclosure of information will be treated with the strictest confidence and every effort will be made, subject to any legal constraints and/or requirements, not to reveal the identity of the whistle-blower without permission. Circumstances may however dictate that in time it may be necessary for the identity of the whistle-blower to become known, in which event GENRIC will implement all reasonable measures to protect the whistle-blower against victimisation, harassment or prejudice.

5. WHISTLEBLOWING ANONYMOUSLY

This policy contemplates that all disclosures are confidential, and thus that the identity of the whistle-blower is known to the responsible parties under this Policy.

Whilst it is recognised that in certain circumstances it may be appropriate for a disclosure of information to be made anonymously, this is not preferable, as disclosures made anonymously are difficult to investigate due to inability of the investigator to request additional information. Whether or not any anonymous disclosure of information will be considered and further investigated will be determined by GENRIC's Chief Risk and Compliance Officer, in the sole discretion of such committee, having due regard to the following factors:

a) The seriousness of the issues raised;
b) The detail and amount of information provided; and
c) The ability of confirming the allegation from other sources.

Where a whistle-blower decides to disclose information anonymously, it shall always be the duty and the responsibility of the whistle-blower to ensure his/her own anonymity.

6. GOVERNANCE FRAMEWORK

6.1. **Board of Directors**

6.1.1. The Board is responsible for the development of the Insurance Fraud Risk Policy and ensuring that GENRIC complies with the principles and requirements of the Prudential Standard GOI 3 under Section 63 of the Insurance Act No 18 of 2017.

6.1.1.1. The board authorises and instructs:

6.1.1.1.1. Management 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 Management team is responsible for fostering an ethical culture within GENRIC.

6.1.1.1.2. Management 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.

6.1.1.1.3. Management 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.

6.1.1.1.4. The Executive committee, the Chief Risk and Compliance Officer, and each Head of department are responsible for adherence to and implementation of this policy in their business department and operational areas.

6.2. **CHIEF RISK AND COMPLIANCE OFFICER**

6.2.1. Ensuring that this Policy is implemented and communicated to all GENRIC employees and partners.

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

6.2.3. Define the responsibilities within GENRIC, 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.

6.2.4. Will ensure that GENRIC's Risk Committee and Management team is kept abreast of compliance and legal requirements as and when legislation changes in this regard.

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

6.2.6. 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.

6.3. **HUMAN RESOURCES DEPARTMENT**

6.3.1. The Chief Risk and Compliance Officer will engage with the Human Resources Department to ensure that there are sufficient processes and procedures in place to deal with employees who are found guilty of fraudulent activity.

6.3.2. Where employees are implicated in an incident that warrants investigation in terms of this Policy, the Chief Risk Officer will timeously inform the appropriate management and Human Resources and vice versa, of the incident and keep each other informed of relevant details and developments.

6.3.3. Where senior management is implicated in an incident, the appropriate executive management must be informed and kept abreast of developments.

6.3.4. Where the CEO of GENRIC is implicated, escalation will be to the Chairman of the GENRIC Board.

6.3.5. Where a board member and or significant owner is implicated, escalation will be to the Chairman of the GENRIC Board.

7. RELATED POLICIES

7.1. The Governance Framework

7.2. The Information Technology Policy

7.3. Prevention of bribery and corruption Policy

7.4. Operational Risk and Solvency Assessment Framework (ORSA)

7.5. And must be read in conjunction will all relevant values, expressions, charters, policies, procedures, framework and similar documents of GENRIC.

8. TERMINOLOGY

8.1 **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.

8.2. **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.

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

8.4. **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.

8.5. **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 GENRIC Brand and Payment Fraud for personal gain.

8.6. **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.

8.7. **Fraud and/or Alleged Fraud:**

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

8.7.2. Misusing one's position through unlawful or improper acts intended to cause financial loss to GENRIC, its clients or suppliers.

8.8. **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.

8.9. **Whistle-blower:** A source who makes public information about alleged wrongdoing, typically by or within the organization in which they are employed.

9. CATEGORIES OF FRAUD

GENRIC's Risk and Solvency Assessment Framework (ORSA) identified Operational and Compliance risks as and integral part of risks inherent in GENRIC, which include but is not limited to anti-money laundering, bribery, corruption, employee misconduct.

9.2. **POLICYHOLDER FRAUD AND/OR CLAIMS FRAUD**

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

9.2.2. 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

9.2.3. 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.

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

9.3.1. 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.

9.3.2. Managing Intermediary fraud.

a) Should an intermediary be found guilty of a fraudulent activity, GENRIC 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.

9.4. **INTERNAL FRAUD**

9.4.1. Fraud/ misappropriation against GENRIC by the Directors, Managers and/or any other officer or employee.

9.4.2. 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 GENRIC' assets at below their true value in return for payment.

9.4.3. Managing Internal Fraud:

a) Any employee found guilty of a fraudulent will subjected to GENRIC's HR process and procedures.
b) Should the employee have been on GENRIC'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.

10. THE THREE LINES OF DEFENSE AGAINST RISK

10.2. First line of defence – GENRIC's Management Team and every GENRIC employee

10.3. Second Line of Defence – Internal and External Audit

10.4. Third line of Defence- Board of directors and sub-committees

11. STRATEGIES, PROCEDURES AND CONTROLS FOR FRAUD RELATED DISCLOSURES

11.2. In collaboration with the Human Resources Department, GENRIC will educate all employees on how to identify fraud and measures to be taken once a fraudulent activity has been identified.

11.3. All GENRIC managers will be tasked with monitoring employee activities in order to ensure prevention and detection of internal fraud.

11.4. All departments tasked with monitoring the Underwriting Managers (UMA) must report any irregularity relating to non-adherence to reporting requirements or any anomaly identified whilst interacting with the UMA, relating to any activity described in clause 6 of this document.

11.5. GENRIC is dedicated to working closely with its Underwriting Managers in order to detect, prevent and combat all forms of Fraud, Financial and Economic Crime by policyholders.

11.6. As GENRIC's contribution to industry-wide initiatives to deter, prevent, detect, report, and remedy insurance fraud, GENRIC 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.

11.7. All matters relating to suspected Fraud, Financial and Economic Crime must be reported by GENRIC's Underwriting Managers and internal staff to the Chief Risk and Compliance Officer as soon as possible.

11.8. 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.

11.9. The Chief Risk Officer or the officer receiving the report must ensure to maintain the confidentiality of the informant.

11.10. 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.

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

11.12. Once the Chief Risk and Compliance Officer has assessed the severity of the report, he must in consultation with GENRIC's Chief Executive Officer to decide on the appropriate steps to be taken within 24 hours of receiving the report.

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

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

11.15. The Chief Risk and 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 Chief Executive Officer 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.

12. INTERNAL WHISTLEBLOWING PROCESS

The prescribed process when an employee makes a disclosure, in terms of this Policy, is as follows:

a) Employees are encouraged to disclose information to their immediate manager or Head of Department (HOD). This can be done in either a face-to-face meeting or in writing.

b) Where the employee does not feel comfortable in making the disclosure to his/her manager / HOD, or where the manager/HOD may be implicated in or have any direct or indirect involvement in the impropriety, or the information concerned is very serious and sensitive, the employee may make the disclosure to the Human Resources Department or directly to the Chief Risk and Compliance Officer. This can also be done verbally or in writing. Written disclosures to the HR Department must be sent to HR@genric.co.za and disclosures to the Chief Risk and Compliance Officer must be sent to whistleblowing@genric.co.za.

c) Where appropriate, reported disclosures may be investigated by responsible management tasked for this purpose, or through disciplinary process, or on certain circumstances be referred to other investigating authorities. The employee shall be required, if necessary, to participate and assist in such processes, subject to the protections afforded by this Policy.

d) Before any process is initiated, the employee will first be contacted by the member of management of GENRIC to whom the disclosure was made, so as to inform the employee of the process to follow and seek the employee's consent to involve the employee in such process. This would include the employee being interviewed by management. It is reiterated that any such interactions will always be subject to the protections afforded by this Policy.

e) Subject to any legal constraints, the whistle-blower will be kept informed of the progress and outcome of an investigation.

f) All reported matters will be recorded in in the fraud incident reporting register.

13. REPORTING

13.2. GENRIC's risk management team must maintain a register of all fraud matters reported.

13.3. The Chief Risk and Compliance Officer must ensure that all fraud matters are reported to the Risk Management Committee as and when such activities occur.

14. 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 GENRIC.

15. 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.

REVIEWED VERSION CONTROL
INSURANCE FRAUD RISK POLICY

Version Number	Date Reviewed	Date Approved	Approved by
1	New Document		Exco
2	October 2021		Exco
3	May 2022		