

TREATING CUSTOMERS FAIRLY: POLICY STATEMENT

There are **SIX KEY "TCF" OUTCOMES** in terms of the Regulator's Roadmap. This document sets out our commitment to Treating Customers Fairly. Our Customer is both the insurance Policyholder and the insurance Broker. We understand the symbiotic relationship between the Policyholder and the Broker. However anyone dealing with us is entitled to hold us to account and challenge us to perform as we have detailed in the pages that follow. This is a living document and may alter from time to time. Any alteration will only be made where the result is an improvement and enhancement to Treating Customers Fairly.

This commitment is endorsed by the signature of each director below.

OUTCOME 1: CULTURE

Our statement: We are committed to Treating Customers Fairly. Our ethos and general business practice is to maintain a high ethical standard and a belief in mutual respect.

Fulfillment: Leadership:
We regard Treating Customers Fairly as a reflection of our ethos and brand. It is a natural part of our culture and we consider Treating Customers Fairly as a foundation for Customer loyalty and sustainable business practice. This document has been adopted by all Shareholders and the Board of Directors. Each director, business management leader and member of staff is aware of and has received training relating to the applicable legislation. We have developed a "Leppard Story" which defines our purpose and ambition. The Leppard Story explicitly sets out our commitment to Treating Customers Fairly.

Strategy:
In all our business planning and development the Customer is at the centre of our considerations. This is reflected in our "Leppard Story" and is evidenced by our purpose by-line "Protecting Your Reputation".

Decisions:

It is expected that all activity is mindful of Treating Customers Fairly. During the course of any day many decisions are made. The following shows how we achieve a fair outcome for Customers.

Risk assessment, selection and pricing;

- Rating models have been developed that produce pricing based on predetermined and consistent risk profile inputs, business size and indemnity limits required.
- Variations to the pricing rating models are determined based on claims profiles, Broker input relating to business and risk management practices and Customer loyalty.
- Quarterly review and ad hoc discussions relating to underwriting standards and risk exposures.
- Year on year renewal processes that compares prior year pricing to current rating metrics with adjustments made as appropriate.

Claims management, acceptance and rejection;

- An approach that requires support of any Policyholder and working with the Broker to ensure policy fulfillment.

This is also reflected in our strategic purpose to Protect the Reputation of the Customer. Evidence of this approach is specifically embedded, by example, in our Professional Indemnity Insurance product. In the product wording we define the amount the Policyholder is responsible for in respect of each claim. However this amount only applies if the Policyholder is liable for the loss. This amount does not apply where the Policyholder is not liable. What this means is that we will support the Policyholder as required and Protect the Reputation of the Policyholder at no cost to the Policyholder though commercial considerations do receive attention. We believe this is unique in our market.

- Prompt acknowledgement and response with clear explanation.
- Internal legal expertise supported by external legal, forensic and investigative expertise.
- Claim rejections are strictly supported by legal input, director level decision making and a full explanation is provided to the Customer.

Administration and Finance;

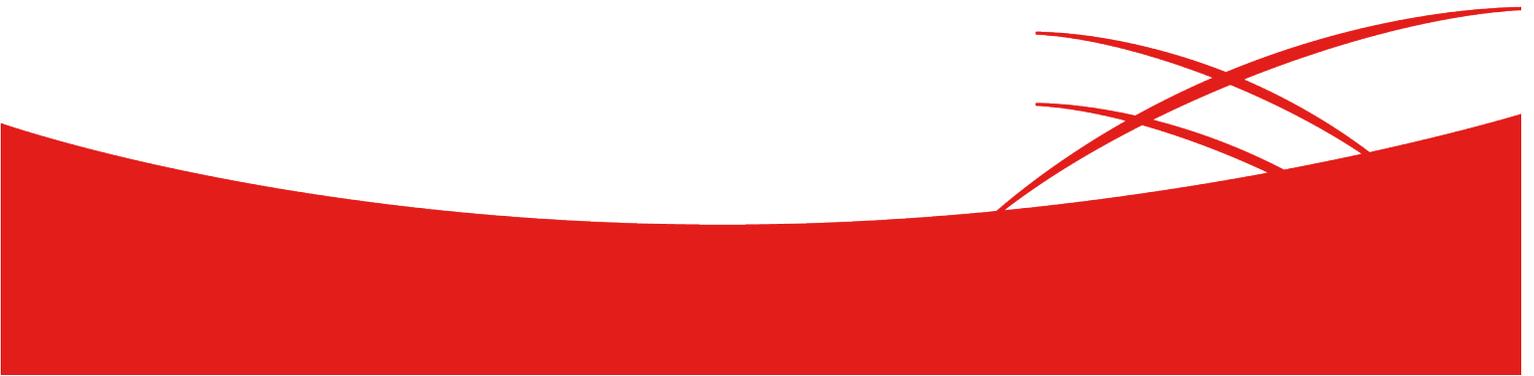
- Proven systems are in place and these support accurate information. This includes policy and claims records, debtor and creditor controls.

We respond to Customer queries in a timely manner.

Controls:

We recognise that we need to monitor and ensure that the Customer is being treated fairly and this is achieved by;

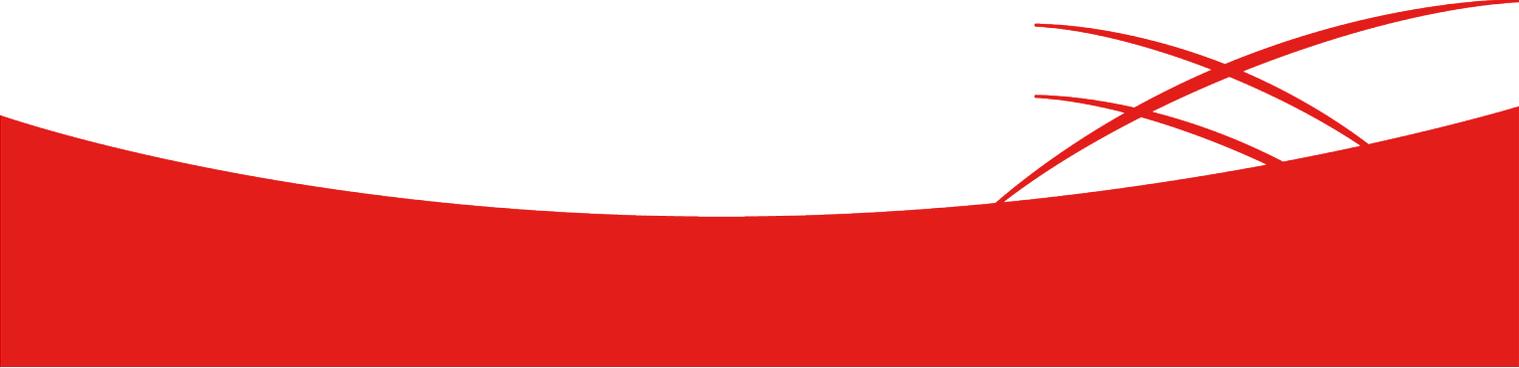
- Maintaining and having Customer information readily available. This information is updated at least once a year. Access through our systems is unrestricted to authorised personnel and any director has the capacity to intervene and monitor this information at any time.
- Ensuring that management meetings require Treating Customers Fairly to be a specific agenda item. Management meetings occur bi-monthly. This effort is enhanced through specific quarterly meetings which are intended to co-ordinate effort, compile feedback and review any concerns relating to or opportunities to improve Treating Customers Fairly. These meetings are managed by a director.
- By comparing policy renewal information and pricing to prior year metrics thus monitoring and ensuring consistency. Referral to management is required where inconsistencies are identified.
- Claims values and large claim reports are reviewed bi-monthly. On an attest basis claims are reviewed to ensure consistency of approach and fairness.



Performance:

We understand that skilled, capable personnel with an alignment to positive behaviour and understanding of Customer needs are key metrics to delivering fair outcomes and a sustainable business proposition.

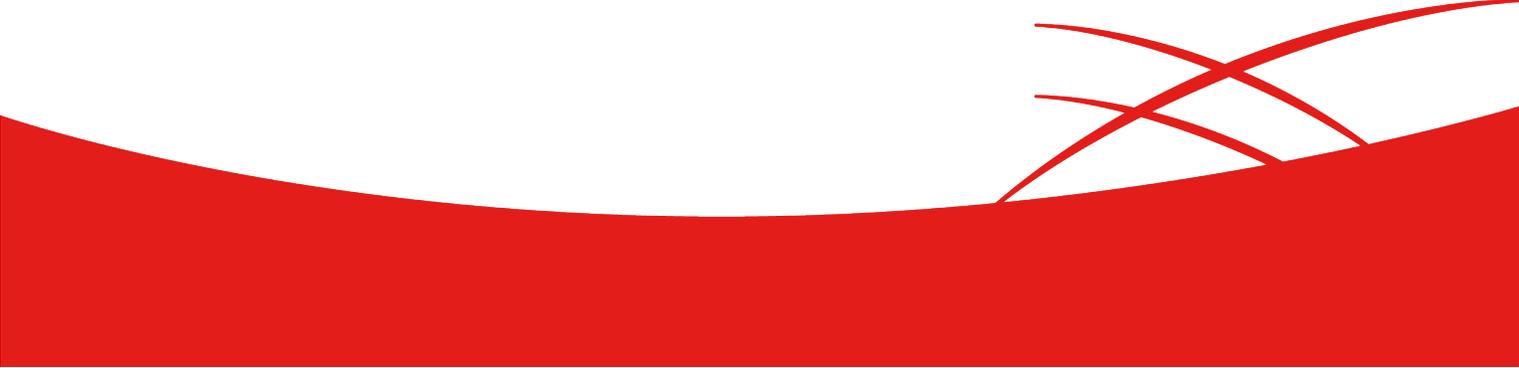
We achieve this through;

- Individual performance review. This occurs by way of three specific meetings during each financial period between management and individual personnel. These reviews are by nature orientated to the individual but Treating Customers Fairly is always considered.
 - Monthly companywide discussion and review of our "Leppard Story". This reaffirms our values and what it means to Treat Customers Fairly.
 - Through monthly training sessions where both specific and technical topics are raised. These sessions are also where legislative, market or business changes are highlighted and discussed.
 - Business technology and system training as required.
 - Recruitment practices that require a minimum of two directors involved and an interview process that is directed by pre-set questions including views around Customer service.
 - New employees are inducted via a tailored introduction which defines our ambitions and commitments to Treating Customers Fairly.
 - Awareness and impact of applicable legislation in particular FAIS (fit and proper), TCF (fairness), FICA (money laundering), Short Term Insurance Act (governance) and POPI (information security). This is achieved through the promotion of reading and general discussion.
 - Individual review of understanding of fair practice and in the event of either positive or negative external feedback, reinforcement of good behaviour or reorientation, through learning, in the event of unacceptable behaviour. This is generally shared where possible.
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Reward:

Leppard Underwriting is strategically positioned as a specialist underwriting business contracted by Lombard Insurance. Leppard Underwriting is exclusively a product supplier in the specialist liability insurance market. Leppard Underwriting is precluded from providing advice to the Policyholder.

To support this position, to avoid conflict of interest and as evidence of fairness;

- Leppard Underwriting has a written Conflict of Interest policy.
 - Leppard Underwriting's remuneration and profits are directly related to the underwriting profit of the "book of business". This business is gained exclusively through the Broker market channel.
Leppard Underwriting does not receive any commission related to the selling of or advice to the policyholder. To do otherwise would create a behaviour of bias to our product and would be a conflict and not in the interests of the policy holder.
 - We pay Brokers a commission as prescribed by legislation. We may agree to pay Brokers an additional amount for work we would otherwise have to perform ourselves. This additional remuneration would link strictly to the cost of delivery and a reasonable return.
 - We subscribe to the legislative conflict of interest values as prescribed in terms of any entertainment or similar expenses in building relationships with insurance brokers. This is embedded in our Conflict of Interest policy and is monitored monthly.
 - Internally we do not pay any bonuses or staff remuneration based on volume of business or any other remuneration that may influence undesirable behaviour or effort contrary to Treating Customers Fairly or creates Conflict of Interest.
 - Our employee remuneration policy is restricted to an annual package and in the event of a positive business financial return there may be an additional bonus in July each year. This bonus is linked to personal performance, individual metrics and includes any external feedback on both positive and negative behaviour.
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OUTCOME 2 : PRODUCTS and SERVICES

Our Statement: All our products and services are intended to meet Customer needs.

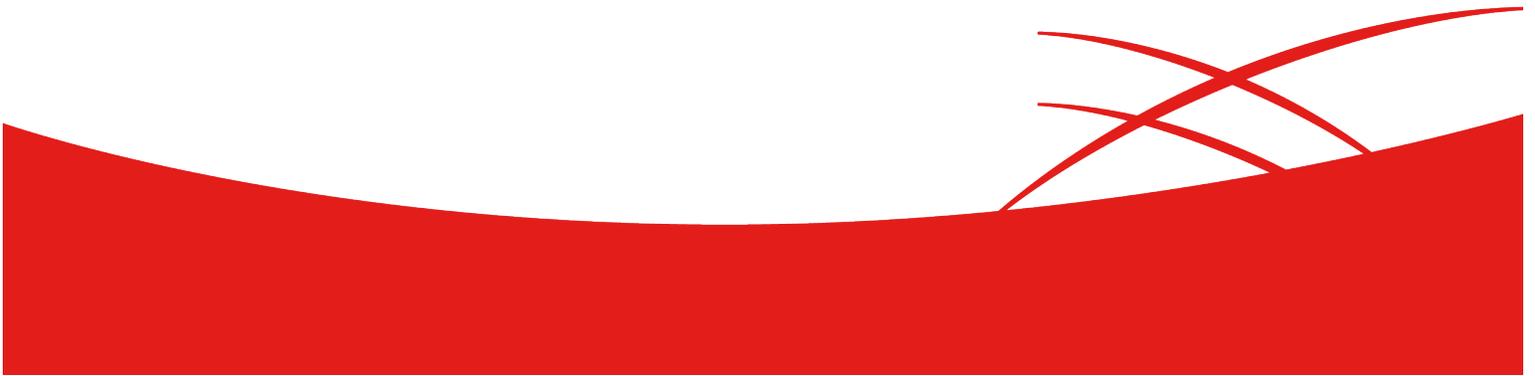
Fulfillment: We are precluded from providing advice to Policyholders. We therefore do not engage in any practice that may persuade any Policyholder to enter into a policy contract. However we are concerned that any policy we issue does in fact respond to the Policyholder's needs.

We achieve this by;

- Continuously reviewing our products through claim experience, Policyholder and Broker feedback, market practice, legislation and risk exposures as they vary and develop.
- Any Broker will be supported with direct explanation as to the meaning of our policy wordings and how it may respond in certain instances.
- Our policy wordings are written in plain language and are easy to understand.
- Responding to Broker communication as to cover requirements.

OUTCOME 3 : INFORMATION

Our Statement: When contracting with us we will communicate clearly and keep you appropriately informed before, during and after the time of contracting.

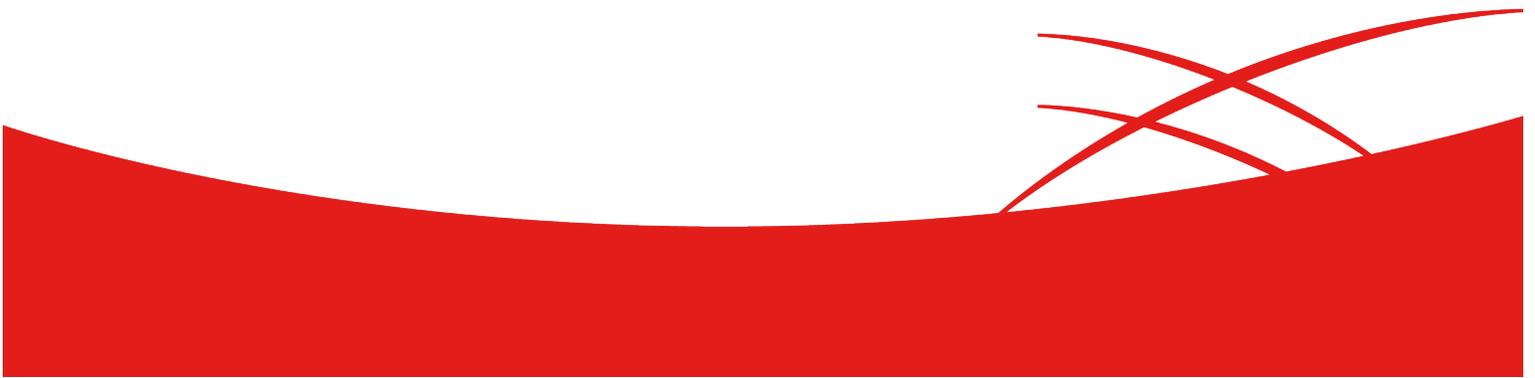


Fulfillment: Although we rely on brokers to provide relevant information to any policy holder we contribute to the delivery of fairness by;

- Providing renewal reminders to brokers six weeks before renewal dates and following up with further reminders all geared to the policy renewal date.
- Confirming the consequence of not renewing or maintaining insurance coverage in the event a policy lapses due to non-renewal or in the event of cancellation.
- Issuing policies in plain language with clear definitions in bold lettering for key terms used.
- Highlighting the need to provide all material information relating to the description of an insured's business and activity, claims history and other key risk assessment information.
- Clearly setting out policy premium terms and when payment is due and what happens in the event of non-payment of premium.
- Confirming how and when to report claims.
- Setting out in our disclosure notice all the information necessary for any Policyholder to identify who we are, who we are associated with and how and what we earn.

OUTCOME 4 : ADVICE

Our statement: Although we do not provide advisory services, we recognise our product requires advisory support. We will contribute to this advisory support and where possible ensure that it is suitable and takes account of Policyholder circumstances.



Fulfillment: Our strategic position is as a product supplier but we assist in the advisory process and fairness by;

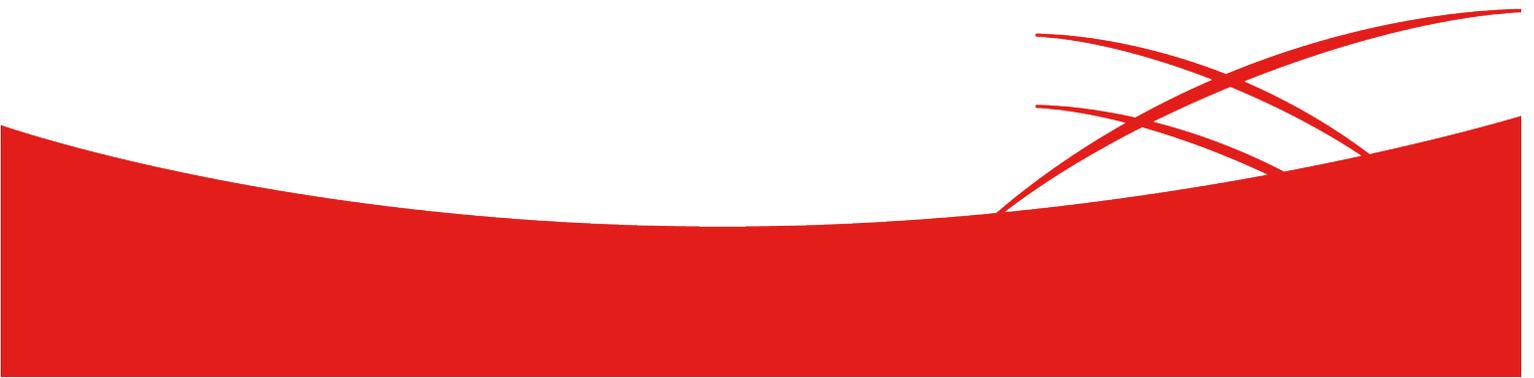
- Registering and entering into agreements with Brokers. These agreements clearly set out responsibilities and obligations on the part of Brokers and define their advisory duties. The same agreement sets out our duties and obligations.
- Conducting an assessment as to the capabilities of the Broker in relation to our specific products. This assessment acknowledges that the Policyholder has chosen the Broker and has performed his own due diligence. This assessment also relies on the regulatory framework in place that requires Brokers to register and be approved practitioners.

Our input relates to our knowledge of the broker and where relevant we will support the Broker with training and direct input in relation to risk profiles submitted to us.

- Only dealing with authorised representatives. This is managed through our registration process when the representatives of the Brokers are nominated by the Broker.
- Intentionally intervening in the event we witness the Broker has misunderstood or where the Broker requires assistance in defining risk exposures and potential insurance solutions.

OUTCOME 5: SERVICE DELIVERY PERFORMANCE

Our Statement: Our products will fulfill Customer expectations and will be supported through the provision of quality support services. Where expectations and fulfillment are at odds we will clearly communicate the reasons.



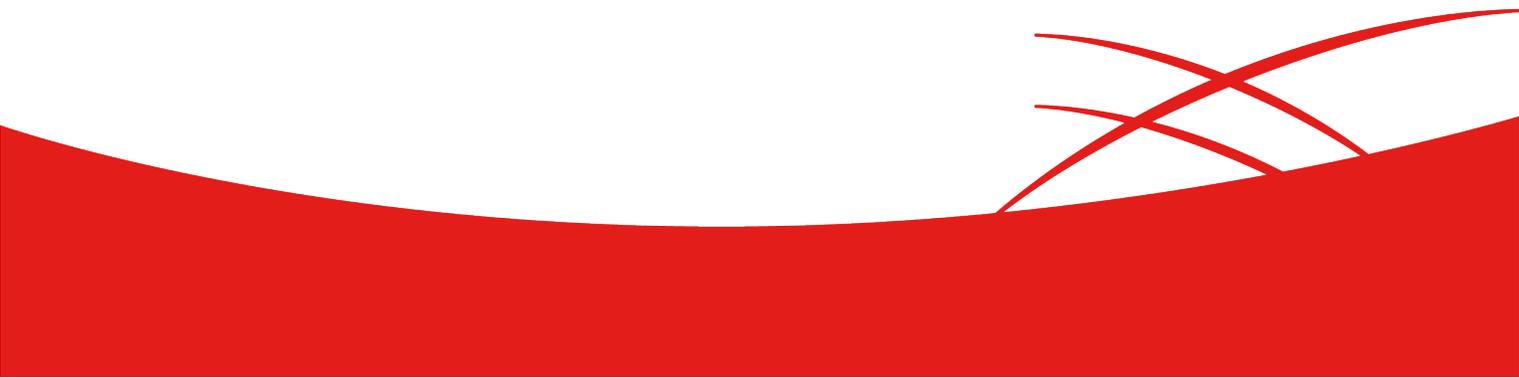
Fulfillment: As we are precluded from dealing with the public or any Policyholder directly, we are reliant on and work with Brokers to deliver policy fulfillment and service.

We fulfill our obligations by;

- Entering into agreements with Brokers that confirm our obligations and commitments.
- We have established clear business processes to ensure service delivery. These are mapped in graphical form.
- We have agreed internal target metrics to deliver;
- Policy quotations in a timely manner. These include proposed policy wordings, clarity on special conditions and requirements, payment options and terms and regulatory information.
- Response times to claims reported from acknowledgement to initial decisions regarding claims management and subsequent follow through.
- Monitoring any feedback from Brokers. This feedback is dealt with as and when given and any service method change is implemented where and if required.
- Ensuring we have the capacity to continue to deliver service in the event of disaster. This is evidenced and delivered by way of a written Risk Management review which occurs quarterly and in addition a written clear disaster management plan which is integrated into our risk mitigation activity.
- When we appoint external specialists to assist us, service is monitored on a case by case basis. In every appointment we continue to take ownership and responsibility for service delivery.

OUTCOME 6: CLAIMS, COMPLAINTS and CANCELLATION

Our statement: We will ensure that there are no unreasonable or unnecessary constraints when any Policyholder wishes to;

- register claims with us,
 - complain to or about us or
 - alter or cancel their contract with us.
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Fulfillment: Our evidence in delivering on this outcome follows;

Claims

- The process to register a claim is embedded in our policy documentation.
- As we work in the arena of liability insurance, claims can be complex and take time to manage. This is managed by working with the Policyholder and with the Broker of record.
- We do not outsource ownership and responsibility to manage claims.
- No claim is rejected without internal and external legal input and decision making at director level.

Complaints

- We view complaints as a learning experience and consequently welcome this form of feedback as an opportunity to improve Customer service and in particular to enhance Treating Customers Fairly.
- We have a complaints process that details how we deal with complaints and who will deal with complaints. Any complaint is dealt with at director level.
- We do not prescribe how these complaints may be made. Anyone who has a complaint is at liberty to complain in any way they wish. In addition to our normal contact information we also have a dedicated e-mail address: complaints@leppard.co.za.
- We maintain a register of complaints. We share this register internally and use the lessons learnt for improvement. This is done during our monthly companywide meetings.
- We set out in our Disclosure Notice all the necessary details relating to reporting complaints and to contact our Regulator.

Contract changes

- Our policy contracts may be cancelled on notice of 20 business days' notice. This notice period has been chosen as it is aligned to the Consumer Protection Act.
- We are contractually barred from cancelling a policy contract except in the instances of non-payment of premium and an attempt or actual fraud against us on the part of the policy holder.
- The ramification of a cancellation is specifically communicated to the policy holder, via the broker, to ensure that the consequences are clearly understood.
- Any request to alter the policy in any way is received from the broker on behalf of the policy holder. We will not unreasonably reject any request for a change but should we do so this will be accompanied by a clear and detailed explanation.

