



BAYPORT FINANCIAL SERVICES 2010 (PTY) LTD

(Hereinafter referred to as "Bayport" or "the Company")

Insurance Claims Management Framework

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1. DOCUMENT CONTROL AND APPROVAL

1.1. Document Information

| | |
|--------------------------|--|
| Last Reviewed | August 2018 |
| Last Updated | Initial Draft |
| Approval State | On review |
| Approved By | Bayport Audit, Risk and Compliance Committee (ARC) Bayport Board of Directors |
| Reviewed By | Bayport Enterprise Risk Committee (ERCO) |
| Document Category | Confidential |

Table 1: Document Information

1.2. Document Change Control

| | Author | Document Version | Summary of Changes | Date |
|---|---------------------|------------------|--------------------|----------------|
| 1 | Bukhosibethu Kunene | 1.2 | First Draft | September 2018 |
| | | | | |

Table 2: Document Version Control

1.3. Definitions

Business Day:

Any day excluding a Saturday, Sunday or Public Holiday

Clients:

A specific person or group of persons, excluding the general public, who is or may become the subject to whom a financial service is rendered intentionally, or is the successor in title of such person or the beneficiary of such service.

Employee:

Includes permanent employees, temporary employees, and employees, of any of the corporate entities forming part of the group.

FAIS:

Financial Advisory and Intermediary Services Act 37 of 2002 and all regulations, board notices and codes of conduct issued in terms of the act.

FSP:

Financial service provider authorised in terms of the Financial Advisory and Intermediary Services Act of 2002.

Key Individual:

A person registered as such in terms of FAIS to oversee and manage the business or representatives of Bayport.

LTIA:

Long-term insurance Act 52 of 1998 and all regulations and subordinate legislation issued in terms of the act.

Person:

Any natural person, partnership or trust. Includes any organ of state as defined in section 239 of the Constitution of the Republic of South Africa Act 108 of 1996

Representative:

Any employee of a financial services provider who renders financial services to a client on behalf of a financial services provider as defined in the FAIS Act

Repudiate

Any action by which an insurer rejects or refuses to pay a claim or any part of a claim, for any reason, and includes instances where a claimant lodges a claim;

- in respect of a loss event or risk not covered by a policy; and
- in respect of a loss event or risk covered by a policy, but the premium or premiums payable in respect of that policy are not paid.

Third Party:

This is:

- a product supplier
- another financial services provider
- an associate of a product supplier or a financial services provider
- a distribution channel
- any person who, in terms of an agreement or arrangement with a person referred to in the four bullets above, provides a financial interest to a provider or its representatives.

2. INTRODUCTION

Bayport as an authorised financial services provider has a responsibility to conduct itself honestly, with integrity, fairness, dignity and ethically wherever it operates, with due regard to the environment, the societies in which it operates and its other stakeholders. This framework has thus been developed to provide structure, guidance and direction on the management of insurance claims within Bayport. Supported by specific procedures which are documented separately to provide clearly defined steps, activities and decisions at different functional levels, this framework is the overarching guide which provides a broad overview of how Bayport approaches claims management. The framework incorporates specific practices, tools, methods, principles and standards in line with the requirements of Section 42 of the LTIA, referred to as the Policyholder Protection Rules (as amended). As contemplated in Chapter 2 of the aforementioned, this framework seeks to ensure fair treatment of policyholders and beneficiaries and will be reviewed regularly.

3. PURPOSE OF THIS FRAMEWORK

Whilst this framework sets the high-level standards for Bayport, Bayport has formulated and implemented detailed measures to proactively ensure compliance with these standards, having due regard for the specific business environment within which Bayport operates.

This framework is related to and must be read with the Bayport Claims Handling Process and the TRAFICC Claims Assessment Process. The purpose of this Claims Management Framework is primarily to provide the framework of how insurance claims are processed and assessed in the rendering of financial services to Clients.

4. BUSINESS OBJECTIVES

The primary objectives of this framework are to:

- give guidance on how to handle insurance claims according to Bayport's values
- ensure fairness in the interests of clients, employees and Bayport
- document the process for processing and assessing insurance claims lodged by Bayport clients

5. SCOPE

The requirements outlined in this framework apply to the insurance function of Bayport, including all affiliated intermediaries. This framework regulates processes and procedures according to existing legal obligations contained in the LTIA, FAIS and any other applicable legislative provision and should therefore not be construed or applied in a way that contradicts such duties and obligations, nor is it designed to replace such duties and obligations.

6. ROLES AND RESPONSIBILITIES

Key Individuals

In terms of FAIS, the key individuals are responsible for managing or overseeing the activities of Bayport as they offer financial services. In terms of this framework, the key individuals must ensure that adequate resources are allocated to claims handling and that any person dealing with claims is:

- adequately trained;
- experienced in claims handling and appropriately qualified;

The key individuals are also responsible for providing relevant input and guidance to the operational areas or support functions.

Insurance Supervisor

The Insurance Supervisor is responsible within Bayport, to ensure that all claims lodged are treated in line with this framework and that any person dealing with claims is;

- not be subject to a conflict of interest and;
- is adequately empowered to make impartial decisions or recommendations.

7. CLAIMS MANAGEMENT KEY PRINCIPLES

This Claims Management Framework must be maintained, operated adequately and effectively and ensure that:

- a. It is proportionate to the nature, scale and complexity of Bayport's business and risks;

- b. It is appropriate for the business model, policies, services and policyholders and beneficiaries of the Bayport;
- c. It enables claims to be assessed after taking reasonable steps to gather and investigate all relevant and appropriate information and circumstances, with due regard to the fair treatment of claimants;
- d. It does not impose unreasonable barriers to claimants.

8. PERFORMANCE STANDARDS AND REMUNERATION

Bayport will not compromise its principles for short-term advantage. As such and as part of the values of Bayport, the adherence to high standards of personal integrity and ethical performance of the officers, directors, employees or subsidiaries of Bayport is expected. Therefore, to ensure objectivity and impartiality, the monitoring and enforcement of non-conformance of the said standards and performance shall be done in line with the Bayport's Conflict of Interest Management Policy.

9. THE CLAIMS PROCESS

9.1. Claims Process Flow

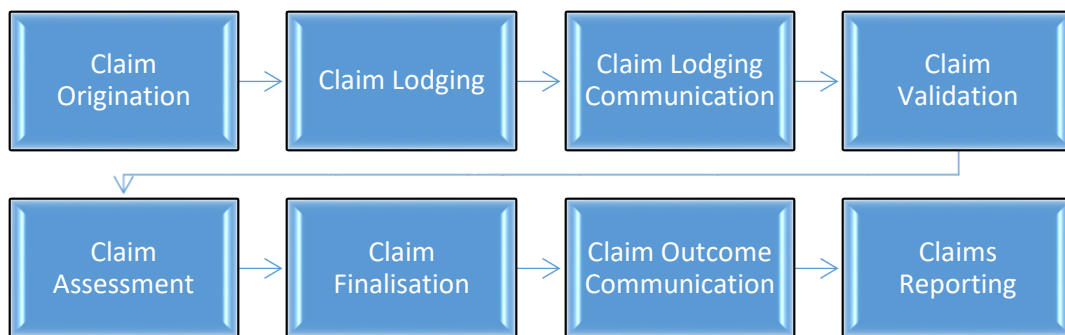


Figure 1: Claims Process Flow

Intricate details and timelines of each step of the process flow are defined in the Bayport Claims Handling Process and the TRAFICC Claims Assessment Process which are separately documented. Such processes include but are not limited to;

1. Expected timeframes for each of the stages
2. Circumstances in which the aforementioned timeframes may be extended
3. Circumstances in which interest will be payable in the event of a late claim together with the process to be followed in such an instance and the rate of interest payable.
4. Communication with claimants on claims processes and procedures together with the appropriate communication at relevant stages of claims.

10. REPUDIATIONS OR DISPUTES

Bayport must communicate the following information to the claimant:

- The reason for the decision;
- The facts that informed the decision;
- The process of disputing a repudiated claim;
- The right to lodge a complaint to the relevant Ombud with;
 - The contact details of the relevant Ombudsman and the limitations of such Ombud

11. THE ESCALATION PROCESS

Should a claimant or customer be dissatisfied with the outcome of the claim assessment, he/she may direct their dissatisfaction to Bayport in line with the internal dispute resolution process detailed in Bayport's Complaints Handling Policy. Bayport may refer the matter to the Insurer for review of the decision.

Should this result in a decision that is still unsatisfactory, the matter may be referred to Bayport's Internal Dispute Arbitrator, before referring it to an external body, such as the Ombud for Long-Term Insurance.

12. RECORD KEEPING, MONITORING AND REPORTING

12.1. Claims Reporting and Monitoring

Two reports are produced by the Bayport Insurance Division for internal purposes. These reports are the Weekly-Paid Claims report for tracking purposes and the Credit Committee claims report which is a monthly report for business performance tracking purposes.

Trends, risks and remedial actions to review product design and disclosures in line with the principles and outcomes of TCF is undertaken regularly on a quarterly basis.

Furthermore, as part of the overall risk management framework of Bayport, Insurance claims are listed in the departmental risk register of the Insurance department where Root Causes are defined and monitored on a monthly bases together with the key controls in place to mitigate such risk. This is done in order to test the effectiveness of such controls and ensure that the desired outcomes of the claims management framework are met.

12.2. Record Keeping

All claims received, assessed, and finalised will be kept for a minimum period of 5 years. Such claims are stored as electronic scanned copies on the internal network drives. These drives are backed up and stored centrally on the organisation's backup servers, a copy of which is also backed up via cloud storage.

13. FRAUD and ANTI-MONEY LAUNDERING

In line with the Bayport FICA Risk and Compliance Management Programme, Bayport is committed to meeting its obligations in combatting fraud, anti-money laundering and the financing of terrorism and to comply with the relevant legislation and with the Financial Intelligence Centre Act, No. 38 of 2001 as amended. Bayport thus has a compliance programme for combatting fraud and money laundering which is specific to its exposures and vulnerabilities. The said Programme is cognisant of the claims management function.

14. AMENDMENTS AND REVIEW

This framework can be changed, modified, revised or can be rescinded completely by Bayport at any time with appropriate approvals. Trends, risks and remedial actions to review product design and disclosures in line with Treating Customers Fairly principles will be taken on an annual basis.

15. DOCUMENT REVIEW AND SIGNOFF SHEET

Document Review

1. This framework was reviewed and signed by the Executive: Legal & Compliance, on **27 September 2018**. The signed version is available for inspection, on request from the Compliance Manager or Company Secretary.
2. This framework was reviewed and approved by the Enterprise Risk Committee on **6 November 2018**, and signed by the Risk Committee Secretary in confirmation of the committee's approval. The signed version is available for inspection, on request from the Compliance Manager or Company Secretary.

Governing Body Approval

1. **Audit Committee Approval:**
This framework has been reviewed and approved by the Company's Audit, Risk and Compliance Committee at its meeting held on **3 December 2018**, as evidenced in the minutes of that meeting, an extract of which can be obtained from the Company Secretary.
2. **Board Approval:**
This framework has been approved by the Company's Board of Directors at its meeting held on **3 December 2018**, as evidenced in the minutes of that meeting, an extract of which can be obtained from the Company Secretary.