

## RISK MANAGEMENT AND COMPLIANCE PROGRAMME (“RMCP”) IN TERMS OF SECTION 42 OF THE FINANCIAL INTELLIGENCE CENTRE ACT, NO 38 OF 2001 FOR PLATINUM LIFE (PTY) LTD

### 1. DEFINITIONS

- "FICA" means the Financial Intelligence Centre Act, Number 38 of 2001, as amended from time to time.
- "FIC" means the Financial Intelligence Centre, a juristic person created under chapter 2 of FICA.
- "RMCP" means the Risk Management and Compliance Programme contained in this document, which has been designed in response to section 42 of FICA.

### 2. DEFINITIONS

- 2.1. Platinum Life is an accountable institution and subject to the provisions of FICA.
- 2.2. The purpose of this RMCP is to identify and assess the risk to Platinum Life of policy owners seeking to launder money or to finance terrorism.
- 2.3. Platinum Life is obliged to be on the lookout for such illegal practices and to report any instances of such activity or any other suspicious activities.
- 2.4. Platinum Life's obligations also extend to monitor, mitigate and manage the risk of its products and services being utilized for these illegal practices.
- 2.5. This document seeks to set out how Platinum Life intends to comply with these obligations, and other related matters.

### 3. OVERVIEW OF PLATINUM LIFE

- 3.1. Platinum Life offers risk only life insurance products.
- 3.2. The likelihood of Platinum Life being used for money laundering and or terrorist financing activities is low.
- 3.3. The premiums received for Platinum Life products are received by debit order only and no single premiums are allowed.
- 3.4. All premiums are received directly by the insurer which is either Guardrisk Life or Momentum Ability.
- 3.5. Platinum Life markets its products to prospective policy owners referred to the company by persons already on the Platinum Life database, or to persons who have responded to social media advertising.
- 3.6. All Platinum Life products are sold by means of outgoing telemarketing and no inbound product requests are accepted unless with a strict, case by case, underwriting process which is concluded with the re-insurance company involved.

#### **4. RISKS IDENTIFIED**

- 4.1. Platinum Life could potentially be used for money laundering or the financing of terrorism in the event that:
  - 4.1.1. a claimant successfully submits a fraudulent claim for an insured benefit, or
  - 4.1.2. a policy owner successfully submits a fraudulent claim for a refund of premiums, or
  - 4.1.3. the banking details of a supplier is fraudulently changed.
- 4.2. Should additional risks become apparent, this list shall be updated.

#### **5. THE ESTABLISHMENT AND VERIFICATION OF THE IDENTITY OF PERSONS**

- 5.1. Every prospective policy owner's identity number is obtained and recorded when he or she agrees to enter into an agreement of sale.
- 5.2. Every policy owner's identity number is verified should he or she wish to make any beneficiary change to a policy.
- 5.3. Each claimant's identity number is verified before any benefit is paid.

#### **6. ONGOING DUE DILIGENCE**

- 6.1. Platinum Life is obliged to continue to monitor existing policy owners and to take note when the policy owner behaves in a manner inconsistent with its previous knowledge of that policy owner.
- 6.2. Policy owners are contacted every six to eight months and offered an upgrade on their existing policy. Should the policy owner accept such an upgrade, all the personal information of the policy owner will again be confirmed.

#### **7. COMPLEX OR UNUSUALLY LARGE TRANSACTIONS, UNUSUAL PATTERNS OR TRANSACTIONS WHICH HAVE NO APPARENT BUSINESS OR LAWFUL PURPOSE**

- 7.1. In the event that a business entity is asked to become party to, or to facilitate, any complex or unusually large transactions, it must be especially vigilant about the possibility that the parties involved might be attempting to launder money or finance terrorism. These transactions and the parties involved must be properly identified and investigated and records of such findings must be kept.
- 7.2. Platinum Life's actuarial team does, on a monthly basis, perform a reconciliation between the company's policy administration system and the insurer's bank statement. Any difference exceeding an amount of R2,000 is queried with the policy owner and raised with the insurer.

#### **8. RETENTION OF RECORDS**

- 8.1. Platinum Life is obliged to keep records of every transaction had with a policy owner.
- 8.2. Such records ("FICA records") must reflect the following:
  - 8.2.1. the amount involved and the currency in which it was denominated,
  - 8.2.2. the date on which the transaction was concluded,
  - 8.2.3. the parties to the transaction,
  - 8.2.4. the nature of the transaction,
  - 8.2.5. business correspondence,

- 8.2.6. the intended purpose of the business relationship, and
- 8.2.7. copies of, or references to, information provided to or obtained by the accountable institution to verify a person's identity.
- 8.3. By their very nature, personal information pertaining to policy owners are privileged records and must be protected.
- 8.4. No FICA records are to be deleted for any reason without the authority of the FICA Compliance Officer and no such records are to be made available to any third party without the consent of the policy owner to whom they relate, unless required by law.

## **9. DUTY TO REPORT SUSPICIOUS AND UNUSUAL TRANSACTIONS**

- 9.1. Every employee of Platinum Life has a duty to report any suspicious transaction that Platinum Life may be involved in or become involved in to the Company's Head of Compliance, Compliance Officer or Money Laundering Reporting Officer.
- 9.2. The duty to report is triggered when an employee has knowledge or a suspicion that Platinum Life:
  - 9.2.1. has received or is about to receive the proceeds of unlawful activities,
  - 9.2.2. is a party to a transaction that is likely to result in the transfer of proceeds of unlawful activities,
  - 9.2.3. appears to have no business or lawful purpose,
  - 9.2.4. is constructed to avoid a duty to report,
  - 9.2.5. related to an attempt to evade tax or other duty or levy administered by SARS, or
  - 9.2.6. has been or is about to be used for money laundering purposes.
- 9.3. Platinum Life is aware of the following risks that have been identified by Guidance Note 4:
  - 9.3.1. unusual business,
  - 9.3.2. deposits of funds with a request for their immediate transfer elsewhere,
  - 9.3.3. unwarranted and unexplained international transfers,
  - 9.3.4. the payment of commissions or fees that appear excessive in relation to those normally payable,
  - 9.3.5. lack of concern about high commissions, fees, penalties etc. incurred as a result of a transaction or particular method of transacting,
  - 9.3.6. transactions do not appear to be in keeping with normal industry practices,
  - 9.3.7. purchase of commodities at prices significantly above or below market prices,
  - 9.3.8. unnecessarily complex transactions,
  - 9.3.9. unwarranted involvement of structures such as trusts and corporate vehicles in transactions,
  - 9.3.10. a transaction seems to be unusually large or otherwise inconsistent with the customer's financial standing or usual pattern of activities,
  - 9.3.11. buying or selling securities with no apparent concern for making a profit or avoiding a loss,
  - 9.3.12. unwarranted desire to involve entities in foreign jurisdictions in transactions,
  - 9.3.13. knowledge of Reporting or Record Keeping Requirements,

- 9.3.14. a customer attempts to convince employee not to complete any documentation required for the transaction,
  - 9.3.15. a customer makes inquiries that would indicate a desire to avoid reporting,
  - 9.3.16. a customer has unusual knowledge of the law in relation to suspicious transaction reporting,
  - 9.3.17. a customer seems very conversant with money laundering or terrorist activity financing issues,
  - 9.3.18. a customer is quick to volunteer that funds are clean or not being laundered,
  - 9.3.19. a customer provides insufficient vague or suspicious information concerning a transaction,
  - 9.3.20. accounts that show unexpectedly large cash deposits and immediate withdrawals,
  - 9.3.21. a frequent exchange of small denomination notes for larger denomination notes,
  - 9.3.22. involvement of significant amounts of cash in circumstances that are difficult to explain.
- 9.4. Once an employee becomes aware of a suspicious or unusual transaction, it must be reported immediately. Every employee has a duty to approach Platinum Life's Head of Compliance, Compliance Officer or Money Laundering Reporting Officer and to make a full disclosure of the facts and circumstances giving rise to such belief that a report to the FIC is required. Any documentation related to these facts and circumstances must also be brought to the attention of the Company's Head of Compliance, Compliance Officer or Money Laundering Reporting Officer.
- 9.5. No employee is allowed to disclose any details about the suspicious or unusual transaction to anyone else, unless this is required in terms of the FICA, or for the purposes of legal proceedings or in terms of an order of court. Employees are specifically not entitled to disclose any details about the report to the person who is the subject of the report. If by some coincidence, an employee becomes aware that another employee has made a report about a suspicious or unusual transaction, the duty of confidentiality is the same as if that employee had made the report himself.

## **10. THE INABILITY TO CONDUCT DUE DILIGENCE AND THE TERMINATION OF BUSINESS RELATIONSHIPS**

- 10.1. Should Platinum Life be unable to comply with its FICA compliance and policy owner due diligence obligations in respect of any policy owner, as described in this RMCP, it may not enter into a business relationship or conclude a single transaction with such policy owner. More specifically:
- 10.1.1. should a prospective policy owner refuse to provide his or her identification number, no transaction may be concluded with such person,
  - 10.1.2. should a policy owner refuse to provide proof of his or her identity number, no beneficiary change may be made to the policy,
  - 10.1.3. should a claimant refuse to provide proof of his or her identity number, no benefit may be paid to such claimant.
- 10.2. In the event that the inability to conduct such due diligence comes about as a result of suspicious or unusual behaviour in suspicious or unusual circumstances, Platinum Life will be obliged to report the person concerned to the FIC.

## **11. FOREIGN PROMINENT PUBLIC OFFICIALS, DOMESTIC PROMINENT INFLUENTIAL PERSONS AND THEIR FAMILY MEMBERS AND THEIR KNOWN CLOSE ASSOCIATES**

- 11.1. The risk of Platinum Life being used for money laundering or terrorist financing by prominent public officials or domestic prominent influential persons, their family members or close associates is insignificant. Therefore, this section is not applicable.

## **12. THE IMPLEMENTATION OF THIS RMCP**

- 12.1. All staff members are to be made aware of the existence of this RMCP and each staff member will sign the declaration contained in their employment documentations confirming that they have read the RMCP and furnishing the undertaking to enforce its terms when dealing with all policy owners.

## **13. APPROVAL OF THE RMCP**

- 13.1. This RMCP, and all amendments hereto, is approved by the Company's EXCO.

## **14. APPOINTMENT OF FICA COMPLIANCE OFFICER**

- 14.1. Platinum Life's FICA Compliance Officer is Robbie Stutterheim.  
14.2. Platinum Life's Money Laundering Reporting Officer is Raymond McIntyre.  
14.3. Platinum Life's Compliance Head is Terisha Nareen.

## **15. OFFENCES AND PENALTIES**

- 15.1. Failure to comply with this RMCP and/or the Financial Intelligence Centre Act is an offence punishable by an internal sanction of this company and by harsh fines and prison sentences in terms of the Act.

## **16. REASSESSMENT OF RISK**

- 16.1. This RMCP shall be updated and reviewed annually. This shall however not detract from the duty of management to update and amend this RMCP as and when additional risks, or risk management steps are identified.