



# RISK MANAGEMENT AND COMPLIANCE PROGRAMME ("RMCP") IN TERMS OF SECTION 42 OF THE FINANCIAL INTELLIGENCE CENTRE ACT, NO 38 OF 2001

For: PinnAfrica Insurance Underwriting Managers (PTY) LTD  
[referred to as PinnAfrica]

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This document constitutes the FSP's Risk Management Compliance Programme for anti-money laundering and counter-terrorist financing risk management and compliance as required by **FICA**.

## 1. DEFINITIONS

- 1.1 "AI": Accountable Institution. According to Schedule 1 of the Financial Intelligence Centre Act, the term "accountable institution" is described as a person or organisation that carries out specific types of business.
- 1.2 "FICA": Financial Intelligence Centre Act, Number 38 of 2001, as amended from time to time.
- 1.3 "FIC": Financial Intelligence Centre, a juristic person created under chapter 2 of FICA.
- 1.4 "Money Laundering" According to the FIC "Money Laundering is the process used by criminals to hide, conceal or disguise the nature, source, location, disposition or movement of the proceeds of unlawful activities or any interest which anyone has in such proceeds." This includes the act of conducting or causing to conduct transactions with the intention of avoiding the duty to report such transactions.
- 1.5 "Anti-Money Laundering" This refers to the fight against money laundering and can include many processes and steps that get taken to attempt to prevent money laundering from occurring.
- 1.6 "RMCP" Risk Management and Compliance Programme contained in this document, which has been designed in response to section 42 of FICA.
- 1.7 "Suspicious Transaction" A suspicious transaction is a transaction that causes a reporting entity to have a feeling of apprehension or mistrust about the transaction considering its unusual nature or circumstances, or the person or group of persons involved in the transaction.
- 1.8 "Terrorist Financing" Terrorism financing is the provision of funds or providing financial support to individual terrorists or non-state actors.



## 2. PINNAFRICA OFFERING

- 2.1 PinnAfrica offers Credit Life and Whole Life products which are pure risk products.
- 2.2 The premiums on the Credit Life and Whole Life products are monthly and collected via debit orders, we do not do cash payments nor single premium policies.
- 2.3 Due to 2.2 the probability of PinnAfrica being used for money laundering and/or terrorist financing activities is low.
- 2.4 All premiums are collected directly into the Insurers bank account, namely, Guardrisk Life.

## 3. PURPOSE & OBLIGATION

The purpose of this RMCP is to identify, assess, monitor, mitigate and manage the risk of policyholders seeking to launder money or to finance terrorism.

PinnAfrica is an AI and subject to the provisions of FICA and therefore has an obligation to:

- 3.1 Be aware and on the lookout for such illegal practices and to report any instances of such activity or any other suspicious activities.
- 3.2 Monitor, mitigate and manage the risk of the products and services being utilized for any of these illegal practices.

## 4. POTENTIAL RISKS IDENTIFIED

PinnAfrica has identified the following potential risk:

- 4.1 a claimant submits a fraudulent claim for an insured benefit, or
- 4.2 a policyholder successfully submits a fraudulent request for a refund of premiums, or
- 4.3 the banking details of a supplier is fraudulently changed.

The above points will be updated should any further potential risks be identified.

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

- 5.1 The Clients identity number is obtained and recorded when they apply for the cover and accept the policy terms and conditions.
- 5.2 The Clients identity number is requested and verified with any and all policy changes including the change of a beneficiary.
- 5.3 The Clients identity number is verified prior to any refund being processed.



5.4 The Clients identity number is verified at claims stage prior to any benefit being paid.

5.5 With regards to the direct online portfolio the Clients are required to provide a copy of their identity document as well as proof of residence which is not older than 3 months at claim and/or refund stage. No payment will be made without receipt of these documents.

5.6 PinnAfrica conducts a weekly check on policies loaded in that week against the UN1267 list and a monthly check across the database.

## 6. ONGOING DUE DILIGENCE

6.1 PinnAfrica will continue to monitor existing policyholders to highlight any changes or potential risks.

6.2 Policyholders are sent benefit reminders every 6 months. Should the policyholder require any changes all personal information will be verified first and confirmed prior to any changes taking place.

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

7.1 Our policies are for individuals only and based on a monthly premium.

7.2 Anything out of the policy terms and conditions and rating model will not be accepted or activated by the system.

7.3 All bank accounts are reconciled on a monthly basis between the premiums received in the Insurers bank account (bank statement) and the PinnAfrica underwriting system. Any discrepancies are raised and queried.

7.4 Any complex or unusually large transactions identified will be reported to the FICA Compliance Officer and the Executive Committee immediately. The parties involved will be identified, investigated and records of such finding will be kept.

## 8. RETENTION OF RECORDS

8.1 It is a requirement for PinnAfrica to keep records of every transaction had with a policyholder.

8.2 Such records must reflect the following:

8.2.1 the rand value in-terms of the transaction,

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 all correspondence regarding the transaction,



- 8.2.6 the intended purpose of the transaction, and
- 8.2.7 copies of, or references to, acceptance of cover.

8.3 Records pertaining to the policyholder's personal information are private and need be protected.

8.4 No FICA records are to be deleted for any reason without the authority of the FICA Compliance Officer and the Board of Directors 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.

8.5 Documents may be kept in electronic format.

8.6 Records must be kept for a minimum of 5 years from the date on which the policy was terminated/expired or the transaction concluded.

## 9. DUTY TO REPORT SUSPICIOUS AND UNUSUAL TRANSACTIONS

9.1 Every PinnAfrica employee has a duty to report any suspicious transaction that PinnAfrica may be involved in or become involved in to the Company's Directors, Compliance Officer and the Money Laundering Reporting Officer.

9.2 The duty to report is triggered when an employee has knowledge or a suspicion that PinnAfrica:

- 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 PinnAfrica 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 that do not appear to be in keeping with normal industry practices,
  - 9.3.7 unnecessarily complex transactions,
  - 9.3.8 a transaction seems to be unusually large or otherwise inconsistent with the customer's financial standing or usual pattern of activities,
  - 9.3.9 unwarranted desire to involve entities in foreign jurisdictions in transactions,
  - 9.3.10 knowledge of Reporting or Record Keeping Requirements,
  - 9.3.11 a customer attempts to convince employee not to complete any documentation required for the transaction,
  - 9.3.12 a customer makes inquiries that would indicate a desire to avoid reporting,
  - 9.3.13 a customer has unusual knowledge of the law in relation to suspicious transaction reporting,
  - 9.3.14 a customer seems very conversant with money laundering or terrorist activity financing issues,
  - 9.3.15 a customer is quick to volunteer that funds are clean or not being laundered,
  - 9.3.16 a customer provides insufficient vague or suspicious information concerning a transaction,
  - 9.3.17 accounts that show unexpectedly large cash deposits and immediate withdrawals,
  - 9.3.18 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;
- 9.4.1 it must be reported immediately.
  - 9.4.2 Every employee has a duty to approach PinnAfrica's Directors, Compliance Officer and 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.
  - 9.4.3 Any documentation related to these facts and circumstances must also be brought to the attention PinnAfrica's Directors, Compliance Officer and 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.

9.6 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 themselves.

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

PinnAfrica products are sold on an individual basis. Should PinnAfrica be unable to comply with its FICA compliance and policyholder due diligence obligations in respect of any policyholder, as described in this RMCP, it may not enter into an agreement or conclude a single transaction with such policyholder.

More specifically:

10.1.1 should a prospective policyholder refuse to provide his or her identification number, no transaction may be concluded with such person,

10.1.2 should a policyholder refuse to provide proof of his or her identity number, no detail or beneficiary change may be made to the policy,

10.1.3 should a claimant refuse to provide proof of their identity number, no benefit may be paid to such claimant.

10.1.4 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, PinnAfrica will be required 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

The risk of PinnAfrica 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.

The products are based on an individual basis, they are based on pure risk and premium collected monthly via debit order using the registered bank account provided. The products are only available to South African residents.



Therefore, this section is not applicable.

## 12. THE IMPLEMENTATION OF THIS RMCP

All staff members will be made aware of this RMCP and they will be required to sign a declaration confirming that they have read the RMCP and furnish the undertaking to enforce its terms when dealing with all policyholders. The declaration will be filed on their staff files.

Staff will also be required to familiarise themselves and adhere to the PinnAfrica Internal Rules Manual. Staff will be required to sign a declaration confirming that they have read PinnAfrica Internal Rules and furnish the undertaking to enforce its terms when dealing with all policyholders. The declaration will be filed on their staff files.

## 13. APPROVAL OF THE RMCP

This RMCP, and all amendments hereto, are approved by the Company's Executive Committee, which consist of the Directors and Senior Management.

## 14. APPOINTMENT OF FICA COMPLIANCE OFFICER

- 14.1 PinnAfrica's FICA Compliance Officer is Jessica Lomborg.
- 14.2 PinnAfrica's Money Laundering Reporting Officer is Adilson Correia.
- 14.3 PinnAfrica's Compliance Officer is Nicole Wearne.

## 15. OFFENCES AND PENALTIES

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

## 16. REASSESSMENT OF RISK

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 and/or risk management steps are identified.