Qover

# Conflict of Interests & Inducements Policy

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Policy owners: Compliance Officer/General Counsel

# Contents

# 1. Introduction

This Conflict of Interests & Inducements Policy ("the Policy") sets out, in line with applicable laws and regulations (fundamental rules of conduct according to Insurance Distribution Directive ("IDD")), the principles and requirements implemented by Qover SA/NV ("the Company") in order to ensure that as an insurance distributor, it always act loyally, fairly and professionally in the best interests of their customers when engaging in insurance distribution.

In addition, Annex 1 of this Policy provides with the Register Record for Conflict of Interest (see Annex 1).

# 2. Legal framework

The Policy is adopted within the following regulatory framework:

- Directive (EU) 2016/97 on insurance distribution ;
- Law of 30 July 2013 aiming to strengthen the protection of financial product and service users and the powers of the Financial Services and Markets Authority
- ICOBS 2.5.-1R
- Insurance industry Code of Conduct (Royal Decree of the 17th of June 2019, BS, 21st of June 2019)

# 3. Scope of application

The Policy applies to the Company as well as to those acting on behalf of the Company, including officers, directors, employees, shareholders, partners, and other agents or third parties acting on behalf of the Company (together "Staff Members").

In addition, this Policy is applicable to (i) any other natural person whose services are made available to and under the control of the Qover and who is involved in the distribution of insurance products and to (ii) natural person directly involved in the distribution of insurance products under an outsourcing arrangement.

# 4. Purpose

As a general rule, the Company's business should be effectively directed, managed and conducted in a sound and prudent manner with integrity. Any conduct that might raise questions or cast doubt regarding ethical or legal conduct must be avoided.

The Policy aims to identify, prevent and manage conflicts of interest that may arise in the course of the Company's activities and Inducements.

The regulatory key requirements in terms of conflicts of interest are as follows:

The regulators are clear about the importance of the management of Conflicts of Interest by making the management of conflicts one of their eleven 'Principles for Businesses' for regulated firms.

Firms are required to ‘manage conflicts of interest fairly, both between itself and its customers and between a Customer and another Client’. This Principle links strongly with the principle whereby an authorised firm must ‘pay due regard to the interests of its customers and treat them fairly’.

The implementation of IDD from 1 October 2018 introduced the 'customer's best interests’ rule' (ICOBS 2.5.–1R) which states that 'A firm must act honestly, fairly and professionally in accordance with the best interests of its customer.'

Firms are required for identifying, recording, managing and disclosing actual or potential conflicts that may damage the interests of that firm’s customers.

The FCA provides further guidance within ICOBS 2.3.1G stating ‘[Principle eight] extends to soliciting or accepting inducements where this would conflict with a firm’s duties to its customers.’

Regulators define an inducement as being, broadly, any benefit offered to a firm, or any person acting on its behalf, with a view to that firm, or that person, adopting a particular course of action. This can include, but is not limited to, cash, cash equivalents, commission, goods, hospitality or training programmes.

Disclosure to a customer of the general nature and/or sources of a conflict, along with the steps being taken to mitigate the risks, is permitted as a last resort. This applies if the conflict cannot be managed sufficiently to ensure, with reasonable confidence, that the risks of damage to the customer's interests cannot be prevented.

## 5. Governance and updates

The table below defines the roles and responsibilities of the stakeholders responsible for the governance of this Policy

| | | |
|---|---|---|
| Ownership | Compliance/Legal | Compliance/Legal is responsible for policy ownership. This includes ensuring that the policy remains up to date and effective within the organisation, that changes are communicated to those that are required to implement the policy operationally. |
| Approval | Management Team | The Company Management must approve this Policy. This will be done during Management team committee. |

| | | |
|---|---|---|
| Review | Compliance /Legal | Compliance is responsible for reviewing this policy at least once a year. The policy must be adapted in view of any significant changes in the risk management system. |
| Supervision | Board of directors | The Board is ultimately responsible for the application and requirements of this Policy but delegates some functions to the management team. |
| Operational Implementation | Management team | The Management Team is responsible for operational implementation of this policy. The Management Team is responsible for understanding the principles of this policy and ensuring adequate information is made available to them to ensure they are confident that Qover activities are being managed in line with the requirements as set out by this policy. |

In the event of a breach of this Policy, the Compliance Officer ("CO") should be notified immediately. The Compliance Function must escalate the notified breach appropriately. Issues will be escalated to the Management Team Committee in order to identify remediation steps. After consultation with the Management Team, significant issues will be brought to the attention of the Board of Director.

# 6. What is a Conflict of Interest

## 6.1. Definitions

A Conflict of Interest would occur between the interest of the insurance distributor and the interest of a customer, regarding the outcome of an insurance distribution activity, where the interest of the insurance distributor has the potential to influence the outcome of the distribution activity to the detriment of the customer.

References to “insurance distributors” must be understood by:

- The insurance distributor himself
- a director, partner or equivalent or manager of an insurance distributor, if any;
- an employee of the insurance distributor;
- any other natural person who provides his services, is controlled by the insurance distributor and is involved in the insurance distribution;
- a natural person directly involved in providing services to the insurance distributor under an outsourcing agreement for insurance distribution by the insurance distributor.
- any person directly or indirectly related to them by a supervisory relationship

References to “customer” must be understood as: actual customers and potential ones. This implies that special attention is to be drawn to both pre-contractual phase ( before the customer buys the product) and contractual phase (during the course of the insurance product).

Conflicts of Interest may arise from the provision of services to or by the Company, the operations of the Company’s systems and processes, and the way the Company interacts with clients, third parties, other companies etc. All those areas of activity are subject to the mandatory requirements and additional guidance specified in this Policy.

## 6.2. Types of Conflict of Interests

Some conflicts may be of a personal nature whilst others may arise because of the organisational structure of the Company. Additionally, Conflict of Interest may arise not only from present by also from past personal and professional relationships as well as activities.

A number of possible conflicts of interest within the Company's activities as an insurance intermediary were identified so that the necessary measures can be taken in terms of prevention and effective management.

Without being exhaustive, possible Conflicts of Interest may arise due to the interaction between the various responsibilities taken on by Qover:

1. Qover's interests:
   - Qover's role as an untied agent of several insurance companies;
   - Qover's role as a claims handling company;
   - Qover's role as a tech company;
   - Qover's interest in attracting new business;
   - Qover's interest in maintaining good relationships with existing customers

2. The customers' interests:
   - the customer's interest as a policyholder;
   - the customer's interest as an insured party;
   - the customer's interest as a beneficiary of an insurance contract;
   - the customer's interest as a user of insurance distribution services supplied by Qover;
   - the customer's interest in an insurance claim;
   - the customer's interest as a user of other services/facilities supplied by Qover.

3. The interests of the employees involved/business partners:
   - the employee's/business partners' interest in the execution of his/her task or job;
   - the employee's/business partners' interest in business development;
   - the employee's/business partners' interest in the achievement of objectives;
   - the employee's/business partners' interest in improving his/her professional status, salary and possible bonuses;
   - the employee's/business partners' interest in external business/operations.

As an example, this list of situations where a possible conflict of interest could arise:

- Qover and its employees could obtain financial gain or avoid financial loss at the customer's expense;

- Qover and its employees interests in the result of an insurance distribution service provided to the customer or a transaction executed on the customer's behalf are not the same as the customer's interests in this result;
- Qover has a financial or other incentive to prefer the interests of another customer or customer group to the interests of the customer in question;
- Qover is in the same business as the customer;
- As part of an insurance distribution service to the customer, a person other than the customer provides Qover with a benefit in the form of money, goods or services different from the usual commission or fee for this service, or is planning on doing so in the future.
- Qover's employee has an insurance policy managed by Qover

Some examples where a Conflict of Interest may arise are;

- An insurance agent gets a commission from the risk carrier for the sales of a bike insurance. The more he sells, the more he earns. The insurance agent uses sales techniques to sell as much bike insurance as possible to customers.
  Conflict?

| Customer | • Distributor |
|---|---|
| The fundamental rule of conduct when distributing insurance products: always act loyally, fairly and professionally in the best interests of the customer.<br>• Don't sell a customer a product he doesn't need. | The more the distributor sells, the more money he makes. |

- Variable remuneration and/or sales objectives
  In order to reach sales KPI, a variable remuneration could induce a sales employee to propose one insurance product instead of another that would better fit the target market/end-clients

- Corporate financial gains or loss detrimental to end-clients

In order for Qover to meet financial forecasts, sales employees could be directly/indirectly induced to place or move a business opportunity to another insurance company offering better commission/financial for Qover

- Shareholding structure of Qover
  A shareholder or Qover has a direct or indirect shareholding position of 10% more of an Insurance Undertaking and could influence strategic decision that could be detrimental to end-consumers
- Financial or other inducement to favor one client's interest or a group of clients' interests over the concerned client
  Qover offers better services to some clients over others because they have a certain position, they are close relatives, they pay extra financial inducement
- Employees conflict of interest
  An employee X of the OPS team bought bike insurance. His bike was stolen and he filed a claim via the form.
  Usually an employee of the OPS team will check (FNOL) the form to see if the conditions are met and forward the claim to the TPA if the conditions are met. A conflict of interest will arise if it is employee X in question who does the FNOL and transmits the claim to the TPA.
  A second conflict of interest may arise if another employee on the OPS team performs the FNOL.

## 6.3. What should be done when facing a Conflict of Interest?

First of all, it should be made very clear that it is impossible to avoid Conflict of Interest. It is also impossible to manage all Conflicts of Interest. They are a given. It is the insurance distributors assignment to navigate them in order to, above all, comply with the fundamental rule of conduct.

The Conflict of Interest must be handled following the below steps:

### 6.3.1. Identification of the Conflict of Interest

The Company takes all reasonable steps to prevent the occurrence of Conflict of Interest. Nevertheless, Conflict of Interest may still arise when the measures aimed at preventing Conflict of Interest are not sufficient.

It is the duty of all Staff Members to (i) recognise situations in which he/she has a Conflict of Interest, or might reasonably by seen by other to have a Conflict of Interest.

There can be situations in which the appearance of a Conflict of Interest is present when no Conflict of Interest actually exists. Staff Members are advised, when evaluating a potential Conflict of Interest, to consider how it might be perceived by others.

In general, the Conflicts of Interest in insurance distribution activities may arise between:

- the insurance intermediary and its clients
- the insurance intermediary's clients;
- the management of the insurance intermediary and the customer;
- staff or any person directly or indirectly connected with the insurance intermediary and the customer.

The Company shall assess whether a relevant person or any person directly or indirectly linked to them by a control relationship, have an interest in the outcome of an insurance distribution activity that meets the following criteria:

- This interest is distinct from the customer's or potential customer's interest in the outcome of the insurance distribution activities;
- This interest is distinct from the customer's or potential customer's interest in the outcome of the insurance distribution business;
- This interest can potentially influence the outcome of the distribution activities to the detriment of the client.

In order to qualify as a conflict of interest in the sense of the rules of conduct, there must be a risk of impacting the interests of the client or a detrimental impact on the client.

In order to assess whether a (potential) conflict of interest exists, the Company must at least assess whether any of the following criteria apply to it, the persons concerned or persons directly or indirectly linked by a control relationship:

- Qover and its Staff Members are likely to make a financial gain or avoid a financial loss, to the potential detriment of the customer.
- Qover and its Staff Members have an incentive, financially or otherwise, to favour the interest of another client or group of clients over that of the client.

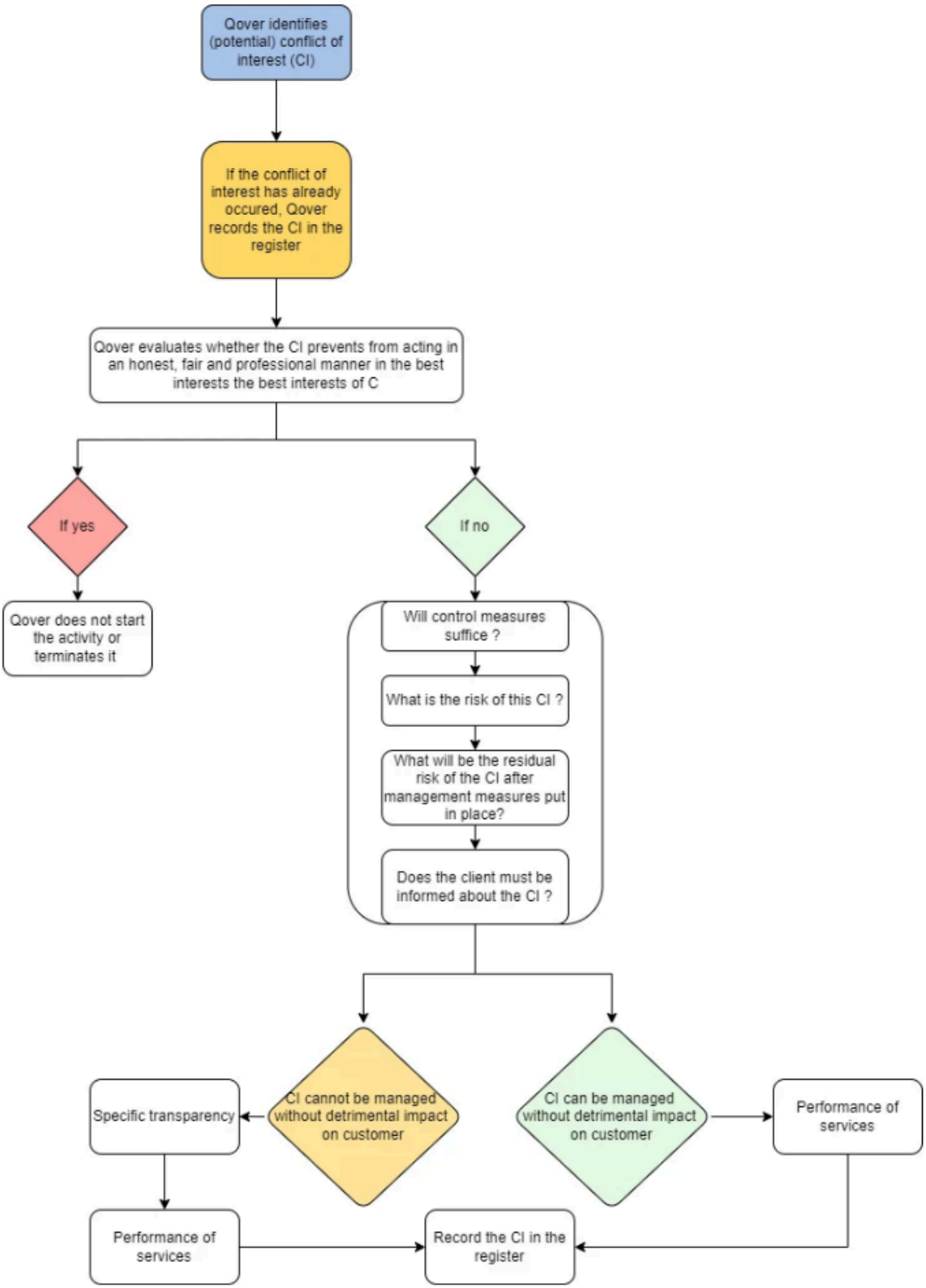
- Qover and its Staff Members are heavily involved in the management or development of insurance products in particular where Qover and its employees have an influence on the pricing or distribution costs of those products or on their distribution costs.

### 6.3.2. Management of the Conflict of Interest

Staff Members must try to manage the Conflict of Interest in a way it doesn't impact the customer's interest in a detrimental way – support can be provided by the Compliance Officer if needed.

The disclosure of the Conflict of Interest shall be made at the time it appears, or if it is recognised that a Conflict of Interest might be perceived. Disclosure is made in writing, to the Compliance officer.

The following chart provides an overview of the management high level process when dealing with (potential) Conflict of Interest:


Qover identifies (potential) conflict of interest (CI)
If the conflict of interest has already occured, Qover records the CI in the register
Qover evaluates whether the CI prevents from acting in an honest, fair and professional manner in the best interests the best interests of C
If yes
Qover does not start the activity or terminates it
If no
Will control measures suffice ?
What is the risk of this CI ?
What will be the residual risk of the CI after management measures put in place?
Does the client must be informed about the CI ?
CI cannot be managed without detrimental impact on customer
Specific transparency
Performance of services
CI can be managed without detrimental impact on customer
Performance of services
Record the CI in the register

### 6.3.3. Information sharing / Disclosure

All Staff Members who think they may be in a Conflict of Interest are required to disclose the situation to their supervisor, manager or Compliance Officer.

If you think that you may be in a possible conflict of interest situation, you should:

- Review point 6.3.2 of this Policy to understand how a Conflict of Interest is defined
- Make a list of your job duties or responsibilities
- Make a list of any personal interests that you think might be in conflict with your duties
- Identify some steps you could take to make sure your job duties and personal interests do not come into conflict

Your supervisor, manager or the Compliance Officer will make a preliminary judgement as to whether a possible Conflict of Interest issue exists based on the facts available.

In some cases, they may decide that the issue is straightforward and can be addressed informally. In this case, your supervisor /manager will work with you to take steps to resolve or mitigate the conflict. In these cases, your responsibility as a Staff Member is to implement the action or plan. There is no need to do anything further.

*What are the factors to assess the severity of a Conflict of Interest?*

Several factors might need to be considered in assessing the seriousness of the conflict of interest. They include:

- the type or size of Qover and/or its employees' other interest;
- the nature or significance of the particular decision or activity being carried out by Qover and its employees;
- the extent to which the clients' interests could specifically affect, or be affected by, the Qover and its employees decision or activity; and
- the nature or extent of the clients' current or intended involvement in Qover decision or activity.

*What are the type of mitigation measures that can be put in place?*

To mitigate the Conflict of Interests identified, Qover and its Staff Members can adopt the following non-exhaustive mitigation measures:

**Prevention**

The best way to mitigate conflicts of interest is to avoid them in the first place. Qover and its Staff Members should not accept roles and responsibilities that are incompatible with existing interests.

### Awareness

Staff Members are required to attend professional development opportunities that increase knowledge on ethical issues related to conflict of interest.

### Public or internal disclosure

Qover and its Staff Members should avoid hiding their roles and responsibilities. Disclosing Qover's interests publicly or internally enables potential partners or the Company's Staff Members to determine the course of action for them as per their roles and responsibilities and to find solutions.

### Chinese Wall

A Chinese wall is an internal measure to ensure that information gained in the course of the operations for a certain purpose or while acting for one client does not leak to people in another part of Qover who are acting for another client or who are acting for another purpose and for whom that information may be highly relevant. The principal aims are to protect client confidentiality and, segregating duties and teams for appropriate business processes.

Focus is on Conflict of Interest in business situation where employees have taken out an insurance contract on a product managed by Qover.

All Staff Members of Qover and more specifically the employees of the OPS team who are in charge of the First Notice Of Lost ("FNOL") are concerned. In order to avoid the conflict of interest, the concerned employee shall ask a Staff Member of the legal and insurance team to perform the FNOL and not someone from their team.

If the FNOL of the claim cannot be managed "independently" within Qover, the claim will be processed directly by the TPA or with the appropriate insurer.

### Outsourcing

If the Conflict of Interest cannot be managed internally, Qover and/or its Staff Members should outsource the functions to another independent company.

In addition, other mitigation measures could be taken:

- Record gift and/or entertainment received or given in the register of gifts & entertainment
- Additional oversight or review over the person;
- Withdrawing from discussing or voting on a particular item of business at a meeting, or taking some other steps to limit influence or decision- making powers (for example, they might not take part in decisions but could still provide advice);
- Exclusion from a committee or working group dealing with the issue;
- Re-assigning certain tasks or duties to another person; Agreement or direction not to do something;

- Placing restrictions on access to information;
- Transferring the person (temporarily or permanently) to another position or project;
- Refraining from having further dealings with a person or organisation; and
- Resignation or dismissal from one or other position or organisation.

Staff Member's supervisor, manager or the Compliance Officer is responsible for the proper documentation of the Conflict of Interest and mitigation measures adopted within the Register of Conflict of Interest.

Control of the application of the mitigation measures is undertaken by the Compliance Officer.

### 6.3.4. Documentation the Conflict of Interest

All Conflict of Interest must be recorded in the Conflict of Interest Register by the Compliance Officer.

The Conflict of Interests Register documents the types of activities, performed by or on behalf of the Company, in which a Conflict of Interest has arisen or may arise that risks or damages the interests of one or more clients:

- If the Conflict of Interest is deemed sufficiently mitigated by the action taken, the Compliance Officer should document the Conflict of Interest in the Register as well as the actions taken to mitigate it.
- If the proposed measures are not sufficient to mitigate the Conflict of Interest, the Compliance Officer should document it in the Register as well as the reason why the measures are not sufficient to mitigate the Conflict of Interest.

The Conflict of Interest Register shall be regularly reviewed, at least once a year, and updated by the Compliance Officer. In any case, the Compliance Officer must review and update the Conflict of Interest Register more frequently if there is a significant change to the Company's business, its environment or strategy.

The management must receive, at frequent intervals and at least once a year, written reports on these situations.

# 7. What is an Inducement

## 7.1. Definition

An inducement is a benefit offered to a firm, or any person acting on its behalf, with a view to that firm, or that person, adopting a particular course of action. This can include, but is not limited to, cash, cash equivalents, commission, goods, hospitality or training programmes.

## 7.2. In general

Qover will always act loyally, fairly and professionally in the interests of its customers when engaging in insurance distribution. Qover shall not compensate or evaluate the performance of its employees in such a way that conflicts with its duty to act in the best interests of its customers. Qover shall evaluate its own compensation for the distribution of insurance products in light of these rules of conduct.

## 7.3. In particular

In particular, Qover will not be compensated or will not compensate any distributor to sell a particular insurance product in such a way that either Qover or its distributors may be induced to sell that product rather than the product that best meets the customer's wants and needs.

Qover will be compensated and compensate its distributors reasonably, considering the service that requires compensation.

## 7.4. Internal Process for handling inducements

Qover employees and management are requested to actively perform the following exercise when offering inducements/ having it offered to them:

| | Question | Answer | Consequence |
|---|---|---|---|
| 1 | Monetary Inducement or non-monetary inducement? | monetary | Go to question 2 |
| | Monetary Inducement or non-monetary inducement? | non-monetary | Go to question 4 |
| 2 | Does it induce to sell a particular product rather than another product that better meets the insured/beneficiaries needs and wants? | no | Go to question 3 |
| | Does it induce to sell a particular product rather than another product that better meets the insured/beneficiaries needs and wants? | yes | Do not accept/offer the inducement |

| | | | |
|---|---|---|---|
| | | | and contact the Compliance offer |
| 3 | Is it reasonable, considering the service that requires compensation? | yes | accept/offer the inducement and register in the Gifts and Hospitality Register* |
| | Is it reasonable, considering the service that requires compensation? | no | Contact the Compliance Officer |
| 4 | Is it an inducement that violates the Insurance industry Code of Conduct (including Royal Decree of the 17th of June 2019, BS, 21st of June 2019)? | no | Go to question 2 |
| | Is it an inducement that violates the Insurance industry Code of Conduct (including the Royal Decree of the 17th of June 2019, BS, 21st of June 2019)? | yes | Do not accept/organise/attend the inducement and contact the Compliance Officer |

* commissions and other recurring remunerations do not need to be registered in this Register

## 7.5. Transparency rules

**About the remuneration of Qover:**

Qover is an untied insurance agent, with a broad network of reputable insurers on whose behalf insurance products are distributed.

For the distribution of the insurers insurance products, Qover receives typically a commission (included in the premium to be paid by the policyholder). Other means of remuneration are possible, including economic benefits of any kind offered or provided in connection with the insurance contract. It is also possible that Qover receives a remuneration that is a combination of a commission and the above mentioned other means of remuneration.

**About the remuneration of the intermediaries that fall under the responsibility of Qover:**

Qover distributes insurance products via other insurance distributors (exempted and non-exempted ancillary insurance distributors, brokers) or uses the services of Business Introducers in order to distribute insurance products.

Qover remunerates these intermediaries typically via a commission (included in the premium to be paid by the policyholder). Other means of remuneration are possible, including economic benefits of any kind offered or provided in connection with the insurance contract. It is also possible that Qover remunerates via a combination of a commission and the above mentioned other means of remuneration.

Wherever required, Qover discloses the portion of the costs and fees included in the premium to be paid by the policyholder, as determined by law.

Document history & information

Draft & review history

| Version | Date | Description | Author | Approved by |
|---|---|---|---|---|
| 1.0 | June 2022 | Draft | Management Team | Management team, CEO Quentin Colmant – 09/08/2022 |
| V0.2 | July 2022 | Final version submitted to internal approval – Ensure that the actions identified in the register f conflict of interest are well implemented (e.g. Chinese Walls) | Management Team | Management Team, CEO Quentin Colmant, Parker Crockford and |
| 03 | July 2022 | | General Counsel | Caroline Hanotiou (General Counsel) |
| 04 | September 2025 | Split for the register in Annex 1 and clean up of the policy + creation of training in Workleap + merging inducements policy section | Compliance Officer | Compliance Officer and General Counsel |