

Conflicts of interest policy - Mithras Underwriting Europe SRL

A conflict is a **set of circumstances** that creates a **risk** that **professional judgement or actions** regarding a primary interest will be **unduly influenced by a secondary interest**.

A Mandated Underwriter is the agent of the insurer by virtue of that agency agreement a Mandated Underwriter must avoid conflicts of interest and may not make a secret profit.

- We must conduct our business with integrity and treat our customers fairly. In particular, we must ensure that we do not conduct business under arrangements that give rise to a conflict with our duty to customers unless the conflict is managed effectively.
- We must take 'reasonable steps' to ensure that we do not solicit, offer, accept or give an inducement if it is likely to conflict 'to a material extent' with our duty to our customers. Any inducement that is likely to do so will be deemed an 'unfair inducement'. An inducement is described as a remuneration arrangement or benefit (whether financial or non-financial) offered to us with a view to us adopting a particular course of action.
- We must not offer incentives to our staff that encourage them to sell products unsuited to customers' needs.
- Even where we disclose a potential conflict of interest to our customer and our customer gives us informed consent to continue acting, we must still decline to continue acting if this disclosure and consent does not enable us to reconcile the conflict.
- When handling a claim, we must not put ourselves in a position where our own interest, or the duty we owe to any person for whom we act, conflicts with our duty to the customer, unless we have fully disclosed the details of the conflict to the customer and obtained their prior informed consent.
- We have been given delegated authority to write business on behalf of insurers and therefore we are acting as their agent rather than the agent of the client.

We must be able to demonstrate that we have in place rigorous internal policies and procedures for identifying and managing potential conflicts of interest and a mechanism for preventing them adversely affecting our customers. These policies and procedures should be regularly tested, reviewed and updated with evidence that staff have been properly trained to follow them.

Mandated Underwriter must be able to identify conflicts of interest when they arise and to ensure, if parties receive a material benefit as a result of the conflict of interest that the benefit is transparent and the process managed.

We must:

conduct our business with integrity;

pay due regard to the interests of our customers and treat them fairly;

pay due regard to the information needs of our clients, and communicate information to them in a way which is clear, fair and not misleading; and

manage conflicts of interest fairly between ourselves and our customers and between our customer and another client.

We recognise that it is inevitable that conflicts of interest can occur in our business. The issue is not the integrity of the company, but the management of any potential to profit from our position as an Mandated Underwriter in the context of being influenced by conflicting loyalties. Even the appearance of a conflict of interest can damage our reputation, so conflicts need to be managed carefully.

We should not be in a position where a potential benefit arises from a conflict with our duties to clients, unless the benefit from which the conflict of interest arises is transparent. It is the potential, rather than the actual, benefit from which the conflict of interest arises which requires managing. Transparency will avoid accusations of impropriety, which will in turn reduce/eliminate any damaging effect on our reputation.

OUR APPROACH

We subscribe to the above although as a wholesale Mandated Underwriter where we only arrange insurances on behalf of other EU insurance intermediaries we do not have direct contact with customers. However we recognise that we rely on business being shown to us by EU insurance intermediaries and therefore any conflicts that may have an adverse affect on us being shown business must be managed.

We have identified the following areas which, whilst not necessarily directly applicable to us, serve as examples, where perceived conflicts may arise in business dealings:

- 1) Individuals provided with financial incentives that may result in a policyholder getting a product that is not necessarily suitable for their needs.
- 2) Insurers incentivising to place business with them where the product isn't necessarily in line with our terms of business.
- 3) Risks where we may be handling claims on behalf of different clients involved in the same claim.

There are other situations where personal conflicts may arise:

- 1) Individuals accepting hospitality/gifts
- 2) Individuals who hold shares in companies where business is placed.
- 3) Individuals holding shares in associated companies where other services are provided to customers (e.g. consultancy services)

Internal requirements

We have in place the following controls to assist us in identifying potential conflicts:

- 1) A register of interests that might give rise to a potential conflict. In recording all the other interests openly, any actual or potential conflicts of interest can be identified more easily. The register of interests is updated as conflicts are identified.
- 2) A gifts/entertainment register which will also assist in identifying potential conflicts.
- 3) Where claims will be settled under our in-house authority individual disclosure of our responsibilities (i.e. acting on behalf of insurers) needs to be made to ensure clarity of responsibilities.

It is clear that with our delegated underwriting authority we act as agent for insurers and we will make this clear and transparent on our documentation.

Also we have the ability to settle claims on behalf of Insurers. Therefore as agent of insurers we do not have any conflict since we disclose that we are acting on their behalf.

As we have delegated authority to bind business and settle claims we need to ensure that when processing claims this function needs to be managed independently from the placing function to ensure that claims are processed fairly and without any external influences. Therefore ongoing claims should not be discussed with the placing team unless in unavoidable circumstances.

All staff need to be aware of the principle of conflicts of interest and the above procedures have been put in place to minimise any risk of criticism. However there may be situations that occur which have not been highlighted here. Therefore if there are situations that arise where staff consider there may be a conflict then this should be discussed with the Compliance Officer.

As part of our company's ongoing compliance monitoring procedures this area will be continually monitored.

Compliance checking

a) We will continue to increase awareness of conflicts of interest issues amongst staff by circulating internal conflicts of interest policy and providing subsequent training as required;

b) Continuance of file checking, which will look at the following areas:

- look at where business is placed
- decision making process behind where placed

c) Monitor entertaining/hospitality registers to review trends to identify whether any decision making is influenced by hospitality.

d) Monitor business interests/shareholding register to identify interests that may cause a perceived conflict and investigate if issues require investigation.

e) Monitoring premium income to identify large proportions of premium being placed with particular insurers and investigate whether any conflicts arise.