



**CIC INSURANCE GROUP POLICY ON DEALING WITH
RELATED PARTY TRANSACTIONS
2023**

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1. Purpose and Overview

The Insurance Regulatory Authority has put in place Group wide supervision guidelines (Insurance Act Cap 487) which are meant to govern financial conglomerates or group of companies under common control or dominant influence. This is comprised of any financial holding company, which conducts material financial activities in at least two regulated financial services sectors and may also include non-regulated entities.

The purpose of this regulation is to:

- (a) Close regulatory gaps, eliminate supervisory challenges and ensure effective supervision of risks arising from group related activities; and
- (b) Ensure that supervision has proper regard to all entities that may affect the overall risk profile and/or financial position of the group as a whole, and/or the individual entities within the group.

CIC Insurance Group and its subsidiaries in their normal course of business are governed by the rules and regulations framed by the Insurance Regulatory Authority, Capital Markets Authority as well as Retirement Benefits Authority. In this regard, CIC Group is required to comply with the requirements of Group Wide Supervision set by the Insurance Regulatory Authority. One of the requirements of Group Wide Supervision is that CIC Group is required to formulate a policy on related party transactions.

Accordingly, the Company has formulated this Policy. This Policy regulates all transactions between the Company and its Related Parties as defined below.

2. Definition

- a) "Arm's length basis" means a transaction between two independent parties in which both parties are acting in their own best interest without any undue influence and/or unequal bargaining power. A transaction with a related party will be considered to be at arm's length basis if the key terms, including pricing of the transaction, taken as a whole, are comparable with those of similar transactions had they been undertaken with unrelated parties.
- b) Related Party Transactions are also broadly defined to include the transfer of resources, services or obligations between Related Parties, regardless of whether a price is charged or not. This would include, investment/equity participation, use of funds, transfer of interests, insurance business, provision of goods or services, as well as other types of transactions deemed as Related Party Transactions by the Insurance Act.
- c) "Transactions in the Ordinary Course of Business" includes transactions in the Ordinary

Course of Insurance Business and such other transactions entered into by CIC Group and its subsidiaries, and would include but not be limited to the following transactions:

- (i) Underwriting of Insurance Contracts/Policies, either Individual or Group;
- (ii) Renewal of Insurance contracts/policies;
- (iii) Ceding of re-insurance;
- (iv) Payout of maturity value, surrender value or claim pursuant to an underwritten insurance contract;
- (v) Grant of loan against an underwritten insurance contract;
- (vi) Transactions entered into pursuant to any agreement for distribution of insurance products;
- (vii) Transactions which are part of standard industry practice, even though the company may not have done it in the past;
- (viii) Distribution payout;
- (ix) Expenses towards shared services; and
- (x) Any other transaction, which is entered into in order to comply with any rules, regulations, guidelines, and/or directions, issued by the IRA and any other regulatory authority, to the extent applicable or required.

3. Notification

Related parties within CIC Insurance Group engaging in a transaction will ensure that the Group Company Secretary receives a notification of the intention to carry out the transaction. The notification will be immediate and will contain details of the transaction including description of the same and the aggregate amount involved. The notification will be done before engaging in the transaction.

The Group Company Secretary will then notify the Chairperson of the Audit and Risk Committee for Review and Approval of the transaction.

4. Review and approval of Related Party Transaction

- ❖ All the Related Party Transactions should be pre-approved by the Audit and Risk Committee before entering into such transaction. The Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval. Before granting its approval, the Board Committee may consider factors such as: nature of the

transaction, material terms, the manner of determining the pricing and the business rationale which may be relevant for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deem appropriate under the circumstances.

- ❖ Any member of the Committee who has a potential interest in any Related Party Transaction will excuse himself/herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- ❖ The Committee shall grant omnibus approval for Related Party Transactions which are repetitive in nature. Such omnibus approval shall be valid for a period not exceeding one year, and shall require fresh approval after the expiry of one year.
- ❖ The Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by CIC Group and its subsidiaries.

5. Reporting

5.1 Internal Reporting

The Group Chief Financial Officer (CFO) will present related party transactions to the Audit and Risk Committee. The report shall contain the following details:

1. Related Parties Involved in the transaction
2. Value of the transaction
3. Description of the transaction including the structure, arm's length assurance measures/considerations and the terms and conditions
4. Regulatory approvals required
5. Risk exposure from the transaction
6. Any other information relevant to the transaction

Further on a quarterly basis the Group Chief Financial Officer (CFO) shall present a standing report of Related Party Transactions within the quarter to the Audit and Risk Committee on a quarterly basis for its review.

4.1 External Reporting

CIC Insurance Group and its subsidiaries will report if/when as required to the Insurance Regulatory Authority, details of its related party transactions when filing returns.

6. Governance

- The Risk Management and Compliance Department is responsible for maintaining capital policies, standards and plans to ensure compliance with this framework.
- The Risk Management and Compliance Department ensures application of the framework.
- Temporary exceptions to this framework are to be approved by the ARC, documented, and reported to the earliest Board for noting and ratification. No permanent exceptions to the framework will be permissible.
- The principles and concepts espoused in the framework must be formally noted and adopted as a minimum framework by the Board of directors, the GCEO and the CFO.
- The Internal Audit Department shall, within their periodic audit, express an opinion as to whether this framework is being adhered to.

7. Administration of the Framework

In the interest of good governance, the GM – Risk and Compliance is required to confirm at least every two years that changes were brought into effect where required.

8. Framework Approval

This framework was approved by the Board of Directors for CIC Insurance Group Plc.

VICTOR ORIMBA
HEAD FINANCIAL REPORTING & BUDGETS

SIGN  Date: 11/07/2023

Michael KABIRU
HEAD FINANCIAL MANAGEMENT

SIGN  Date: 31/07/2023

Philip KIMANI
GROUP CHIEF FINANCE OFFICER

SIGN  Date: 5/9/2023