



FIDELITY INSURANCE POLICY

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THE POLICY

GUARANTEE COVER

THE AGREEMENT WITH THE INSURED

This Policy is a formal agreement between Insured and RENASA Insurance Company Limited a company duly registered and incorporated in accordance with the company's laws of the Republic of South Africa, Financial Services Provider number 15491, that carries on business as a registered short-term insurer with registration number 00051/001 (hereinafter referred to as the Insurer). This Policy is administered by "UMA"

The insured is covered up to the amount stated in this document, subject to terms and conditions of this Policy, against an occurrence of the events as defined below. This contract with the Insurer consists of this Policy wording; any schedules attached thereto, all written correspondence and verbal agreements. There are specific Exclusions, Conditions and Provisions and Claims Procedures and Conditions that must be adhered to in order for the insured to benefit any cover provided. The agreement is based on the information provided by the insured upon application for cover and any information provided during the cause of cover.

BACKGROUND

The regulations compel Community Schemes, both Body Corporates and Managing Agents to purchase Fidelity cover protecting them from fraud or dishonesty at the hands of employees, trustees and/or managing agents.

Both the proposed Community Schemes Ombuds Services Act (CSOS Act) regulations and the new proposed Sectional Title Schemes Management Act (STSM Act) prescribed rules remove the owner's option whether or not to purchase fidelity cover. The present fidelity rule requires that the owners must decide on how much, if any, fidelity cover is required.

DEFINITIONS

DEFINITIONS OF TERMS

1. The Insured

Shall mean an Insurable Person as defined in the Community Schemes Ombuds Act 2011 comprising of:

- a) a Scheme executive,
- b) employee or agent of a Community Scheme who has control over the money of the Community Scheme,
- c) Managing Agent or contractor or other person acting on behalf of, or under the direction of the Managing Agent all of whom in the normal course of the Schemes' affairs have access to, or control over the monies of the Scheme.

2. The Insurer

Shall mean the Insurer as stated on the schedule that provides the insurance cover to the Insured.

3. Body Corporate

Shall mean the entity as defined in the Sectional Titles Schemes Management Act 2011.

4. Company

Shall mean a legal entity described in the schedule as the insured, registered in terms of; the companies Act (No 71 of 2008), or the Share Blocks Control Act (No 59 of 1980), or the Housing Development Schemes for Retired Persons Act (No. 65 of 1988)

5. Director

Shall mean any previous or current, elected, co-opted or alternate directors of the company.

6. Limit of Indemnity

Shall mean the maximum amount the insured can claim for any one incident or in any one annual period of insurance, if applicable and shall not exceed the limit of indemnity stated in the policy schedule.

7. Loss

Shall mean the financial loss of moneys or securities sustained by the insured due to a criminal act or improper financial gain by an employee, trustees and/or managing agent including the investigation costs and data reconstruction costs.

8. Period of Insurance

Shall mean the period of insurance as stated in the policy schedule.

9. Policy

Shall mean this document and the most current schedule which may be in electronic or printed format.

10. Trustee

Shall mean any previous or current, elected, co-opted or alternate trustee(s) of the body corporate.

GENERAL EXCEPTIONS AND CONDITIONS

Subject to the terms, exceptions and conditions (precedent or otherwise) and in consideration of, and conditional upon, the prior payment of the premium by or on behalf of the insured and receipt thereof by or on behalf of the Insurer, the Insurer specified in the schedule agrees to indemnify or compensate the insured by payment or, at the option of the Insurer, by replacement, reinstatement or repair in respect of the defined events occurring during the period of insurance and as otherwise provided under the within sections up to the sums insured, limits of indemnity, compensation and other amounts specified.

Where more than one insurer participates in this insurance, the expression "insurer" shall be amended to "insurers" wherever it appears in this policy. In this event the percentage share of each insurer will be as expressed in the schedule of this policy and the liability of each such insurer individually shall be limited to the percentage share set against its name.

Specific exceptions, conditions and provisions shall override general exceptions, conditions and provisions.

GENERAL EXCEPTIONS

1. War, riot and terrorism

- a) This policy does not cover loss of or damage to property related to or caused by:
- i) Civil commotion, labour disturbances, riot, strike, lockout or public disorder or any act or activity which is calculated or directed to bring about any of the foregoing;
 - ii) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) or civil war;
 - iii) a) mutiny, military rising, military or usurped power, martial law or state of siege, or any other event or cause which determines the proclamation or maintenance of martial law or state of siege;
b) insurrection, rebellion or revolution;
 - iv) any act (whether on behalf of any organisation, body or person or group of persons) calculated or directed to overthrow or influence any State or Government or any provincial, local or tribal authority with force or by means of fear, terrorism or violence;
 - v) any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any State or Government or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public or any section thereof;
 - vi) any attempt to perform any act referred to in clause (iv) or (v) above;
 - vii) the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in clause A (i), (ii), (iii), (iv), (v) or (vi) above.
- If the company alleges that, by reason of clause A(i), (ii), (iii), (iv), (v), (vi) or (vii) of this exception, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

- b) This policy does not cover loss or damage caused directly or indirectly by or through or in consequence of any occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act, 1976 (No. 85 of 1976) or any similar Act operative in any of the territories to which this policy applies.

- c) Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision not included herein which would otherwise override a general exception, this policy does not cover loss of or damage to property or expense of whatsoever nature directly or indirectly caused by, arising out of or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any sequence to the loss, damage or expense.

For the purpose of this General exception 1(C) an act of terrorism includes, without limitation, the use of violence or force or the threat thereof whether as an act harmful to human life or not, by any person or group of persons, whether acting alone or on behalf of or in connection with any organisation or government or any other person or body of persons, committed for political, religious, personal or ideological reasons or purposes including any act committed with the intention to influence any government or for the purpose of inspiring fear in the public or any section thereof.

If the company alleges that, by reason of clause 1(C) of this exception, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

2. Asbestos

Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision which would otherwise override a general exception, this policy does not cover any legal liability, loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by, arising out of, resulting from, in consequence of, in any way involving, or to the extent contributed to by, the hazardous nature of asbestos in whatever form or quantity.

3. Nuclear

Except as regards the Fidelity, Stated Benefits and Group Personal Accident sections, this policy does not cover any legal liability, loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion or use of nuclear fuel;
- b) nuclear material, nuclear fission or fusion, nuclear radiation;
- c) nuclear explosives or any nuclear weapon;
- d) nuclear waste in whatever form; regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this exception only, combustion shall include any self-sustaining process of nuclear fission.

4. Nationalisation

This policy does not cover any legal liability, loss, cost or expense whatsoever that is directly or indirectly caused by or contributed to or arising from nationalisation, confiscation, requisition, wilful destruction, forfeiture, attachment or any similar actions processes by any court order, customs officials, police, crime prevention units, or lawfully constituted authority or officials.

GENERAL CONDITIONS

1. Appointment of the Managing Agent

There must be a written contract or written service level agreement between the Managing Agent and the Body Corporate/ Home Owners Association, or the Body/Home Owners Association Trustees/Elected Officials resolution.

2. Amendments of Risk

The insured must immediately notify the insurer of any change in risk which may substantially modify the facts that existed at the inception of this policy. This applies to any changes that increase the risk of loss or of the liability losses. The insurer shall not be liable for any loss or liability caused or contributed to by any change that has not been notified by the insured to the insurer. The insurer reserves the right to adjust the premium, terms and conditions of the policy with immediate effect if influenced by the change in risk.

3. Cancellation

This Policy is or any section may be cancelled at any time by the insurer giving 30 days' notice in writing (or such other period as may be mutually agreed) or by the insured giving immediate notice. On cancellation by the insurer, the insured shall be entitled to retain the customary short period or minimum premium for the period the policy or section has been in force. On cancellation by the insurer, the insured.

4. Increases in Limit of Indemnity

In a case where the limit of indemnity should be altered during the period of insurance the limit of indemnity which applied when the insured first became aware of the event will apply to all claims made or deemed to have been made or arising out such an event. The renewal of the policy from year to year will not have the effect of increasing the limit of indemnity.

5. Misrepresentation, Mis-description And Non-Disclosure

Misrepresentation, mis-description and Non-Disclosure in any material particular shall render voidable the particular item, section or sub-section of the policy, as a case may be, affected by such virus misrepresentation, mis-description and nondisclosure.

6. Holding Covered

If the company is holding cover on risk, they will not reject a claim on the basis that the premium has not been agreed.

7. Sharing of Information

The Insurer respects the confidentiality of the information that has been received from the applicant. In order for the South African Insurance Association to withstand insurance fraud and evaluated and properly underwrite risks they have created a shared database for storing insurance information. This database helps to limit insurance fraud and assessing risks fairly. The South African law allows us to reveal or receive information if we intend using it to prevent fraud and to underwrite risks fairly.

This clause allows the insurer to store your information in the shared database and to verify any underwriting information against legally recognised sources of databases.

On your behalf, and on behalf of any person you represent in this policy, you hereby waive any right to privacy with regard to the sharing of any underwriting and claims information (including credit information) that you provide or that another person provides on your behalf in respect of any insurance policy or claim lodge.

In addition to preventing fraud and underwriting risks, your information may also be used for any decision relating to the continuance of this policy or the meeting of any claim you may submit. The insured gives consent to such information being disclosed to any other insurance company or its representative.

8. Schedule sum insured blank

If, in a schedule of this policy the sum insured, limit of indemnity or compensation:

- a) Left blank or has no monetary amount stipulated against it.
- b) Reflected as nil or not applicable or not covered or no indemnity extended. This means the defined event or circumstance shown in the schedule is not insured by the policy.

9. South African Jurisdiction

This policy will be governed by the laws of the republic of South Africa whose courts will have jurisdiction in any dispute arising hereunder.

10. Fraud

If any claim under this policy is in any respect fraudulent or if any fraudulent means are used by the insured or anyone acting on their behalf or with their knowledge or consent to obtain any benefit under this policy or if any event is occasioned by the wilful act or with the connivance of the insured, the benefits afforded under this policy in respect of any such claim shall be forfeited.

11. Offer to Settle

The insured must advise the insurer of any offer to settle a proceeding. The insurer may stop paying the insured's legal costs and expenses if the insured do not agree to a reasonable settlement. If the Insurer's legal advisor recommends settlement and the insured wishes to continue with the proceeding, the insurer will only pay the legal costs and expenses incurred up to that date and the settlement amount. If the insured choose to continue with any legal proceedings that pertain to a claim made against the insured, against the insurer's recommendations, the insurer will not pay more than the amount that the claim and the legal costs could have been settled for up to that date.

12. Our Rights after a Claim

- a) The insured reserve the right to take over and conduct in name of the insured the settlement of any claim, legal proceeding or appeal.
- b) The insured will take full control of the administration, conduct or settlement of the claim, including any recovery or defence that the insured consider necessary.
- c) In respect of any cover that is provided for legal liability to third parties, the insured may pay the limit of indemnity as shown in the schedule, less any sums already paid or incurred, or any lesser amount for which any claims and be under no further liability, except for costs and expenses for which the insured may be responsible before the date of such payment.
- d) The insurer, at the insured expense, do, and permit to be done, everything that may be necessary or that the insurer reasonably require in order to enforce any rights to which the insured will be, or would become, subrogated upon the insured indemnification, whether the insured require such things before or after such indemnification.

13. Subrogation

The insurer may at any time at our expense take such steps as the insurer may deem necessary to obtain reimbursement from any insurable person of their estate, committing a criminal act against the insured resulting in a loss which we have paid or will become liable to pay under this policy and for this purpose use the name of the insured. The insured will as and when required give all necessary information and assistance to the insurer.

14. Claims Preparation Costs

In addition to the principal Limit of Indemnity stated in the Schedule the insurance under the Policy is extended to include costs reasonably incurred by the Scheme in producing and certifying any particulars or details required by us in terms of the Claims

Condition or to substantiate the amount of any claim provided that Our liability for such costs in respect of any one claim shall not exceed the amount stated in the Schedule.

15. Cost of Recovery

If the Scheme sustain any Loss to which the Policy applied exceeds the Limit of Indemnity here- under We will, in addition to the principal Limit of Indemnity, pay to the Scheme costs and expenses not exceeding the amount stated in the Schedule necessarily incurred with Our consent (which consent shall not unreasonably be withheld) for the recovery or attempted recovery from the Employee or other person in regard to whom the claim is made.

16. Reinstatement of Office Records

In addition to the principal Limit of Indemnity stated in the Schedule this Policy is extended to include costs charges and expenses incurred by the Scheme in replacing and/or restoring any computer files, data, media documents, manuscripts, business books, plans, designs, specifications or programs destroyed damaged or lost as a result of Loss insured by this Policy provided that Our liability shall not exceed the Amount stated in the Schedule.

17. Automatic Reinstatement of the Insured Amount

In the event of the exhaustion of the aggregate limit under this Insurance by reason of any one loss and/or series of losses such aggregate limit shall be reinstated, without payment of an additional premium, but any such reinstated amount shall apply only in respect of payments which are totally unrelated to any payment(s) that give rise to such reduction. It being understood that our total liability under this Insurance shall be limited to twice the amounts shown in the Schedule during the Period of Insurance. If the Scheme has in effect any Insurance or Insurances providing excess coverage for limits beyond the amounts available under this Insurance, the reinstatement herein provided for shall become effective only after the total exhaustion of the limits of all such excess coverage by reason or payments thereunder.

CLAIMS PROCEDURE AND CONDITIONS

The Insurer liability to pay a claim under this policy is subject to compliance with the following procedures and conditions, failing which we will not be liable to make any payment:

The Insured responsibility:

- a) On the happening of an event or occurrence which may result in a claim under this policy, the insured must at their own expense:
 - i) Give notice thereof to the company as soon as reasonably possible and provide particulars of any other insurance covering such events as are hereby insured;
 - ii) Take all reasonable steps to minimise and to prevent any further loss or liability from occurring;
 - iii) As soon as reasonably practicable but upon discovery, give us written notice of every occurrence or loss, or claim made or threatened against the insured, which gives or may give rise to a claim by the insured under this policy. Such notice must include full particulars thereof and every letter, demand, writ summons, or other notice or particulars received by the insured;
 - iv) Complete any forms as requested by the insurer and provide full and accurate details of how the event occurred;
 - v) Advise the insurer immediately of receipt of any indication or demand by a third party to make a claim against the insured;
 - vi) Advise the insurer immediately in writing when the insured becomes aware of any incident or occurrence which may result in a claim being made against the insured.
 - vii) Immediately send any writ or summons relating to the incident to the insured;
 - viii) Allow the insurer and its duly authorised representative to have reasonable access to the insured records and books after receiving notice of a loss and may call for sworn declarations by the insured or any insurable person or their representative, in support of any claim submitted.
- b) If the insured or any insurable person who are entrusted with the duty of overseeing or auditing, suspect or become aware of any claim or circumstance which may give rise to a claim they must report such claim or circumstance to the insured as soon as possible.
- c) On the insured expense, provide the insurer with all records, invoices, and other documents information, explanations and other evidence, together with statutory declarations, as required, for the purpose of investigating or verifying a claim under this policy.
- d) The insured may not without the insurer's written consent, voluntarily incur any liability (including litigation expenses) or voluntarily give any undertaking to make any payment, or settlement of or admission of liability for any event for which the insurer would be liable under this policy.
- e)
 - i) No claim shall be payable after the expiry of 24 months, or such further time as the insurer may allow in writing, from when the event happened, unless the claim is the subject of pending legal action or is in respect of the insured legal liability to the third party;
 - ii) Unless the insured claim payment by serving legal process in writing to the insurer within six months of the rejection of a claim and the insured pursue such proceedings to finality.

COMPLAINTS PROCEDURE

There may be occasions where the insured may feel that the insurer have not provided the service that the insured expected. When this occurs, the insured must inform the insurer, so that it may be investigated and where possible, put things right.

1. Inform the Underwriting Manager

If the insured has a complaint, the insured or the intermediary should speak to one of the Underwriting Manager's staff members.

If the complaint relates specifically to a claim, speak to the claim's consultant managing the claim. If they are unable to resolve the matter it will be referred to management and ultimately to the Managing Director.

2. If you are still not satisfied

If the insured is still unhappy and wish to escalate the matter, then please contact us. The matter will be referred to the relevant dispute handling department who will conduct a full review and endeavour to provide the insured with a response within 14days.

3. If the Insured is still not satisfied with our response to your dispute you can seek an external Review

The Ombudsman for Short Term Insurance (OSTI) is empowered to review and rule on disputes between the insured and the insurer. Their contact details appear in the schedule and the insured is entitled to contact their offices if the insured is dissatisfied with an outcome or decision the insurer has made.

The insured will however not be able to have their dispute resolved by the OSTI if they are not eligible under the OSTI Terms of Reference.

Please contact us for further information about our complaints and disputes resolution procedures.

DEFINED EVENTS

Loss of money or securities belonging to the Scheme resulting directly from any dishonest or fraudulent act of an Insurable Person, wherever committed and whether committed alone or in collusion with others, with intent to cause the Scheme to sustain such Loss, or to obtain any improper personal financial gain for that Insurable Person or for any other person intended by that Insurable Person to receive such gain

provided that:

the receipt of any entitlement to any salary, fee, commission, bonus, promotion or any other emolument or benefit does not constitute such improper financial gain except when such salary, commission or bonus results directly from a specific dishonest act on the part of that employee.

SPECIFIC CONDITIONS**1. Appointment of the Managing Agent**

There must be a written contract or written service level agreement between the Managing Agent and the Body Corporate/Home Owners Association, or the Body Corporate/Home Owners Association Trustees/Elected Officials resolution.

2. Assets Held by the Insured

Any funds, estate or effects which will come into the insured's possession or power for or on account of any person whose act or acts give rise to a claim under what you are covered for will, insofar as it is able for the insured to do so, be realised by the insured to the best advantage and the proceeds will be accounted for by the insured to the insurer and treated as a deduction from the loss.

3. Cooperation

The insured must extend all reasonable cooperation to the Insurer enabling the insurer to assess, investigate and exercise all the rights under this policy. If the insured does not render such cooperation or if the insured cause any unreasonable delays that prevent the insurer from assessing, investigating, or exercising any of the rights, the insurer at their discretion, may elect not to indemnify the insured.

Alternatively, the insurer may elect not to pay for any extra costs that result from such delay or lack of cooperation.

4. Interest

No Payment due by the insurer for any claim will be subject to interest under the Common Law or under the prescribed rate of the Prescribed Rate of Interest Act (No. 55 of 1975)

5. Accountants Clause

Any particulars or details contained in the Schemes' books of account or other business books, documents or systems which may be required by Us for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Schemes' auditors or professional accountants and their certificate shall be prima facie evidence of the particulars and details to which it relates.

6. Unidentifiable Insurable Person Clause

If a Loss is alleged to have been caused by the fraud or dishonesty of any of the Insured Persons and the Scheme are unable to designate the specific Insured Person(s) causing the Loss, the Schemes' claim in respect of such Loss shall not be invalidated by their inability to do so, provided the Scheme is able to furnish evidence to prove to Our reasonable satisfaction that the Loss was in fact, by reason of and caused by one or more dishonest or fraudulent acts of one (or more than one acting in collusion) of the Insurable Persons wherever committed.

7. Additional Reporting Period

The Scheme is granted an additional period of 12 (twelve) months to either discover a loss or to identify circumstances that may give rise to a claim for indemnity in terms of this Policy and to comply with the Claims Policy Condition

provided that:

- a) The additional period applies only in the event that is (and not the Scheme) cancel or refuse to renew this Policy.
- b) A quotation by us for alternative premiums, terms, limitations, exclusions or Limits of Indemnity at renewal does not constitute a refusal to renew.

- c) The additional reporting period shall continue to exist after termination of this Policy and is subject to all the terms, Exclusions and Conditions of this Policy.

SPECIFIC EXCLUSIONS

The Insurer will not pay for loss or costs incurred:

- a) Which is either not discovered during the Period of Insurance or occurs prior to the retroactive date specified in the Schedule.
- b) Resulting directly or indirectly from any dishonest or fraudulent act of an Insurable Person, other than losses covered under defined Events of this Policy.
- c) Resulting from any dishonest or fraudulent act of any Insurable Person committed after the discovery, in relation to that person, any fraudulent or dishonest act.
- d) Resulting from any actual or apparent shortages (regardless of the amount thereof) in any physical cash balance sheet, impress or inventory of the Scheme or Managing Agent, and caused by any error of the employee committed in good faith.
- e) Which is indirect or consequential loss of any nature.
- f) Resulting from Loss or Damage which arises directly or indirectly by reason of or in connection with war, invasion, act of foreign enemy, hostilities, warlike operations (whether war has been declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportion of or amounting to a popular uprising, military, or usurped power, martial law, riot, or the act of any lawfully constituted authority. In relation to any claim under this insurance for such loss or damage (or any legal proceedings to enforce such a claim), the burden of proving that such a loss or damage does not fall within this Exclusion shall be upon the Scheme.
- g) Resulting from loss of or damage to Property (other than that caused by Theft) which arises directly or indirectly by reason of, or connection with Terrorism.
- h) In terms of Insured event for any loss which indemnity is provided in terms of a Money Policy held by the Scheme except in respect of any amount in excess of the indemnity provided by such policy.
- i) Based upon, arising out of, directly or indirectly resulting from, in consequence of or in any way involving any pension, profit sharing or employee benefit or welfare programme or any share option or any share incentive scheme or trust established in whole or in part for the benefit of any Executives, Directors, Officers or Employees of the Scheme.