



# ALPHA INSURANCE

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Conflicts of Interest Policy

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**1. Document Control**

**1.1 Ownership**

The Risk Management and Compliance functions are responsible for the development and implementation of the following document.

**1.2 Application**

This document applies to Alpha Insurance (“Alpha / “The Company”). Adoption of this document is subject to the approval of Alpha’s Boards of Directors.

**1.3 Approval**

This document has been reviewed and approved by the following parties on the following dates:

<b>Version</b>	<b>Comments</b>	<b>Party</b>	<b>Effective Date</b>
V1.0	2015	Alpha Ex Co	Nov. 2015
	2015	Alpha Board of Directors	Dec. 4 <sup>th</sup> 2015
	2016	Alpha Ex Co	Aug. 2016
	2016	Alpha Board	Sept. 2016

**1.4 Distribution**

This document has been distributed to the following parties on the following dates:

<b>Version</b>	<b>Party 1</b>	<b>Party 2</b>	<b>Party 3</b>
V1.0	Alpha’s Ex Co	Legal-Compliance / HR	Alpha’ Boards of Directors
<b>Date</b>	Nov 2015	Nov. 2015, August 2016	Dec 4 <sup>th</sup> 2015, Sept. 15 <sup>th</sup> 2016

**1.5 Location**

This document is located at: G:\Alpha SII Directory\1. Governance Function\1. System Of Governance\Governance Detailed Provisions\Conflict of Interest Policy

**1.6 Maintenance**

This document shall be reviewed on an annual basis unless otherwise required as a result of a material change or upon request from the Boards of Directors.

## **2. Introduction**

This document outlines the Conflicts of Interest Policy of Alpha which is an insurance entity wholly owned by Enstar Group Limited (“the Enstar Group”) a public company registered in Bermuda and quoted on the NASDAQ.

Under the NBB and FSMA (collectively ‘the regulatory authorities’) Alpha is required to take all reasonable steps to identify and manage conflicts of interest.

For these purposes, Alpha is referred to as a “firm”. The types of conflict of interest that needs to be identified and managed include those between (1) the firm , including its managers, employees and appointed representatives; or any person directly or indirectly linked to them by control, and a client of the firm or (2) one client of the firm and another client.

Article 523 of Belgian Company law prescribes various instances where a Director has direct or indirect opposed interest from the company. Where this situation occurs this conflict should be communicated to all other directors for consideration at a meeting of the board of directors.

Any reference in this section to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

It is Enstar Group policy to maintain and operate arrangements to identify and manage conflicts of interest to prevent any conflict of interest from giving rise to a material risk of damage to the interests of our clients.

## **3. Potential Conflicts of Interest**

Alpha Insurance may provide services to Enstar group subsidiaries. As a result it has identified two main areas where potential conflicts of interest could arise in transactions with other companies within the Enstar Group as follows:

- Corporate Conflicts of Interest
- Employee Personal Conflicts of Interest

### **3.1 Corporate Conflicts of Interest**

There may be circumstances where the interests of one or more companies serviced by Alpha Insurance could be compromised through the execution of transactions outside of everyday activities or approved settlement authorities (described in more detail below), i.e. through centralized services agreement.

There is a risk that such a centralized services agreement may not benefit all entities of the Enstar group at the same level.

To mitigate this risk the following controls have been implemented:

**3.1.1 Identification of related party transactions**

Alpha has appropriate internal controls in place such that only valid services are agreed and settled, irrespective of whether such transactions are in respect of related parties or third parties. These internal controls enable clear identification of all related party transactions and are reviewed by the Enstar Group Limited Internal Audit team (reporting to the Enstar Group Chief Financial Officer and the board of directors of each regulated company) and the Company management (comprising the Chief Executive Officer (“CEO”) and Client Manager) on a regular basis to ensure that they are appropriate and operating correctly.

**3.1.2 Reporting**

For all agreements that are not in the ordinary course of business, irrespective of whether these relate to or involve third parties, a detailed recommendation memo to support the proposed transaction is required to be prepared detailing the net cost/benefit to the company should the transaction proceed. Such memo is to be reviewed and approved by Alpha’s management prior to the transaction proceeding.

This memo must also be submitted to the board of directors of Alpha for the directors’ consideration. Any approval of the proposed transaction should be based on the cost benefit analysis for Alpha and not for the interests of the Enstar Group overall. For each transaction the directors’ approval of the transaction is required to be documented.

Where directors are members of the Board of Directors of more than one company involved in the transaction, their consideration of the transaction should be carried out independently for each of the companies and recorded in the board minutes for the relevant company or, when time constraints exist, via a separate e-mailed response to management.

**3.2 Employee Personal Conflicts of Interest**

The Enstar Group expects that all officers and directors of Enstar Group companies (“Officers”) will use good judgment, high ethical standards and straightforward honesty in all business dealings involving any Enstar Group company.

The Enstar group respects the rights of its Officers to engage in activities outside of the Enstar Group that are of a private nature. However, a “conflict of interest” occurs when an individual’s professional or private interests interfere in any way - or even appear to interfere - with the interests of the Enstar Group. For example, conflicts can arise when an Officer takes actions or has interests that may make it difficult to perform his or her work objectively and effectively, or when an Officer or a member of his or her family receives improper personal benefits as a result of his or her position with the Enstar Group.

The Enstar Group policy prohibits these and other conflicts of interest. Accordingly, all Officers are expected to comply with the following Conflicts of Interest policies and guidelines:

### **3.2.1 Protection of Company Interests**

The Company's relationships and transactions with persons outside the Company must be conducted at all times on a strictly ethical and arm's length basis. In all such relationships and transactions, the sole consideration must be the best interests of the Company. Decisions made in conducting such relationships and transactions must not be influenced by self-interest on the part of an Officer, or any other interest that is actually or potentially in conflict with the Company's interests.

Any Officer that wishes to inquire about or report an apparent or actual conflict of interest to the Company may do so by contacting the Compliance Officer.

### **3.2.2 Outside Activity**

Officers may not engage in outside employment or activity which would conflict with the Company's interests or which would reduce the efficiency of the Officer in performing his or her duties at the Company.

While working at the Company, Officers and employees are expected to render their full-time best efforts to the Company. They should not engage in outside business interests that divert time or attention away from Company duties and responsibilities or that operate to the detriment of the Company.

Subject to any obligations Officers and employees may have to other companies in the Enstar Group of companies, or companies that are otherwise in common ownership with the Company, it remains their responsibility to ensure that any such outside job or business does not conflict with the interests of the Company.

### **3.2.3 Pre-clearance of Transactions Involving Potential Conflict of Interest**

Officers must provide full disclosure and obtain clearance from the relevant Board(s) of Directors before engaging in any transaction involving a group company or one of its business partners, where they or any immediate family member receive any benefit, directly or indirectly.

### **3.2.4 Outside Financial Interests**

Neither an officer nor their immediate family members may have a financial interest or ownership in any Company business partner without prior disclosure and written clearance from one or more non-executive members of the Board of Directors. "Financial Interest" excludes ownership of up to 1% of the outstanding voting securities in a publicly-traded company.

### **3.2.5 Corporate Opportunities**

Officers are prohibited from directly or indirectly:

- Taking for themselves personally opportunities that are discovered through the use of corporate property, information or position;

- Using corporate property, information or position for personal gain; or
- Competing with the Company in a personal capacity. Officers owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

If the Company may be interested in pursuing a business or investment opportunity that an Officer intends to pursue, the Officer must disclose information about the opportunity to the Board of Directors before acting on it. If the Officer is unclear about when to disclose a potential business or investment opportunity, they should ask themselves the following questions:

- Does this business or investment opportunity have anything to do with my job responsibilities?
- Is the size or nature of this business or investment opportunity such that the Company could be interested in it?

If the answer to either of these questions is “yes,” the Officer must disclose the business or investment opportunity to the Board of Directors before taking action.

### **3.2.6 Related Party Transactions**

Generally, without full disclosure and Board of Directors’ approval, the Company should not engage in transactions with related parties, other than claim settlements arising from the ordinary course of business. Related parties include:

- Other Enstar Group companies.
- Another organisation of which an officer is also an Officer or director.
- Another organisation of which an officer is the beneficial owner of 10% or more of any class of securities.
- Any trust in which an Officer has a substantial interest.
- Any relative of an Officer who may significantly influence or be influenced by a business transaction with another organisation of which they are an Officer or director.

The Compliance Officer can be contacted if an officer believes that the Company may be engaging in a transaction with a related party.

It is possible for the actions of family members to constitute a conflict of interest for Officers. For example, any gift or other benefit offered to a family member by a supplier or potential supplier is considered a business gift.

An Officer must not engage in any business transaction on behalf of the Company with a relative by blood or marriage or with a firm where such a relative is a principal, Officer or representative, without prior full disclosure and clearance from one or more non-executive members of the Board of Directors.

### **3.2.7 Public Service**

Officers are encouraged to serve on public committees, leagues, councils or boards, such as school boards, city councils and hospital boards, and to represent their organisation to the best

of their abilities. There may be circumstances, however, when an issue before such an organisation also affects the Company, and the Officer may have to refrain from voting or taking a public position on a particular issue due to their position with the Company.

Each member of the Board of Directors of the Company will sign a copy of the attached "Certification of Compliance" accordingly.

#### **4. Conflicts of Interest and MIFID – Client's interests**

In accordance with the MIFID directive (Markets in Financial Instruments Directive) Alpha is required to act honestly, fairly and professionally in defending the interests of a client (Main MIFID-principle).

Alpha management is required to ensure full compliance with the MIFID principle. When carrying out insurance services "conflicts of interest" may occur if the interests of "stakeholders" interfere, or appear to interfere, in any way with the interests of a client.

Stakeholders or other related parties include the following:

- Alpha Insurance
- Alpha's officers and employees
- Outsourced service providers
- Members of the Executive Committee or the Board
- Insurance intermediaries
- Other clients

As Alpha Insurance is in run-off the MIFID rules relate predominantly to the management and settlement of claims.

The MIFID rules, implemented by the Belgian rule "*Koninklijk Besluit van 21 februari 2014 inzake de krachtens de wet vastgestelde gedragsregels en regels over het beheer van belangenconflicten, wat de verzekeringssector betreft*", require insurance companies establish and implement a written conflict of interest policy which is proportional to the company's size, nature, scale and complexity of its business.

Alpha is required to identify conflicts of interests and to describe the circumstances which implicate or which could give rise to conflicts of interest to the detriment of clients. In order to manage any conflicts of interests, Alpha is obliged to have adequate procedures in place to address any potential conflict of interest.

#### **4.1 Procedures for the management of conflict of interests**

##### **4.1.1 Identification of conflicts of Interest:**

MIFID rules specify the following circumstances which indicate a conflict of interest:

- Where a company makes financial gains at the expense of a client or where a client incurs additional costs which could have been avoided
- Where the interest of a stakeholder is opposed to the interest of a client
- Where a stakeholder is engaged in the same business activities as a client

- Where a stakeholder receives a benefit, other than in the normal course of business from a third party for services provided to a client.

#### **4.1.2 Management of conflicts of interest:**

The Company has organizational measures and administrative procedures in place to prevent, or, when identified, to manage conflicts of interest, which include:

- Claims are managed in accordance with policy conditions
- There is clear communication to staff of their responsibilities regarding conflicts of interest through their employment contract, working regulations, the Enstar Code of Conduct and the Enstar Group Conflicts of Interest Policy
- Officers may not engage in any business transaction on behalf of the Company with a relative by blood or marriage, or with a firm where such a relative is a principal, officer or representative, without prior full disclosure and clearance from the CEO or the CFO
- Controls are in place with respect to the authorisation and approval of invoices and supplier/ third party payments
- Alpha's Compliance Officer has been appointed as the main contact point for receiving and monitoring any incidents of conflicts of Interests (Section 4.4.)
- The policy and procedures set out by Enstar Group (Section 2 and 3)

#### **4.1.3 Notification of conflicts of interest to the clients:**

In the exceptional event that a conflict of interest cannot be not be resolved, the Compliance Officer will notify the client and will escalate the incident to the Executive Committee for resolution.

## **4.2 Training**

Alpha's Compliance Officer regularly undertakes training to ensure that a robust compliance culture is integrated in the daily operations of Alpha.

## **4.3 Conflicts of Interest Register**

Alpha's Compliance Officer maintains a full permanent record of all conflicts of interest that have arisen together with details of the mitigating measures that have been taken to address any such conflicts.

#### 4.4 Contact point

This document is published on the website of Alpha Insurance and approved by Alpha's Board of Directors.

For any information or reports on "conflicts of interest" clients (and stakeholders) are welcome to contact Alpha's compliance officer ([david.matthys@alpha-insurance.be](mailto:david.matthys@alpha-insurance.be)). Stakeholders can also use the "internal" Enstar whistle blowing mechanism.

The Compliance Officer monitors, manages and registers all conflicts of interest and advises management and the Board on this matter.

Alpha reiterates that grievances with regard to the execution of any insurance contract can be sent to the Ombudsman of Alpha Insurance ([ombudsman@alpha-insurance.be](mailto:ombudsman@alpha-insurance.be)) or to the "*Ombudsman van de Verzekeringen, de Meeûssquare 35, 1000 Brussels*".