

**IN THE ENFORCEMENT COMMITTEE ESTABLISHED IN TERMS OF
SECTION 10(3), READ WITH 10A OF THE FINANCIAL SERVICES
BOARD ACT, 97 OF 1990**

CASE NO: **48/2011**

In the matter of:

THE REGISTRAR OF LONG TERM INSURANCE

Applicant

and

**GFS INVESTMENTS CC, trading as
GAUTENG FUNERAL SERVICES**

Respondent

ORDER

WITH DUE CONSIDERATION to the settlement agreement (attached marked Annexure "A") in terms of section 6B(7)(a) of the Financial Institutions (Protection of Funds) Act, No 28 of 2001, I hereby determine that the Respondent has contravened section 7(1) of the Long-Term Insurance Act, 52 of 1998 and impose a penalty of R50 000 to be paid on or before 30 November 2011. The remaining terms and conditions of the settlement agreement are incorporated and made an order of the Enforcement Committee.

I make no order regarding costs.

Signed at **PRETORIA** on the ¹³..... day of **OCTOBER 2011**.


.....
C F Eloff
Chairperson of the Enforcement Committee

SETTLEMENT AGREEMENT AS ENVISAGED IN TERMS OF SECTION 6B(7)(a) OF THE FINANCIAL INSTITUTIONS (PROTECTION OF FUNDS) ACT, NO 28 OF 2001

Entered into between:

JONATHAN IAN DIXON

In his capacity as the Registrar of Long-Term Insurance
(Hereinafter referred to as the "Registrar")

and

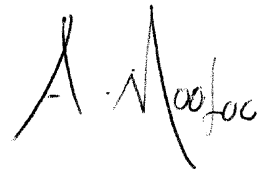
**GFS INVESTMENTS CC, trading as
GAUTENG FUNERAL SERVICES**

A close corporation incorporated at such with registration no
1996/056543/23
(Hereinafter referred to as the "Respondent")

1. The parties

1.1. Jonathan Ian Dixon is the Deputy Executive Officer of Insurance, and as such the Registrar of Long-Term Insurance as envisaged in section 2 of the Long-Term Insurance Act No 52 of 1998 ("the Act"), read with the definition of "Registrar" in section 1 of the Act; and

1.2. The Respondent is a close corporation providing funeral insurance services to the public in Marabastad in the Gauteng province, including the marketing of funeral insurance policies.

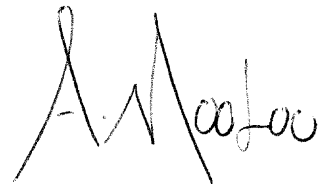


2. Background facts

- 2.1. The policyholders of the Respondent were underwritten by Sanlam ("Sanlam Insurance") in terms of a group funeral scheme through RiskFin ("RiskFin Funeral Administrators"). However, for reasons not relevant to this matter, RiskFin cancelled the underwriting agreement on behalf of Sanlam with effect from 1 November 2009.
- 2.2. Notwithstanding the cancellation, the Respondent continued to receive monthly insurance premiums for death benefits and financed the costs of funerals of their clients. During this period the Respondent attempted to enter into an agreement with other underwriters without success. The Respondent eventually entered into a new underwriting agreement with effect from 1 May 2011.
- 2.3. The Respondent is not, and has not been a registered long-term insurer.

3. The contravention

- 3.1. Therefore, the Respondent contravened section 7(1) of the Act therein that it carried on the business of long-term



insurance, without being registered by the Financial Services Board (FSB) as a long-term insurer, and without being authorised to do so.

4. Mitigating factors

4.1. The parties agree that certain mitigating factors exist in the present case, *inter alia* that no persons suffered any loss or prejudice as a result of the unlawful activity, the Respondent has not previously contravened the Insurance Act, the Respondent fully co-operated with the Registrar during the investigation and enforcement process, and during the period that the Respondent's clients were not underwritten, it made every effort to obtain underwriting for its clients.

5. The referral

5.1. The Registrar of Long-Term Insurance directed that the matter be referred to the Enforcement Committee for the imposition of an administrative penalty; and

5.2. The Respondent has agreed to pay an administrative penalty in an amount of R50 000.



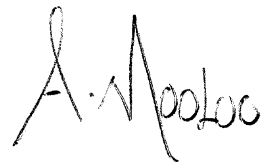
- 5.3. The parties wish to request the Enforcement Committee to incorporate this agreement in any order which it may make.

6. Other provisions

- 6.1. This agreement is subject to approval by the Enforcement Committee and the parties specifically record that they are aware of the possibility that the Enforcement Committee may not accept the terms of this agreement. In such event this agreement will be null and void and neither party will have any rights or obligations in terms hereof.

- 6.2. The Respondent agrees that it is liable, jointly and severally, to pay a penalty in the amount of R50 000 to the FSB.

- 6.3. If the Respondent does not comply with the terms of this agreement and it is necessary for the Registrar to proceed with legal proceedings, the Respondent herewith consents to pay all legal costs to the Registrar on the Attorney and Client scale in terms of the High Court Rules inclusive of collection commission and Value Added Tax.



6.4. No leniency or postponement given by the Registrar to the Respondent or any amendment to the terms and conditions of this agreement will be binding unless such postponement, leniency or amendment is reduced to writing and signed by the parties.

6.5. Any receipt of a payment by the Registrar after the due date shall be without prejudice to any of the rights of the Registrar.

A. M. ...

6.6. This Agreement shall not be a novation of the cause or causes of action in terms whereof the respondents were found to have contravened the Act.

6.7. This agreement constitutes the whole agreement between the parties in respect of the offer to pay a penalty.

J

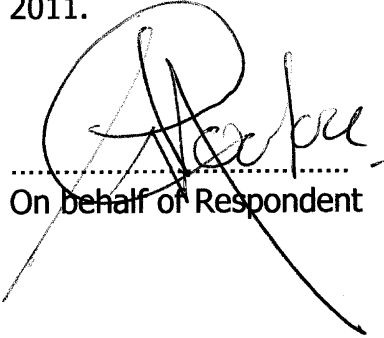
Signed at PRETORIA on the 7th day of ~~August~~ October 2011 on behalf of the FSB.

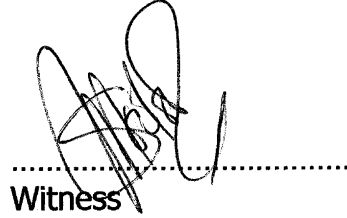
J

J I Dixon
.....
J I Dixon

M
.....
Witness

Signed at IREFeria on the 31ST day of August 2011.


.....
On behalf of Respondent


.....
Witness

