

**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: **30/2012**

In the matter of:

THE REGISTRAR OF LONG-TERM INSURANCE

Applicant

and

CHANNEL LIFE LIMITED


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 contravened section 5.1(a)(i) of the Policyholder Protection Rules, 2004, promulgated under section 62 of the Long-Term Insurance Act, No 52 of 1998, and impose a penalty of R100 000. 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 ²⁶..... day of **October 2012**.



C F Eloff
Chairperson of the Enforcement Committee

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and


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Respondent

**SETTLEMENT AGREEMENT IN TERMS OF SECTION 6B(7)(a) OF
THE FINANCIAL INSTITUTIONS (PROTECTION OF FUNDS) ACT,
28 OF 2001**

1. The parties

- 1.1. The Applicant in this matter is the Registrar of Long-Term Insurance herein represented by Jonathan Ian Dixon in his capacity as the Deputy Registrar of Long-Term Insurance; and
- 1.2. The Respondent is Channel Life Limited, a company duly incorporated in accordance with the laws of the Republic of South Africa, bearing the registration number 1996/012487/06. The Respondent is a long-term insurer registered as such in terms of the Long-Term Insurance Act, No 52 of 1998. The Respondent is represented by Jacqueline Rickson in her capacity as Head of Channel Life Group Benefits, duly authorised thereto.



2. Preamble

- 2.1. The Applicant is of the opinion that the Respondent contravened section 5.1(a)(i) of the Policyholder Protection Rules, 2004, promulgated under section 62 of the Long-Term Insurance Act.
- 2.2. The Respondent wishes to enter into a settlement agreement with the Applicant as contemplated in section 6B(7)(a) of the Financial Institutions (Protection of Funds) Act, No 28 of 2001 ("the FI Act").

3. The contravention

- 3.1. On 15 July 2009 the Respondent entered into "an agreement to underwrite" with Cucamla Financial Services (Proprietary) Limited ("Cucamla"). The salient features of the agreement were that the Respondent would underwrite the group scheme of Cucamla, in terms of a group policy issued by the Respondent to the clients of Cucamla.
- 3.2. The agreement was in force and effect until February 2012.
- 3.3. Cucamla was not issued with a licence for the rendering of intermediary services as contemplated in section 8 of the Financial Advisory and Intermediary Services Act, No 37 of 2002.
- 3.4. It is therefore agreed that the Respondent contravened section 5.1(a)(i) of the Policyholder Protection Rules.





4. The mitigating circumstances

4.1. It is also agreed that the following mitigating factors are relevant to the matter:

- 4.1.1. The Respondent accepted responsibility for the contravention;
- 4.1.2. The Respondent fully co-operated with the Applicant's investigation and the enforcement action, and displayed sincere remorse for the contravention;
- 4.1.3. The contravention was a *bona fide* oversight that resulted from the fact that the representative of Cucamla misrepresented to the Respondent that Cucamla was an authorised financial services provider;
- 4.1.4. The Respondent honoured every valid claim in terms of group scheme of Cucamla, and no client suffered loss as a result of the contravention; and
- 4.1.5. The Respondent has taken steps to avoid a recurrence of the contravention.

5. The agreed penalty



5.1. In the light of the above, and in terms of section 6B(7)(a) of the Act, the parties have agreed that the Respondent will pay a penalty of R100 000 on or before 30 November 2012 in settlement of the matter.

- 5.2. The parties humbly request that the Honorable Chairperson makes the settlement an order, as envisaged in section 6B(7)(b) of the Act.

6. Other conditions

- 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. If the Enforcement Committee declines to make this agreement an order, then in such event this agreement will be null and void.
- 6.2. If the Respondent does not comply with the terms of this agreement and it is necessary for the Financial Services Board (FSB) to proceed with legal proceedings, the Respondent herewith consents to pay all legal costs to the FSB on the Attorney and Client scale in terms of the High Court Rules inclusive of collection commission and Value Added Tax.
- 6.3. No leniency or postponement given by the Applicant 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. Any leniency or postponement granted by the Applicant or any amendment to this Agreement shall not be a novation of the cause of action in terms whereof the Respondent was found to have contravened the Policyholder Protection Rules.
- 6.4. Any receipt of a payment by the Applicant after the due date shall be without prejudice to any of the rights of the Applicant.

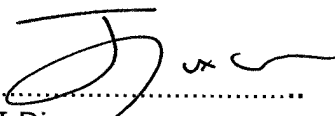



- 6.5. This agreement constitutes the whole agreement between the parties in respect of the offer to pay a penalty.
- 6.6. The parties choose as their *domicilium citandi et executandi* their respective addresses set out below for all purposes arising out of or in connection with this agreement at which addresses all the processes and notices arising out of or in connection with this agreement, its breach or termination may validly be served upon or delivered to the parties. For the purpose of this agreement the parties' respective addresses shall be:

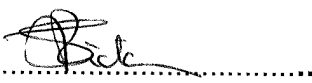
6.6.1. Financial Services Board
Johannes.vandeventer@fsb.co.za
Block B, Riverwalk Office Park
41 Matroosberg Road
Ashlea Gardens ext 6
Pretoria
0081

6.6.2. Respondent:
Jacquir@sanlamsky.co.za
195 Jan Smuts Avenue
Rosebank
Johannesburg
2196

Signed at PRETORIA on 25 /10/2012 on behalf of the Applicant


.....
J I Dixon

Signed at Houghton on 22 /10/2012 on behalf of the Respondent.


.....
J Rickson