

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

CASE NO: **08/2013**

In the matter of:

**THE REGISTRAR OF FINANCIAL SERVICES  
PROVIDERS**

Applicant

and

**HIPPO COMPARATIVE SERVICES (PTY) LIMITED  
(Registration number 1979/001029/07)**

Respondent

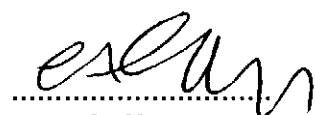
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**ORDER**

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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 sections 3A(1)(b)(i) and 15(1) of the General Code of Conduct for Authorised Financial Services Providers and Representatives, 2003, and impose a penalty of R1 500 000. The remaining terms and conditions of the settlement agreement are incorporated and made an order of the Enforcement Committee.

Signed at **PRETORIA** on the <sup>9<sup>th</sup></sup>..... day of **MAY 2013**.



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

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

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**1. The parties**

- 1.1. The parties to the agreement are the Registrar of Financial Services Providers ("the Registrar") herein represented by German Emmanuel Anderson in his capacity as the Deputy Registrar of Financial Services Providers; and
- 1.2. Hippo Comparative Services (Pty) Limited ("Respondent"), herein represented by Mr Johannes Willem Wilken in his capacity as director of the Respondent.

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**2. Contravention of section 3A(1)(b)(i) of the General Code of Conduct**

2.1. It is agreed between the parties that the Respondent contravened section 3A(1)(b)(i) of the General Code of Conduct for Authorised Financial Services Providers and Representatives ("General Code of Conduct"), in that:

2.1.1. The Respondent, during the period 19 April 2011 to 7 September 2012, rendered financial services through its call centre by selling short term insurance policies on behalf of various short-term insurers to clients;

2.1.2. Prior to selling insurance policies to clients, the Respondent's call centre agents were also required to provide aggregation services to clients by providing clients with different insurance quotations before selling a particular policy to a client;

2.1.3. During the aforementioned period, the Respondent's call centre agents failed to consistently provide clients with the complete list of generated quotations. Instead in some cases, they only provided clients with the cheapest quotation. As a result of this, clients were not always in a position to compare the contents (i.e. price vs. benefits) of the various quotations to determine whether the quotations provided met the specific requirements of the clients; and



2.1.4. In doing so, the Respondent (through its call centre) followed an approach in terms of which, in some cases, preference was given to the quantity of business over the quality of the service rendered to clients.

**3. Contravention of section 15(1) of the General Code of Conduct**

3.1. It is further agreed between the parties that the Respondent contravened section 15(1) of the General Code of Conduct, in that:

3.1.1. The Respondent, during the period December 2008 to August 2010, rendered financial services through its call centre by selling short-term insurance policies on behalf of various short-term insurers to clients; and

3.1.2. During the aforementioned period, the Respondent (through its call centre) failed to disclose to clients that the Respondent was an FSP, details of the financial services the Respondent was authorised to provide, whether it held professional indemnity and its legal status and relationship with product suppliers (various short-term insurers).

**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 contraventions;

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- 4.1.2. There is no evidence of any prejudice resulting from the contraventions;
- 4.1.3. The Respondent fully cooperated with the inspection that revealed the aforementioned contraventions. Furthermore, the Respondent fully cooperated with the enforcement action, and displayed a sincere intention to comply.
- 4.1.4. With reference to the contravention of section 3A(1)(b)(i) of the General Code of Conduct all the quotations were available to clients on request.
- 4.1.5. The Respondent addressed all the compliance issues relating to this matter and amended its processes where required.

## **5. The agreed penalty**

- 5.1. In terms of section 6B(7)(a) of the Financial Institutions (Protection of Funds) Act, No 28 of 2001, the parties agreed that the Respondent will pay a penalty of R1 000 000 (one million rand) in settlement of the matter.
- 5.2. Furthermore, in terms of section 6D(5) of the Financial Institutions (Protection of Funds) Act, No 28 of 2001, the parties agreed that the Respondent, as part of the aforementioned determination, will pay costs in an amount of R500 000 (five hundred thousand rand).



5.3. The parties humbly request that the Honorable Chairperson makes the settlement an order, as envisaged in section 6B(7)(b) of the Financial Institutions (Protection of Funds) Act.

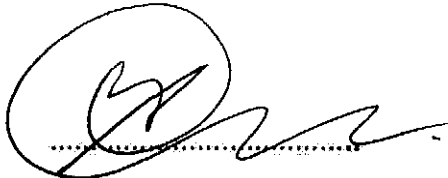
**6. Other conditions**

- 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;
- 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 FSB 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;
- 6.4. Any receipt of a payment by the FSB after the due date shall be without prejudice to any of the rights of the FSB;
- 6.5. This Agreement shall not be a novation of the cause of action in terms whereof the Respondent was found to have contravened the Act; and

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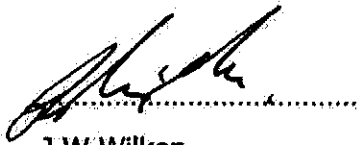
6.6. This agreement constitutes the whole agreement between the parties in respect of the offer to pay a penalty.

Signed at PRETORIA on 9 May 2013 on behalf of the Registrar



G E Anderson

Signed at Dainfern on 9 May 2013 on behalf of Hippo Comparative Services (Pty) Limited



J W Wilken