

**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: 05/2013

In the matter of:

**THE REGISTRAR OF SHORT-TERM
INSURANCE**

Applicant

and

NETCOVER (PTY) 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 7(1)(a) of the Short-Term Insurance Act, No 53 of 1998, and impose a penalty of R50 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^{18th} day of **FEBRUARY 2013**.



C F Eloff

Chairperson of the Enforcement Committee

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SECTION 10(3), READ WITH 10A OF THE FINANCIAL SERVICES
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CASE NO: **05/2013**

In the matter of:

THE REGISTRAR OF SHORT-TERM INSURANCE

The Applicant

and

NETCOVER (PTY) LTD

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 parties to the agreement are the Registrar of Short-term insurance ("the Registrar") herein represented by Jonathan Dixon; and

1.2. Netcover (Pty) Ltd ("Netcover") a registered private company as contemplated in the Companies Act 71 of 2008, (registration number 1998/021619/07), and an authorized financial services provider (FSP number 92) in terms of the Financial Advisory and Intermediary Services Act 37 of 2002;



- 1.3. Netcover is herein represented by Jonathan Aspeling
("Aspeling") an adult businessman with identity number
630303 5178 088.

2. The contravention

- 2.1. It is agreed between the parties that Netcover contravened
section 7(1) (a) of Short-Term Insurance Act, no 53 of 1998
("the Act"), in that:

- 2.1.1. During the period October 2007 and November 2010
Netcover conducted short-term insurance business with
respect to a cellular handset insurance scheme whilst not
being a registered short-term insurer in terms of the Act.

3. The mitigating circumstances

- 3.1. It is also been agreed that the following mitigating factors are
relevant to the matter:



- 3.1.1. Netcover was at all times relevant to this matter cooperative with the Registrar, and on the Registrar's request, paid the sum of R7 395 in auditing fees which formed part of the Registrar's inspection of Netcover's said contravention;
- 3.1.2. The extent of the profit derived by Netcover in contravening section 7(1)(a) of the Act amounts to R67 591.91;
- 3.1.3. The cellular insurance scheme business comprised less than 5% of Netcover's business;
- 3.1.4. Netcover did not advertise or market the cellular insurance scheme in the period in which unregistered business was conducted;
- 3.1.5. Clients were at no stage prejudiced during period in which Netcover conducted unregistered business; Netcover continued to settle all valid claims, refunded premiums requested by clients on a no dispute basis, and all



complaints regarding replacement of handsets were settled to the clients' benefit.

4. The agreed penalty

4.1. In the light of the above, and in terms of section 6B (7) (a) of the Financial Institutions (Protection of Funds) Act, No 28 of 2001, the parties have agreed that Netcover will pay a penalty of R50 000 in settlement of the matter.

4.2. 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.

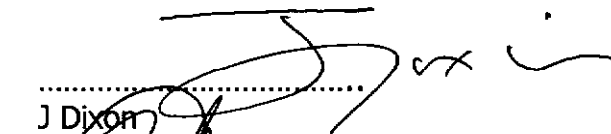
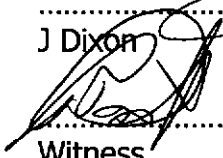
5. Other conditions

5.1. 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.

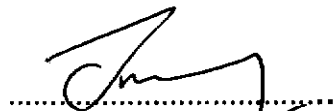
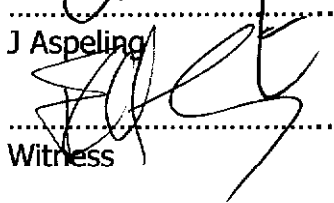


- 5.2. If Netcover does not comply with the terms of this agreement and it is necessary for the FSB to proceed with legal proceedings, Netcover herewith consents to pay all legal costs to the FSB on the Attorney and Client scale in terms of the High Court Rules inclusive of collection commission and Value Added Tax.
- 5.3. No leniency or postponement given by the FSB to Netcover 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.
- 5.4. Any receipt of a payment by the FSB after the due date shall be without prejudice to any of the rights of the FSB.
- 5.5. This Agreement shall not be a novation of the cause of action in terms whereof Netcover was found to have contravened the Act.
- 5.6. This agreement constitutes the whole agreement between the parties in respect of the offer to pay a penalty.

Signed at PRETORIA on14/02/2013..... on behalf of the Registrar


.....
J Dixon

.....
Witness

Signed at DURBANVILLE on 05/02/2013..... on behalf of Netcover
(Pty) Ltd.


.....
J Aspeling

.....
Witness