

**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: **04/2013**

In the matter of:

**THE REGISTRAR OF SHORT-TERM  
INSURANCE**

Applicant

and

**UNITRANS INSURANCE LIMITED**

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 section 45 of Short-Term Insurance Act, no 53 of 1998, and impose a penalty of R200 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 .....<sup>12</sup>..... day of **FEBRUARY 2013**.

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

**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: **04/2013**

In the matter of:

**THE REGISTRAR OF SHORT-TERM INSURANCE**

The Applicant

and

**UNITRANS INSURANCE LIMITED**

The Respondent

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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 Short-term insurance ("the Registrar") herein represented by Jonathan Ian Dixon; and
- 1.2. Unitrans Insurance Limited ("Unitrans") a duly registered public company as contemplated in the Companies Act 71 of 2008, (registration number 1999/001865/06), and a registered insurer in terms of Section 7(1) of the Long-term Insurance Act, number 52 of 1998 ("LTIA").
- 1.3. Unitrans is herein represented by Andre Rhoodie ("Rhoodie") the public officer and managing director of Unitrans and who warrants



that he is authorised by the Respondent to conclude this agreement.

## 2. The contraventions

2.1. It is agreed between the parties that Unitrans contravened section 45 of Short-Term Insurance Act, no 53 of 1998 ("the Act"), that reads as follows:

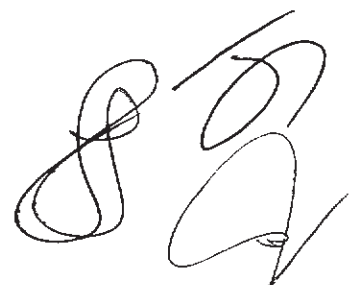
*"No independent intermediary shall receive, hold or in any manner deal with premiums payable under a short-term policy entered into or to be entered into with a short-term insurer, other than a short-term reinsurance policy, and no such short-term insurer shall permit such independent intermediary to so receive, hold or in any manner deal with such premiums-*  
*(a) Unless authorized to do so by the short-term insurer concerned as prescribed by regulation; and*  
*(b) Otherwise than in accordance with the regulations."*

2.2. During the period November 2008 and November 2010 Unitrans authorised Unitrans Automotive (Pty) Ltd (reg. no 1997/009861/07) (UA), and International Underwriters and Administrators (Pty) Ltd (reg. no 1981/063341/07) (IU&A) to collect premiums for short-term personal lines, on its behalf.

2.3. Whilst it so authorised UA and IU&A , Unitrans contravened:

2.3.1. Regulation 4.1(1), in that it failed to authorise AU and IU&A in writing to receive, hold or in any manner deal with premiums on its behalf;

2.3.2. Regulation 4.1(2), in that it failed to obtain securities from AU and IU&A in accordance with Regulation 4.1.(2);

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, located in the bottom right corner of the page.

2.3.3. Regulation 4.1(3), in that it authorised more than one person to receive premiums in relation to the same policies, which form part of personal lines business.

### **3. The mitigating circumstances**

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

3.1.1. Unitrans engaged in open and cooperative discussions with the Registrar.

3.1.2. Unitrans acted swiftly to rectify the contraventions.

3.2. Policyholders suffered no losses or damages as a result of the contraventions.

### **4. The agreed penalty**

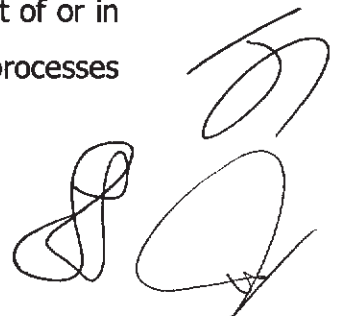
4.1. In the light of the above, and in terms of section 6B(7)(a) of the Financial Institutions (Protection of Funds) Act, No 28 of 2001, the parties have agreed that Unitrans will pay a penalty of R200 000 in settlement of the matter.

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.

Two handwritten signatures in black ink, one on the left and one on the right, positioned at the bottom right of the page.

**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 Unitrans does not comply with the terms of this agreement and it is necessary for the FSB to proceed with legal proceedings, Unitrans 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 Unitrans 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 Unitrans 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.
- 5.7. The parties choose as their *domicilium citandi et executandi* their respective address set out below for all purposes arising out of or in connection with this agreement at which addresses all the processes

Handwritten signatures of the parties, including a large stylized signature and a smaller signature below it.

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. However the notice contemplated in terms of section 6E of the FI Act may be delivered by electronic email. For the purpose of this agreement the parties' respective addresses shall be:

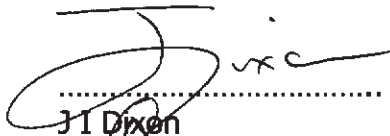
3.1.1. Financial Services Board:

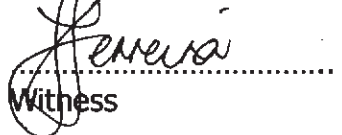
Johannes.vandeventer@fsb.co.za

3.1.2. Respondent:

reneeg@jdg.co.za

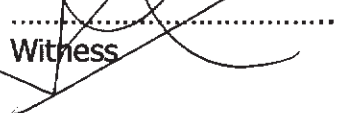
Signed at PRETORIA on 11 February 2013 on behalf of the Registrar

  
.....  
JI Dixon

  
.....  
Witness

Signed at Stanger on 8 February 2013 on behalf of Unitrans Insurance Limited.

  
.....  
A Rhoodle

  
.....  
Witness