

**[TO BE PUBLISHED BY THE FSCA]**

**Case No: 1256451**

In the matter between:

**Financial Sector Conduct Authority**

and

**Universal Insurance Administrators (Pty) Ltd**

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**ENFORCEABLE UNDERTAKING IN TERMS OF SECTION 151(1) OF THE FINANCIAL  
SECTOR REGULATION ACT, 2017**

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**1. Definitions**

For purposes of this undertaking, the following definitions shall apply:

- 1.1 “**Authority**” means the Financial Sector Conduct Authority;
- 1.2 “**Enforceable Undertaking**” means this undertaking duly signed and concluded between the Authority and UIA;
- 1.3 “**effective date**” means the date on which this undertaking becomes enforceable which is upon signature by a duly authorised officer acting on behalf of the Authority.
- 1.4 “**FAIS Act**” means the Financial Advisory and Intermediary Services Act No. 37 of 2002, as amended;
- 1.5 “**FSR Act**” means the Financial Sector Regulations Act, 2017 (Act No. 9 of 2017); and
- 1.6 “**UIA**” means **Universal Insurance Administrators (Pty) Ltd**, a private company with limited liability, duly incorporated and registered in accordance with the company laws (*Companies Act No. 71 of 2008, as amended*) of the Republic of South Africa, with FSP number 44437.

**2. Background**

- 2.1 UIA was authorised as a category I financial services provider (FSP) on 11 June 2013 and is currently authorised to give advice and render intermediary services in respect of the following financial products:

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**Executive Committee:**

**Commissioner:** U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

- 2.1.1 Long-Term Insurance subcategory A;
  - 2.1.2 Long-Term Insurance subcategory B1;
  - 2.1.3 Long-term insurance subcategory B2;
  - 2.1.4 Long-term Insurance subcategory B2-A;
  - 2.1.5 Long-term Insurance subcategory B1-A;
  - 2.1.6 Short-Term Insurance Personal Lines;
  - 2.1.7 Short-term Insurance Personal Lines A1; and
  - 2.1.8 Short-Term Insurance Commercial Lines
- 2.2 The records of the Authority reflect that UIA does not collect client funds or premiums.
- 2.3 UIA provides credit life and funeral products through micro lenders, via a loan management system. All microlenders offering UIA's financial products are entities registered with the National Credit Regulator and the Payment Associate of South Africa. These microlenders are also juristic representatives of UIA.
- 2.4 The business relationship between UIA and the microlenders is governed by an Agent Agreement and Juristic Representative Agreement. Premiums are collected by the juristic representatives, along with the client's loan repayment, in a single payment into the representative's bank account.
- 2.5 The collection of the premiums into their own bank accounts by the juristic representatives is prohibited in terms of section 13(1)(c) of the FAIS Act. The juristic representatives are required to collect the premiums into a bank account in the name of UIA.
- 2.6 On 22 June 2016, a routine compliance inspection was conducted by the Authority into the business affairs of UIA. Subsequently, correspondence was sent to UIA, bringing to their attention the contravention of UIA's juristic representatives with section 13(1)(c). UIA was requested to take immediate steps to rectify this contravention and notify the Authority of the remedial action taken.
- 2.7 UIA responded to the abovementioned correspondence, advising of possible solutions to the contravention of section 13(1)(c). The proposed solutions did not address the contraventions and were not implemented.
- 2.8 Subsequent to an approach from UIA to further discuss practical problems they were facing, a meeting was held with UIA during June 2022, where it was also put to UIA that the Authority does not have record of its premium collection. UIA maintained that they were not, in fact, collecting premiums, as the collection of premiums (other than those collected by the juristic representatives) was done by a collection agency.
- 2.9 UIA maintains that it does not collect premium. However, it has appointed juristic representatives that collect premium on its behalf, which premiums are supposed to be paid into UIA's bank account. Accordingly, UIA is, in fact, collecting premiums, or is supposed to be, were it not for the contravention of section 13(1)(c).
- 2.10 During June 2022, UIA submitted an application on behalf of its juristic representatives to be exempted from section 13(1)(c) of the FAIS Act, when collecting premiums on behalf of UIA. The exemption was sought for a period of 2 years to allow engagement

with collection agencies regarding other possible solutions to collection of policyholder premiums.

- 2.11 It was subsequently decided to take regulatory action against UIA for the contravention of section 13(1)(c) by its juristic representatives.
- 2.12 The application for exemption was subsequently, after agreement to this Enforceable Undertaking, withdrawn.

### **3. Enforceable Undertaking Agreement**

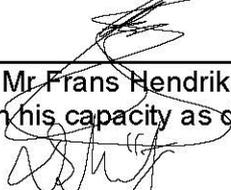
- 3.1 UIA admits that its appointed juristic representatives are contravening section 13(1)(c) of the FAIS Act.
- 3.2 UIA admits that it is collecting policyholder premiums, albeit not directly but through juristic representatives.
- 3.3 UIA is taking remedial action by engaging with relevant role players in order to re-structure the payment procedures for premiums collected by its juristic representatives in such a way that it would result in compliance with section 13(1)(c) of the FAIS Act.
- 3.4 In terms of section 151(1) of the FSR Act, UIA hereby gives a written Enforceable Undertaking to the Authority to—
  - 3.4.1 ensure that all its juristic representatives are compliant with section 13(1)(c) within two years from the effective date of this Enforceable Undertaking;
  - 3.4.2 on a quarterly basis from the effective date of this Enforceable Undertaking, report to the Authority on progress made towards compliance with section 13(1)(c) by its juristic representatives;
  - 3.4.3 continue to ensure that clients are aware that the financial products are being offered by UIA by, amongst others,—
    - (a) having all its juristic representatives continue to display UIA's licence, as well as their own section 13 certificate, in their offices;
    - (b) branding all marketing materials with the markings of UIA;
    - (c) making appropriate disclosures to the clients regarding the relationship between UIA and the juristic representatives;
  - 3.4.4 continue to remain fully in control of the electronic system and processes through which premiums are collected and reported on; and
  - 3.4.5 continue to continuously, through the electronic processes, identify and manage business and compliance issues.
- 3.5 UIA acknowledges that it is aware that this enforceable undertaking must be published by the Authority as per section 151(5) of the FSR Act;

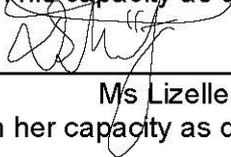
### **4. Non-compliance with the Undertaking**

- 4.1 UIA understands that, if any term contained in this Enforceable Undertaking is breached or contravened, the Authority may—
  - (a) impose an administrative penalty against UIA and/or its key individuals;
  - (b) take regulatory action against UIA and/or debar its key individuals; and/or
  - (c) approach the Financial Services Tribunal to make certain orders in respect of the Enforceable Undertaking.
- 4.2 UIA acknowledges that they are familiar with all the provisions of section 151 of the FSR Act.

DATED AT Gillitts ON THIS 5th DAY OF SEP 2023.

  
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Mr Frans Hendrik Schutz  
(On behalf of Universal Insurance Administrators (Pty) Ltd)

  
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Mr Frans Hendrik Schutz  
(In his capacity as director)

  
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Ms Lizelle Schutz  
(In her capacity as director)

The aforesaid Enforceable Undertaking is accepted by the Financial Conduct Authority in terms of section 151(1) of the Financial Sector Regulation Act, 2017

DATED AT Pretoria ON THIS 05 DAY OF September 2023.

  
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KS Dikokwe  
(For the Authority)