

Ref No.: Circular PI/STI/3/2007

Enquiries: GMT Kirsten

Circular No: PI/STI/1/2008

**TO: ALL REGISTERED SHORT-TERM INSURANCE COMPANIES, BROKERS
AND AGENTS, AND MOTOR VEHICLE COMPANIES.**

RE: MOTOR PLANS

Purpose of Circular

The purpose of this circular is to recall circular PI/STI/3/2007 dated 27 September 2007 which was issued to the industry regarding the motor plans insurance. In this circular, PI/STI/3/2007, it was stated that currently the motor plans insurance which are underwritten as required by the Act were

- Motorsure which is underwritten by Guard Risk Ltd.
- Motorite which is underwritten by Hollard Ltd.
- Optimum Vehicle Solutions underwritten by Guard Risk Ltd

However, in response to that circular, Corporate Guarantee informed the Registrar that, they also underwrite motor plan insurance, "AutoPlan". The AutoPlan which is underwritten by Corporate Guarantee is hereby considered as one of those products underwritten as required by the Act.

Commission

The total commission payable on these products, which is not classified as motor vehicle policies, are according to Regulation 6 of 1998 :

- Not more than 20% to brokers
- Not more than 15% to agents

It has to be pointed out that in terms of section 60 of the Act a person has a free choice in respect of the registered insurer, the insurance agent or insurance broker through whom the policy is to be taken out. If the person is not offered such free choice, it may be construed as conditional selling which is an offence under the Act.

Registration requirements

It is important to note that all people who provide advice on motor plans insurance products must be registered under the Act as:

- An agent representing one underwriter
- A broker representing a prospective or actual policyholder.

All persons offering this product must be a registered insurer meeting the requirements of the Act.

THUS DATED AND SIGNED THIS 9th DAY OF January 2008.

A handwritten signature in black ink, appearing to read 'Ritter', with a long horizontal stroke extending to the right.

RAINER RITTER
REGISTRAR: SHORT-TERM INSURANCE