

**BANK GUARANTEE AS COLLATERAL SECURITY TO IGF**

WHEREAS

1. Regulation 4 issued under Section 45 of the Short-Term Insurance Act, 1998 (“the Act”) provides for the safeguarding of premiums received by independent intermediaries on behalf of registered insurers and relating to short-term insurance business carried on in the Republic; and
2. \_\_\_\_\_ (“The intermediary”) carries business as an insurance broker on behalf of registered insurers and relating to the short-term insurance business and is subject to the requirements of the Act; and
3. Intermediary Guarantee Facility Limited (“IGF”) has given a guarantee (“the Guarantee”) as envisaged in terms of the Act and in the form prescribed in the regulations promulgated in terms of the Act, in terms whereof, *inter alia*:
  - 3.1. IGF guarantees that the broker shall comply with the provisions of Regulation 4.3 (1) of the Act and shall pay all premiums received by it on behalf of registered insurers to such in terms of Regulation 4.3 (1) of the Act; and
  - 3.2. If the intermediary shall fail to pay the insurers in terms of Regulation 4.3 (1) of the Act, IGF shall pay on demand in terms of Regulation 4.2 of the Act, to, or to the order of The South African Insurance Association, an amount not exceeding R\_\_\_\_\_.

NOW THEREFORE

We, the undersigned,

\_\_\_\_\_  
("The bank")

herein represented by \_\_\_\_\_ in his capacity as \_\_\_\_\_, and being duly authorised thereto in terms of a resolution of the board of directors of the bank, dated \_\_\_\_\_, do hereby undertake to pay IGF, on the delivery to the bank by IGF of a written demand, all or any amounts, not exceeding R\_\_\_\_\_, which IGF has paid to, or to the order of the South African Insurance Association in terms of or pursuant to the guarantee. The written demand shall stipulate that the broker has failed to comply with the requirements of Regulation 4.3 (1) of the Act, that IGF has been called on to pay and has paid the stipulated amount to, or to the order of the South African Insurance Association, and that the stipulated amount is due and payable in terms of this guarantee by the bank to IGF, whereupon the bank shall immediately pay the stipulated amount to IGF subject to the terms of this guarantee.

All and any amounts due and payable by the bank in terms of this guarantee shall be paid to IGF at its chosen *domicilium citandi et executandi*, as set out herein, and shall be free of any deduction, bank or other charges, and / or set off.

Interest shall accrue and shall be payable by the bank to IGF on all and any amounts which the bank has failed to pay to IGF for a period in excess of 7 (seven) days after the delivery to the bank by IGF of the written demand envisaged in terms of this guarantee. The interest payable by the bank to IGF shall be calculated for the period from the date of delivery of the written demand to the bank by IGF in terms of this guarantee, and at the publicly quoted prime rate of interest (nominal annual compounded monthly) (as certified by any General Manager of Standard Bank whose authority and / or appointment it shall not be necessary to prove) at which Standard Bank lends on overdraft, to its prime customers in the private sector.

This guarantee may be terminated by the bank upon 6 (six) months written notice to IGF and to the Broker at their respective *domicilia citandi et executandi* set out hereunder, but, in respect of any liability which arose prior to such termination, this guarantee shall remain of full force and effect. This guarantee shall be neither negotiable nor transferable.

The parties choose as their respective *domicilia citandi et executandi* for all purposes in terms of this guarantee, at:

**IGF** : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**The Intermediary** : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**The Bank** : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The parties shall be entitled from time to time, by written notice to each other, to vary their respective *domicilia citandi et executandi* to any other address within the Republic of South Africa which is not a post box or poste restante. Any notice or demand given to any of the parties at the *domicilium citandi et exectandi* of such party for the time being which is delivered by hand shall be deemed to have been received by such party at the time of delivery.

Collateral security provided by Intermediaries will be held for a three-year period, except where:

- a. the Intermediary's auditors certify that there are no premiums outstanding to insurers,
- b. the Underwriting Committee recommends the release of the security,
- c. the financial position of the intermediary has improved to the point where a new guarantee has been issued without the need for collateral security.

**SIGNED** at \_\_\_\_\_ on this the  
\_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

**AS WITNESSES:**

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_

for and on behalf of  
**THE BANK**

\_\_\_\_\_

Name:

Capacity:

Who warrants his authority  
hereto.