

**CESSION OF RIGHT TO DEPOSIT 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 safe-guarding of premiums received by agents, brokers and other persons on behalf of registered insurers and relating to short-term insurance business carried on in the Republic; and
2. \_\_\_\_\_ (“the intermediary”) carries on business as an insurance broker on behalf of registered insurers and relating to 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 intermediary 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 insures in terms of Regulation 4.3 (1) of the Act;
  - 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 Act, to, or to the order of the South African Insurance Association, an amount not exceeding R\_\_\_\_\_.
4. \_\_\_\_\_ (“the surety”) has bound himself as a surety and principal debtor together with the broker in respect of the payment to IGF on demand of any and all amounts which IGF pays in connection with or pursuant to the guarantee.
5. The surety has deposited in account number \_\_\_\_\_ with the Branch of \_\_\_\_\_ (“the depositee”), an amount of R\_\_\_\_\_ for the period of \_\_\_\_\_ (“the fixed deposit”) and the depositee has issued a certificate (“the fixed deposit certificate”) to the surety recording the fixed deposit.

**NOW THEREFORE**

1. As continuing security for the obligations which the surety now has or may from time to time in the future have to IGF arising from or out of the deed of suretyship dated \_\_\_\_\_, the surety cedes to IGF all of his right, title and interest in and to any and all claims which the surety may now or from time to time have arising out of or in any way connected with the fixed deposit, together with any interest accruing on the fixed deposit.

2. The surety undertakes to and shall deliver to IGF by no later than \_\_\_\_\_, the fixed deposit certificate.
3. The surety also undertakes forthwith to:
  - 3.1 notify the depositor in writing of this cession;
  - 3.2 instruct the depositor in writing to endorse account no. \_\_\_\_\_ to reflect IGF's rights to the fixed deposit;
  - 3.3 instruct the depositor in writing not allow any withdrawals against the fixed deposit other than in accordance with this cession; and to deliver or cause to be delivered to IGF a copy of such written notification and instructions delivered to the depositor.
4. If the surety commits a breach of any of the surety's obligations set out herein or if IGF becomes entitled to claim payment from the surety in respect of any of the obligations for which the cession has been given, IGF shall be entitled, but not obliged, without prejudice to any right which IGF may have in terms of this cession or otherwise at law, without notice to the surety and without first obtaining any order of court, to
  - 4.1. demand payment of the fixed deposit and any accrued interest from the depositor, and to receive payment of the fixed deposit and any interest accrued from the depositor;
  - 4.2. apply the fixed deposit and any accrued interest after deducting therefrom all costs and expenses, including but not limited to any legal costs on a scale as between attorney and client incurred by IGF in enforcing any of its rights as against the surety, to the surety's indebtedness, without prejudice to IGF's rights to recover from the surety any balance which may remain owing to IGF after the application of the fixed deposit and accrued interest. All of the foregoing is without prejudice to such other rights as IGF may have at law.
5. The surety shall render to IGF such assistance as IGF may require for the purpose of enforcing its rights in respect of the fixed deposit and accrued interest and the procuring of the payment by the depositor to the creditor.
6. The surety hereby absolves IGF absolutely from any liability for any loss or damage which the surety may suffer as a consequence, directly or indirectly, of the payment by the bank of fixed deposit and accrued interest to IGF, or from the lawful exercise by IGF of any of its rights set out and contained in this agreement.
7. During the subsistence of this cession, the surety undertakes to IGF that the surety shall not do, omit to do, or cause to be done or to be omitted to be done any thing or matter which jeopardises the continued validity and enforceability of this cession, or which reduces or is likely to reduce the fixed deposit and accrued interest.

8. The provisions of this deed shall continue to be of full force and effect and binding on the surety notwithstanding;
  - 8.1. any variation or amendment to any agreement or other undertaking for the time being in existence between the surety, IGF and/or any other person;
  - 8.2. the temporary extinction of any of the surety's obligations to IGF it being recorded that this deed is a continuing covering security in favour of IGF;
  - 8.3. any indulgence which may be shown or given by IGF to the surety. No such indulgence shall constitute a waiver of any of the rights of IGF, who shall not thereby be precluded from exercising any rights against the surety which may have arisen in the past or which might arise in the future;
  - 8.4. IGF's receipt of any dividend or other benefit in any liquidation or judicial management or sequestration, compromise or composition; or
  - 8.5. IGF's release in whole or in part of any other security and/or any other person to any suretyship or other undertaking.
9. The surety hereby consents to the jurisdiction of the Witwatersrand Local Division of the Supreme Court of South Africa in respect of any proceedings which may be instituted against the surety pursuant to or in connection with any of the provisions of this deed.
10. The surety chooses *domicilium citandi et executandi* ("*domicilium*") for the purposes of receiving any notice, the serving of any process and for any other purpose arising from this deed, at

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The surety shall be entitled from time to time, by written notice to IGF, to vary the surety's *domicilium* to any other address within the Republic of South Africa that is not a post box or a *poste resante*. Any notice given to the surety's *domicilium* for the time being which;

- 10.1. is delivered by hand shall be deemed to have been received by the surety at the time of delivery;
  - 10.2. is posted to the surety by prepaid registered post shall be deemed to have been received by the surety on the fourth day after the date of posting.
11. No addition to, variation, or consensual cancellation of this deed shall be of any force or effect unless in writing and signed by both IGF and by the surety.
  12. All costs of and incidental to this deed including the stamp duty payable thereon shall be borne and paid by the surety.

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

13.1. the Intermediary's auditors certify that there are no premiums outstanding to insurers.

13.2. the Underwriting Committee recommends the release of the security.

13.3. 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. \_\_\_\_\_

\_\_\_\_\_  
THE SURETY