

# SAXUM

INSURANCE

(IN LIQUIDATION)

MUA Building, 2nd Floor, 26 Sturdee Avenue, Rosebank, 2196  
P.O. Box 1634, Houghton, 2041  
Tel: +27 (0) 11 694 5900 Fax: +27 (0) 86 212 0859

Insurance Claimants:  
[claimslig@saxuminsurance.com](mailto:claimslig@saxuminsurance.com)

Creditors:  
[creditorslig@saxuminsurance.com](mailto:creditorslig@saxuminsurance.com)

13 December 2016

**TO ALL KNOWN CREDITORS, EMPLOYEES, POLICYHOLDERS AND STAKEHOLDERS OF  
SAXUM INSURANCE LIMITED (in liquidation) (MASTER'S REFERENCE NUMBER  
G1076/2016)**

**CIRCULAR NUMBER 7**

- 1 You are again referred to Circular Number 2 in which we set out the process for the accelerated disposal of the guarantee book of business underwritten by Saxum Insurance Limited (in Liquidation) (**the company**). This accelerated disposal was undertaken by the joint liquidators in order to minimise the risks to policyholders.
- 2 In accordance with the process set out in Circular Number 2 a briefing session by senior management of the company on the disposal of the guarantee book of business underwritten by the company was held on 7 December 2016 at 10:00 at the offices of Norton Rose Fulbright South Africa Inc (**NRFSA**), situated at 15 Alice Lane, Sandton.
- 3 The briefing session was attended by a number of interested parties, all of whom had entered into the relevant non-disclosure agreement with the company.
- 4 Following this briefing session all interested parties had until 09:00 on 12 December 2016 to submit their unconditional offers to purchase the guarantee book of business underwritten by the company for consideration by the joint liquidators.
- 5 No offers to purchase the guarantee book of business underwritten by the company were received by 09:00 on 12 December 2016. This was communicated to the joint liquidators during a meeting at 10:00 on 12 December 2016 held at the offices of NRFSA.

Directors: Dr. J.A.J. Schalch (Chairman)\* R.W. Killops\* K.I. Vennell\* M. Hankins\*  
\*Non-Executive "Swiss"

**Liquidators:**

**H Kaplan (First City Katleho)**  
Honey Chambers  
Kenneth Kaunda Drive  
Bloemfontein

**NAG Omar (Khammissa Attorneys)**  
98 Doreen Street  
Pretoria

**Wn Jacobs (Mayibuye Trust)**  
157 Waggel Street  
La-Montagne  
Pretoria

**BB Mahlatsi (Van Rooyen-Fischer Trustees)**  
Forum Building, Ground Floor,  
337 Veale Street, Brooklyn, Pretoria

(T) (051) 403 6685

(T) (012) 342 9944

(T) (021) 804 0393

(T) (012) 346 7430

Company Registration No. 2004/011845/06  
VAT No. 4310217338

**saXum Insurance Limited (In Liquidation) is an authorised Financial Services Provider - FSP No: 32460**  
[www.saxuminsurance.com](http://www.saxuminsurance.com)

- 6 Given that no offers were received for the transfer of the guarantee book of business underwritten by the company, these risks will continue to remain on the SaXum insurance licence until the original guarantees are returned.
- 7 At the meeting of 12 December 2016, the joint liquidators discussed that fact that it has come to light that prior to the liquidation of the company the reinsurance premiums for the reinsurance treaties in relation to the bonds and guarantees business of the company have not been paid for the first two quarters. As such the company does not have reinsurance cover in relation to its bonds and guarantees business for policies underwritten from 1 April 2016. The joint liquidators have been advised by NRFSA not tender the payment of the reinsurance premiums as to do so will result in the reinsurer being preferred above other creditors of the SaXum insolvent estate and the general body of creditors being prejudiced.
- 8 Given the above, all guarantee policyholders, beneficiaries and guarantee holders are notified that upon a call for the company to pay under a guarantee, the guarantee holder or beneficiary will not receive full indemnity. Any such call falls to be dealt with and regulated by the institution of the insolvency process which in itself requires that the joint liquidators treat all creditors according to their rights at the time of the commencement of the insolvency of SaXum. Concurrent creditors, as for one class of creditors in an insolvency, fall to be treated equally.
- 9 It is advised that the guarantee policyholders contact their intermediary to seek alternative cover to ensure that they are able to procure other guarantees that provide adequate insurance cover. Beneficiaries and guarantee holders are also advised to contact the guarantee policyholders to ensure that they provide their assistance in the returning of the original or unexpired guarantees to the company. We reiterate that the any call on a guarantee will not realize full indemnity.
- 10 If any beneficiary or guarantee holder lodges a claim in terms of a guarantee issued by the company, such a claim will amount to a concurrent claim against the company's insolvent estate and the guarantee holder will not receive the full amount of the claim, but will only receive a pro-rated share of the free residue left in the company's insolvent estate for distribution to the company's concurrent creditors. We also bring to your attention that any claims made against the company's insolvent estate will only be paid upon final winding up. Given the reinsurance coverage of certain guarantee policies, the company's insolvent estate is at greater risk that the claims of all policyholders will be significantly reduced therefore reducing the proportional dividend that will be paid to all creditors from the company's insolvent estate.
- 11 The collateral held in relation to the guarantees issued or facility granted to guarantee policyholders will remain in place until an affected guarantee policyholder is able to satisfy the joint liquidators that there is no actual or contingent liability or risk on the side of the company relating to their guarantees

or guarantee facility. To do otherwise would be to prejudice the general body of creditors of the company.

- 12 Guarantee policyholders are therefore advised that the best way to ensure the quickest release of the collateral and security provided in relation to the guarantee is for such guarantee policyholders to return all original and/or unexpired issued guarantees and to procure that beneficiaries and guarantee holders confirm, in writing, that they do not, now or in the future, have or will have any claim against the company in relation to the issued guarantee. Please refer to **Annexure A** of this Circular 7 for the release form to be utilised. Both the guarantees and written confirmations from beneficiaries and guarantee holder must be delivered to the offices of the company at MUA Building, 2<sup>nd</sup> Floor, 26 Sturdee Avenue, Rosebank, 2196 **in original form**. Should the guarantee policyholders wish to claim a pro-rata portion of their unexpired premium, such request is to be submitted to [creditorsliq@suxuminsurance.com](mailto:creditorsliq@suxuminsurance.com) as dealt with in terms of Circular Number 3.
- 13 This Circular has been sent to the intermediaries of the guarantee policyholders to enable them to take the necessary action. The joint liquidators also confirm that they will meet with the Financial Services Board to give an update on the status of the liquidation.

Yours faithfully,

**PER: H. KAPLAN N.O.**

**N.A.G. OMAR N.O.**

**W.N. JACOBS N.O.**

**B.B. MAHLATSI N.O.**

*(sent electronically without signature)*