

SAXUM

INSURANCE
(IN LIQUIDATION)

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21 November 2017

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

CIRCULAR NUMBER 18

Frequently asked questions

1 ***Who placed SaXum Insurance Limited (SaXum) into liquidation?***

The Financial Services Board (FSB) is the regulator of short-term insurers in South Africa. The FSB placed SaXum into liquidation after the shareholders failed to capitalise SaXum when requested to do so. In addition, the FSB received complaints from various policyholders that their claims were not being paid by SaXum.

2 ***I had a claim that was not paid before the company was placed into liquidation how does this affect me?***

Unfortunately a claim that was not paid pre-liquidation will be treated in the same way as a claim that arose post-liquidation. Policyholders are not secured or preferent creditors, and are concurrent creditors. Therefore, when a distribution is made to policyholders, it will be made from the funds remaining in the estate after payment of administration costs and the claims of secured and preferred creditors.

3 ***How much will I be paid at distribution?***

At this point the joint liquidators cannot confirm what distribution will be made as the total claims against the SaXum estate have not been fully determined. The joint liquidators are working towards a distribution as soon as possible after the claims against the insolvent estate of SaXum have been determined and a proposal made by a consortium for the discharge of SaXum from liquidation is completed. As matters stand at present, and subject to those factors, the joint liquidators expect to be in a position to make a distribution by the end of March 2018.

4 ***How do I qualify for the SAIA Fund?***

The SAIA Fund is a once off short-term voluntary industry initiative put into place due to the liquidation of SaXum. The SAIA Fund has a capped amount. The SAIA Fund may result in the payment of the full or part of a policyholder's claim. SAIA has the discretion to determine who the recipients of the funds will be. The

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saXum Insurance Limited (In Liquidation)
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SAIA Fund will only be used towards motor personal lines policies, in respect of policyholders who qualify as “hardship claimants” for payment from the SAIA Fund. Kindly refer to **Circular 12**, paragraph 7, for the minimum criteria that must be met to be considered as a hardship claimant.

5 ***When will payments be made from the SAIA Fund?***

Payments will be made out of the SAIA Fund by the end of January 2018. Qualifying “hardship claimants”, will be required to execute various documents including a cession of its rights relating to its claim against SaXum in favour of SAIA such that SAIA will then effectively stand in the position of the qualifying “hardship claimant” for any distribution received from the joint liquidators of SaXum.

6 ***I am a commercial policyholder. Can I be considered for payment under the SAIA Fund?***

Unfortunately not, only personal lines motor policyholders, will qualify as “hardship claimants”, for payment from the SAIA Fund.

7 ***Do liquidations of insurers happen all the time?***

No, insurers are heavily regulated and supervised by the FSB and liquidations are very rare. You should not stop insuring your assets because of this liquidation.

8 ***How can I find out with who I should insure with?***

The FSB website has a list of insurers that are registered to conduct business as insurers. Make sure the insurer you are dealing with is on the list. Where you have a broker, ensure that your broker is placing your insurance policy with an insurer he trusts. Finally if you want to find out what a broker can do to assist you with getting insurance cover, visit the FIA website www.fia.org.za/EN/Content/Pages/CONTACT-US, alternatively contact an insurer directly.

For a list of registered insurers go to www.fsb.co.za/Departments/insurance/Pages/insurers.asp.

9 ***My car is still at the panel-beater and has been repaired but SaXum did not pay the panel-beater. What should I do?***

You must seek independent legal advice to protect your rights. There are many organisations that will be able to provide you with legal assistance such as the Law Societies in each respective province, Legal Aid and University Law Clinics.

10 ***My car is at the salvage yard. What should I do?***

We suggest you attempt to seek legal advice to protect your rights. See our response in Question 9 above.

11 ***A third party has issued legal proceedings against me, what do I do?***

You must take your own independent steps, at your cost and expense, to defend the litigation instituted against you. If the third party is successful in proving a claim against you will then be able to lodge a concurrent claim against the SaXum insolvent estate. The joint liquidators will then include your claim in any distribution from the insolvent SaXum estate. Please note that this amount is not likely to indemnify you for your full claim against the SaXum insolvent estate. It is also important that your claim is proved against the insolvent estate of SaXum prior to any distribution being made to creditors.

12 ***Prior to the liquidation I completed an agreement of loss with SaXum, do I have a secure claim?***

Unfortunately not, insolvency law stipulates a closed list of preferent creditors, for example, the South African Revenue Services and employees. In terms of insolvency law you are a concurrent creditor as you do not hold any security or are not classified within the closed list of preferent creditors. Please ensure you submit a liquidation claim against the insolvent estate of SaXum. You must refer to **Circular 3** for more details in that regard.

13 ***Who has the right to claim payment as a creditor of the insolvent SaXum estate?***

This will depend on the facts of each claim. For example if a panel beater repaired the vehicle and released the vehicle to the policyholder but was not paid by SaXum then the panel beater needs to lodge against the insolvent estate. If the vehicle was stolen or written-off then the policyholder needs to lodge a claim against the insolvent estate. If the vehicle was financed then any payment out of the insolvent estate would need to

be made to the relevant finance house as the the policy would have been endorsed to reflect the financier's right to receive any payment from SaXum.

Should any creditor have a query we ask that you email your query to claimslq@saxuminsurance.com.

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)