

**TRANSFER OF SHORT-TERM INSURANCE BUSINESS  
AGREEMENT**

between

**RELYANT INSURANCE COMPANY LIMITED**

and

**LOMBARD INSURANCE COMPANY LIMITED**

W RF 30 30  
mm 32 28  
~~32~~

## TABLE OF CONTENTS

1.	<b>INTRODUCTION</b> .....	3
2.	<b>DEFINITIONS</b> .....	3
3.	<b>INTERPRETATION</b> .....	5
4.	<b>TRANSFER</b> .....	6
5.	<b>SUSPENSIVE CONDITIONS</b> .....	7
6.	<b>NON-FULFILMENT OF SUSPENSIVE CONDITIONS</b> .....	7
7.	<b>EFFECTIVE AND CLOSING DATES</b> .....	7
8.	<b>BASIS OF TRANSFER</b> .....	7
9.	<b>CONSIDERATION</b> .....	8
10.	<b>TRANSITIONAL PERIOD</b> .....	10
11.	<b>POST-TRANSFER INDEMNITY BY LOMBARD</b> .....	11
12.	<b>IMPLEMENTATION</b> .....	11
13.	<b>CLOSING</b> .....	12
14.	<b>TITLE TO ASSETS</b> .....	12
15.	<b>EXPIRED POLICIES</b> .....	13
16.	<b>USE OF RELYANT'S NAME</b> .....	13
17.	<b>JURISDICTION</b> .....	13
18.	<b>NON-RELAXATION</b> .....	13
19.	<b>NON-INDULGENCE</b> .....	14
20.	<b>NON-VARIATION</b> .....	14
21.	<b>SEVERABILITY</b> .....	14
22.	<b>CONFIDENTIALITY</b> .....	14
23.	<b>DISPUTE RESOLUTION</b> .....	15
24.	<b>BREACH</b> .....	17
25.	<b>PUBLIC ANNOUNCEMENTS</b> .....	17
26.	<b>ADDRESSES FOR LEGAL PROCESS AND NOTICES</b> .....	18
27.	<b>COSTS</b> .....	19

W # 50  
 BZ 2R  
 mm

1. **INTRODUCTION**

- 1.1 The Policies transferred in terms of this Agreement are Relyant's short-term insurance Policies, currently part of the "run-off" book of business owned by Relyant, who was prohibited from writing any new short-term insurance policies in South Africa since May 2015, and does not intend to write any further new short-term insurance policies.
- 1.2 The Policies written on Relyant's insurance licence, and still in effect on the Closing Date, will be transferred to Lombard under the same terms and conditions, who is willing to underwrite such Policies on its licence.

2. **DEFINITIONS**

- 2.1 "**Actual Transfer**" means the transfer of the insurance business of Relyant to Lombard comprising the Remaining Policies and the rights and obligations relating to the relevant Policyholders and the Assets and Liabilities Relating to the Remaining Policies;
- 2.2 "**Actual Transfer Date**" or the "**Operative Date**" means the Closing Date;
- 2.3 "**Agreement**" means this Transfer of Short-Term Insurance Business Agreement including all schedules and annexures hereto;
- 2.4 "**Assets and Liabilities Relating to the Policies**" means all the assets and liabilities relating to the Policies as listed in **Schedule 1**;
- 2.5 "**Business Day**" means any day other than a Saturday, Sunday or official public holiday in South Africa;
- 2.6 "**Closing Date**" means the date referred to in clause 7.2;
- 2.7 "**Consideration**" means the consideration to be paid by Lombard to Relyant pursuant to clause 9.1;
- 2.8 "**Effective Date**" means 30 June 2016;

VU # 80 50  
B2 20  
mm

- 2.9 “**Expired Policies**” means, at the Closing Date, all policies that were written on Relyant Insurance Company’s Licence and not transferred to any other party (for the sake of clarity including those which were not in effect as at the Effective Date) that are not Remaining Policies;
- 2.10 “**Lombard**” means Lombard Insurance Company Limited (registration number 1990/001253/06), a company incorporated under the company laws of the Republic of South Africa and registered as a short-term insurer in terms of the STIA;
- 2.11 “**Lombard’s Auditor**” means the auditor registered in terms of the Auditing Profession Act, 2005 and appointed by Lombard in terms of section 19(1) of the STIA in accordance with the provisions of the Companies Act, 2008
- 2.12 “**Parties**” means, Lombard and/or Relyant and **Party** in the context means either one;
- 2.13 “**Policies**” means all policies in effect on the Effective Date and in relation to all Policyholders whose insurance policies are written on to Relyant’s insurance licence;
- 2.14 “**Policyholders**” means the policyholders who are policyholders in terms of the Policies;
- 2.15 “**Pro Forma Transfer**” means the pro forma transfer on the Pro Forma Transfer Date of the insurance business of Relyant to Lombard comprising the Policies and the rights and obligations relating to the Policyholders and the Assets and Liabilities relating to the Policies;
- 2.16 “**Pro-Forma Transfer Date**” means 1 July 2016;
- 2.17 “**Registrar**” means the Registrar and/or the Deputy Registrar of Short-term Insurance referred to in section 2 of the STIA;
- 2.18 “**Relyant Financial Month-end**” means seven days following the end of the calendar month;

UU of 30 08  
B2 28  
mm 

- 2.19 **“Relyant’s Auditor”** means the auditor registered in terms of the Auditing Profession Act, 2005 and appointed by Relyant in terms of section 19(1) of the STIA in accordance with the provisions of the Companies Act, 2008;
- 2.20 **“Relyant”** means Relyant Insurance Company Limited (registration number 1992/004407/06), a company incorporated under the company laws of the Republic of South Africa and registered as a short-term insurer in terms of the STIA,
- 2.21 **“Remaining Policies”** means the Policies still in effect at the Closing Date;
- 2.22 **“STIA”** means the Short-term Insurance Act, 1998 and all its subordinate law;
- 2.23 **“South Africa”** means the Republic of South Africa;
- 2.24 **“Suspensive Conditions”** means the suspensive condition referred to in clause 5;
- 2.25 **“Transaction”** means the transactions contemplated in this Agreement subsequent to valid fulfilment and/or waiver of the Suspensive Conditions, including the Actual Transfer on the Closing Date and the subsequent commensurate payment of the Consideration; and
- 2.26 **“VAT Act”** means the Value-Added Tax Act, 1991 and all its subordinate law.

### 3. INTERPRETATION

#### 3.1 General Interpretation

Unless the context requires otherwise:

- 3.1.1 a reference to any one gender includes the other genders;

W A SO ON  
BZ VE  
MM ~~---~~ PL

- 3.1.2 any reference to a person, includes any individual, body corporate, unincorporated association or other entity recognised under any law as having separate legal existence or personality;
- 3.1.3 any word or expression defined in this Agreement shall if expressed in the singular include the plural and *vice versa* and a cognate word or expression shall have a corresponding meaning;
- 3.1.4 references to a statutory provision includes that statutory provision as modified or re-enacted from time to time;
- 3.1.5 unless otherwise provided, any number of days prescribed shall be determined by excluding the first and including the last day or, where the last day falls on a day that is not a Business Day, the next succeeding Business Day;
- 3.1.6 all payments will be made in terms of this Agreement in South African Rands.

3.2 **Headings**

The headings in this Agreement are not to be taken into account for the purposes of interpreting it.

4. **TRANSFER**

- 4.1 Relyant and Lombard have agreed to enter into a transaction whereby the liability of Relyant towards the Policyholders is to be substituted by the liability of Lombard towards such Policyholders so that the business of Relyant represented by the Policies, its rights and obligations to such Policyholders as well as the Assets and Liabilities Relating to the Policies of such Policyholders, are transferred to Lombard by Relyant.
- 4.2 The Pro Forma Transfer will take effect on the Pro Forma Transfer Date in accordance with the provisions of Part V of the STIA.
- 4.3 The Actual Transfer will take place on the Actual Transfer Date.

Handwritten notes and signatures in the bottom right corner, including the number 32 and various initials and scribbles.

**5. SUSPENSIVE CONDITIONS**

5.1 The Transfer is subject to the Suspensive Conditions:

5.1.1 that the Registrar of Short-Term Insurance approves the Transfer in terms of Part V of the STIA; and

5.1.2 that the Take-over Regulation Panel approves or exempts the Transfer in terms of Chapter 5 of the Companies Act, 2008.

**6. NON-FULFILMENT OF SUSPENSIVE CONDITIONS**

If the Suspensive Conditions are not fulfilled, the Transaction shall not take place and all parties shall be restored to *status quo ante bellum* the entering into of this agreement; where after this agreement shall have not further force or effecting, saving those provision which, by the context thereof, would indicate otherwise.

**7. EFFECTIVE AND CLOSING DATES**

7.1 This Agreement takes effect retrospectively from the Effective Date, upon approval by the Registrar of Short-term Insurance in terms of Part V of the STIA.

7.2 The closing of this Agreement will take place on at the last Business Day of the Relyant Financial Month-end ("**Closing Date**") after the fulfilment of the Suspensive Conditions; where after application will be made to the Registrar of Insurance by Relyant to surrender its insurance licence permitting it to write insurance business.

**8. BASIS OF TRANSFER**

8.1 With effect from the Actual Transfer Date, Relyant will:

8.1.1 cede, assign and delegate all rights and obligations in terms of and arising from the Remaining Policies to Lombard; and

*Handwritten initials and signatures:*  
VV  
AGV  
MM  
B2  
SO  
ve  
[Signature]

8.1.2 transfer to Lombard the assets and liabilities relating to the Remaining Policies (if any), on the same date as the Consideration is paid pursuant to clause 9.2;

8.2 With effect from the Actual Transfer Date, those Relyant employees who have signed section 197 transfer forms agreeing to be employed by Lombard, with effect from and conditional upon the Actual Transfer taking place, will automatically be employed by Lombard with effect from the Actual Transfer date.

8.3 Relyant's Auditor and Lombard's Auditor must be satisfied that all the liabilities and assets relating to the Remaining Policies and the relevant Policyholders transferred by Relyant are transferred to Lombard.

8.4 The assessment of the impact of the Pro Forma Transfer on the financial position of Relyant will be based on the required audited pro forma financial statements of Relyant to be prepared as at the Pro Forma Transfer Date.

8.5 The assessment of the impact of the Pro Forma Transfer on the financial position of Lombard will be based on the required audited pro forma financial statements of Lombard to be prepared as at the Pro Forma Transfer Date.

8.6 No cash amount shall be payable to Policyholders as a result of this Agreement.

## 9. CONSIDERATION

9.1 In consideration for the Actual Transfer, Lombard shall pay to Relyant an amount calculated as at the Closing Date by the methodology defined in Schedule 2 ("**Consideration**"), which amount shall be determined by Lombard and validated by the Relyant Chief Executive Officer and notified by Relyant to all Parties within 7 (seven) Business Days of the Closing Date.

9.2 The Consideration shall be paid by Lombard to Relyant in South African Rands (ZAR), into a bank account specified by Relyant to Lombard in

  
W F 30  
S 82 22  
M M

writing, without deduction or set-off within 5 (five) Business Days of the date of the completion of 9.1.

9.3 Notwithstanding anything to the contrary in this Agreement, if the Parties agree in writing, then the Consideration payable by Lombard to Relyant pursuant to clause 9.2 shall be set-off against any cash portion of the assets to be transferred by Relyant to Lombard pursuant to clause 8.1.2 (“Cash Assets”). If the Parties agree to such set-off, then:

9.3.1 if the Consideration is less than the Cash Assets, Relyant shall transfer to Lombard, pursuant to clause 8.1.2, a cash amount equal to the Cash Assets less the Consideration; or

9.3.2 if the Cash Assets are less than the Consideration, Lombard shall pay to Relyant, pursuant to clause 9.2, a cash amount equal to the Consideration less the Cash Assets.

9.4 The Seller warrants that it is and will at the Actual Transfer Date be :

9.4.1 a vendor as that term is defined in Section 1 of the VAT Act; and

9.4.2 registered as such in terms of Section 23 of the VAT Act.

9.5 The Purchaser warrants that it is and will at the Actual Transfer Date be:

9.5.1 a vendor as that term is defined in Section 1 of the VAT Act; and

9.5.2 registered as such in terms of Section 23 of the VAT Act,

9.6 The Parties record and agree that:

9.6.1 the assets and liabilities noted herein constitute an enterprise as that term is defined in Section 1 of the VAT Act, which is capable of separate operation;

AGY BZ VE SO  
MU

- 9.6.2 the enterprise will remain active and operating until the Effective Date and the Actual Transfer Date;
- 9.6.3 as at the Effective Date and the Actual Transfer Date the enterprise will be and will continue to be an income earning activity;
- 9.6.4 the business constitutes all of the assets which are necessary for the carrying on of the enterprise;
- 9.6.5 the supply of the enterprise as contemplated herein is that of a going concern and shall be chargeable with Value-Added Tax ("VAT") at the rate of 0% (zero per centum) in terms of Section 11(1)(e) of the VAT Act.
- 9.7 In the event of VAT being levied in respect of the supply in clause 9.6 at a rate other than 0% (zero per centum), or in respect of any other amounts payable in terms of this Agreement, the Seller shall be entitled to recover such VAT, including any penalties or interest thereon, from the Purchaser.
- 9.8 The amount recoverable pursuant to clause 9.7 shall be paid by the Purchaser to the Seller by not later than the 3rd (third) Business Day following delivery by the Seller to the Purchaser of the documentation required in terms of the Act to permit the Purchaser to claim a deduction in respect of such VAT in terms of Section 16(3) of the VAT Act.

**10. TRANSITIONAL PERIOD**

- 10.1 During the transitional period between the Effective Date and the Closing Date:
  - 10.1.1 The Policies shall remain with Relyant.
  - 10.1.2 Relyant will continue to perform all the services as the short-term insurer in respect of the Policies save for:

*Handwritten notes:*  
B2 20  
50  
mm

- 10.1.2.1 any reasonable extent to which Lombard wishes to be involved in the performance of such services;
- 10.1.2.2 any reasonable request by Lombard to perform such services;
- 10.1.3 The day-to-day management and administration of the transferring Policies will be managed by Relyant.
- 10.1.4 During the period between the Effective Date and the Closing Date, Relyant undertakes:
  - 10.1.4.1 to conduct and carry on the business in the ordinary and regular course;
  - 10.1.4.2 to take reasonable steps to ensure that there will be no material adverse change in the financial position of the business as a result of anything done by Relyant;
  - 10.1.4.3 not to enter into any transaction or incur any liability or dispose of any asset of or relating to the business save in the ordinary and regular course of the conduct of the business.

## 11. POST-TRANSFER INDEMNITY BY LOMBARD

Lombard hereby indemnifies Relyant against all claims of whatsoever nature relating to the Remaining Policies by the relevant Policyholders or any other person relating to or arising from the Remaining Policies after the Closing Date or arising from anything done by Lombard from the Effective Date to the Closing Date.

## 12. IMPLEMENTATION

- 12.1 Relyant and Lombard undertake to do everything in their power to implement the Actual Transfer fully and expeditiously in terms of this Agreement and the STIA.
- 12.2 If it is necessary to extend the Closing Date or Effective Date or Pro Forma Transfer Date or Actual Transfer Date, the date may be amended with the

AGY # 00  
B2 28 50  
MUM

prior written consent of Relyant and Lombard and, if required, the Registrar subject to any reasonable conditions that the Registrar may impose.

### 13. CLOSING

13.1 On the Closing Date the Parties shall deliver to each other the following documents and assets save to the extent that delivery has already taken place:

13.1.1 Relyant will deliver to Lombard all files and documents (in physical or electronic form) relating to the Remaining Policies or relating to the assets to be transferred from Relyant to Lombard in respect of the Actual Transfer together with any documents of title relating to such assets and any cession, assignment or delegation required in order to effect the Transfer.

13.1.2 Relyant will deliver to Lombard copies of any financial records required by Lombard in order to take cession, assignment and delegation of the Remaining Policies and the rights, obligations and commitments in terms of such Remaining Policies and to comply with the STIA in that connection.

13.1.3 Relyant will deliver to Lombard any other information and/or documents reasonably requested by Lombard relating to assets and liabilities of the Actual Transfer.

### 14. TITLE TO ASSETS

Notwithstanding anything to the contrary in this Agreement, the title to the assets transferred in terms of this Agreement together with all risk and benefit relating to the Remaining Policies and the relevant Policyholders shall pass to Lombard on the Closing Date. Lombard shall assume all the liabilities transferred in the Actual Transfer from the Closing Date.

AGN  
B2 28  
MM  
VV  
SO

**15. EXPIRED POLICIES**

- 15.1 Notwithstanding anything to the contrary in this Agreement, with effect from the Closing Date, Lombard shall assume the risks and obligations of the Expired Policies and be liable for any valid claims on Expired Policies.
- 15.2 Relyant will, on the Closing Date, deliver to Lombard all files and documents (in physical or electronic form) any other information reasonably requested by Lombard relating to the Expired Policies.
- 15.3 With effect from the Closing Date, Lombard hereby indemnifies Relyant against all claims and liabilities of whatsoever nature relating to the Expired Policies by the relevant Policyholders or any other person relating to or arising from the Expired Policies.

**16. USE OF RELYANT'S NAME**

Lombard shall not be entitled to use the name or logo of Relyant in connection with the business or the Policies or in communication with the Policyholders or in any other manner save to the extent necessary in order to identify the Remaining Policies and Expired Policies as policies previously underwritten by Relyant.

**17. JURISDICTION**

This Agreement is governed by South African law and the High Court of South Africa, Gauteng Local Division, Johannesburg shall have jurisdiction in respect of any dispute.

**18. NON-RELAXATION**

No latitude, extension of time or other indulgences which may be given or allowed by either Party to the other Party in respect of the performance of any obligation hereunder or the enforcement of any right arising from this Agreement and no single or partial exercise of any right by either Party shall under any circumstances be construed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that Party's rights in terms of or arising from

VU RE SO  
AGN BZ 20 20  
M M

this Agreement or stop such Party from enforcing at any time and without notice, strict and punctual compliance with each and every provision or term hereof.

**19. NON-INDULGENCE**

No indulgence on the part of any of the Parties in exercising any right conferred upon such Party in terms of this Agreement shall constitute a waiver of any such right, nor shall any single or partial exercise of any right preclude any other or future exercise thereof or the exercise of any other right under this Agreement.

**20. NON-VARIATION**

20.1 This Agreement constitutes the entire agreement between the Parties in relation to the subject matter, and no representation or warranty has been made by either of the Parties or their agents, which has not been recorded in this Agreement.

20.2 No variation or consensual cancellation of this Agreement or any of its terms shall be of any force or effect unless in writing and signed by both Parties, any agent to be duly authorised thereto in writing.

**21. SEVERABILITY**

If any provision of this Agreement is unenforceable, such provision shall (unless it goes to the root of this agreement) be severed from the remaining provisions of this agreement, which shall not be affected thereby and shall remain of full force and effect.

**22. CONFIDENTIALITY**

Both Parties shall at all times maintain confidentiality with respect to each other's systems, know-how, trade secrets, computer software and instructions for use and all other information of a confidential nature, which is not available to the general public and which may become known or made available to them during the currency of this Agreement and the Parties shall not disclose the same to any person except insofar as disclosure is necessary for the due performance by them of their obligations in terms of this Agreement and on the written approval of the other Party.

Handwritten notes and signatures: B2, ~~22~~, 22, 30, and several illegible signatures.

**23. DISPUTE RESOLUTION**

**23.1 Mediation**

23.1.1 Subject to the provisions of this Agreement, any dispute arising from or in connection with this Agreement, including this Agreement's existence, validity or termination, shall be referred to:

23.1.2 the Chief Executive Officer of Lombard; and

23.1.3 the following two directors of Relyant:

23.1.3.1 the Relyant Chief Executive Officer; and

23.1.3.2 Andrew Stainforth, or his nominee or replacement, if applicable, (the "**executives**") who shall attempt to resolve such dispute within 14 (fourteen) days.

23.1.4 Should the executives be unable to resolve the dispute, any Party will be entitled to initiate dispute resolution proceedings on 7 (seven) Business Day's written notice to the others. The dispute will first be referred to non-binding mediation by an independent third party mutually agreed upon by the Parties or, failing agreement, appointed by the Chairman of the Bar Council in Sandton. If any Party affected thereby is not prepared to voluntarily accept the independent mediator's opinion, that Party may refer the dispute to arbitration in accordance with the provisions of clause 23.2.

**23.2 Arbitration**

23.2.1 All disputes between any of the Parties in respect of the provisions of this Agreement that remain unresolved after the mediation process referred to in clause 23.1 may be referred by any of the Parties on written notice to arbitration. All references in this Agreement to

Handwritten notes and signatures in the bottom right corner, including "32", "20", "50", and a signature.

“arbitration” herein are a reference to arbitration in terms of the *Arbitration Act, 1965*, or in terms of any statute which replaces it.

- 23.2.2 The arbitrator shall be a person agreed upon between the Parties and failing agreement, a person nominated by the Chairman of the Bar Council in Sandton. If legal in nature then a lawyer, if accounting in nature than an accountant, if insurance related then an insurance expert, all with the requisite standing and relevant experience.
- 23.2.3 The arbitration shall be held in Sandton in accordance with the Rules of the Arbitration Foundation of South Africa (“AFSA”).
- 23.2.4 No party shall, except jointly with all the other Parties, invoke the provisions of Section 23(a) of the Arbitration Act or any other similar provision which may hereafter exist.
- 23.2.5 The decision of the arbitrator shall be final and binding upon the Parties (unless the appeal provisions of clause 23.3 are invoked) and the arbitrator shall also be entitled to direct who shall pay his costs of resolving the dispute and the Parties costs in relation to the arbitration.

23.3 **Right of Appeal**

Insofar as a Party is not satisfied with a decision of the arbitrator, that Party shall have a single right of appeal in accordance with the rules of AFSA, which appeal must be initiated within 14 (fourteen) Business Days of the decision of the arbitrator being delivered to the Parties.

23.4 **Consent to Jurisdiction**

The Parties consent to the jurisdiction of the High Court of South Africa, Gauteng Local Division, Johannesburg in any court proceedings arising out of this Agreement.

Handwritten notes and signature: B2, A-VV, So, and a signature.

## 24. BREACH

Should either Party (“the **Defaulting Party**”) commit a breach of any of the provisions hereof, then the other Party (“the **Aggrieved Party**”) shall be entitled but not obliged to give the Defaulting Party 14 (fourteen) days written notice to remedy the breach. If the Defaulting Party fails to comply with such notice, the Aggrieved Party shall be entitled to cancel this Agreement against the Defaulting Party or to claim immediate payment and/or performance by the Defaulting Party of all of the Defaulting Party’s obligations whether or not the due date for payment and/or performance shall have arrived, in either event without prejudice to the Aggrieved Party’s rights to claim damages. The foregoing is without prejudice to such other rights as the Aggrieved Party may have at law; provided always that, notwithstanding anything to the contrary contained in this Agreement, the Aggrieved Party shall not be entitled to cancel this Agreement for any breach by the Defaulting Party unless such breach is a material breach going to the root of this Agreement and is incapable of being remedied by a payment in money, or if it is capable of being remedied by a payment in money, the Defaulting Party fails to pay the amount concerned within 14 (fourteen) days after such amount has been determined and provided that the Transfer has not already been completed.

## 25. PUBLIC ANNOUNCEMENTS

- 25.1 Subject to clause 25.2, none of the Parties shall make any announcement or statement about this Agreement or its contents without first having obtained the other Parties’ prior written consent to the announcement or statement and to its contents, provided that such consent may not be unreasonably withheld.
- 25.2 The provisions of clause 25.1 shall not apply to any announcement or statement which any of the Parties is obliged to make in terms of the Companies Act, 2008 or any other law or enactment, or the Listing Requirements of the JSE Securities Exchange, provided that the party in question shall consult with the other Parties before making any such announcement or statement.

AGV  
B2  
A UU  
30  
20  
MM

26. ADDRESSES FOR LEGAL PROCESS AND NOTICES

26.1 The Parties choose for the purposes of this Agreement the following addresses, and electronic mail addresses and, for the purpose of any notices, designated officers:

26.1.1 **Relyant:** Ground Floor, Building C  
Sunnyside Office Park  
2 Carse O’Gowrie Road  
Parktown, 2193  
  
Email: [robert.furmidge@reylant.co.za](mailto:robert.furmidge@reylant.co.za) or  
[astainforth@corocap.co.za](mailto:astainforth@corocap.co.za)

Attention: Rob Furmidge & Andrew Stainforth

26.1.2 **Lombard:** Ground Floor, Building C  
Sunnyside Office Park  
2 Carse O’Gowrie Road  
Parktown, 2193  
  
Email: [jameso@lombardins.com](mailto:jameso@lombardins.com)

Attention: James Orford

Any legal process to be served on any of the Parties may be served on it at the address specified for it in clause 26.1 and it chooses that address as its *domicilium citandi et executandi* for all purposes under this Agreement.

26.2 Any notice or other communication to be given to any of the Parties in terms of this Agreement shall be valid and effective only if it is given in writing, provided that any notice given by electronic mail shall be regarded for this purpose as having been given in writing.

26.3 A notice to any Party which is delivered to the Party by hand at the address specified for it in clause 26.1 shall be deemed to have been received on the day of delivery, provided it was delivered to a responsible person during ordinary business hours, and the notice and the envelope in which it is

Handwritten initials and marks: DW, B2, RE, W, SO, and a signature.

delivered are both marked for the attention of the Party's designated officer specified in clause 26.1.

26.4 A notice by electronic mail to a Party at the electronic mail address specified in clause 26.1 shall be deemed to have been received (unless the contrary is proved) by close of business on the next Business Day after transmission, provided a carbon copy of the notice is also sent to the electronic mail (carbon copy) address specified in 26.1.

26.5 Notwithstanding anything to the contrary in this clause 26, a written notice or other communication actually received by any Party (and for which written receipt has been obtained) shall be adequate written notice or communication to it notwithstanding that the notice was not sent to or delivered at its chosen address, provided it is marked for the attention of the Party's designated officer specified in clause 26.1.

26.6 Any Party may by written notice to the other Party change its physical address or electronic mail address for the purposes of clause 26.1 to any other address (other than a post office box number) provided that the change shall become effective on the seventh day after the receipt of the notice.

## 27. COSTS

27.1 The attorneys and own client costs incurred in the negotiation and preparation of this Agreement and all things to be done pursuant thereto shall be paid by the Parties in equal shares.

27.2 Relyant shall bear all costs incurred in respect of the portfolio transfer process.

DTY K VV  
B2 ~~SD~~  
MM

SIGNED at Parktown on this 16 day of January 2017

AS WITNESSES:

- 1. Wentler
- 2. M Woodley

  
For and on behalf of:  
**RELYANT**  
who warrants his authority hereto  
Robert James Furnidge

AS WITNESSES:

- 1. 
- 2. 

  
For and on behalf of:  
**RELYANT**  
who warrants his authority hereto  
Andrew Guy Stainforth

SIGNED at Parktown on this 18 day of January 2017

AS WITNESSES:

- 1. Syrini
- 2. 

  
For and on behalf of:  
**LOMBARD**  
who warrants his authority hereto  
Peter James Orford

**SCHEDULE 1: ASSETS & LIABILITIES RELATING TO THE REMAINING POLICIES AND EXPIRED POLICIES AS AT 30 JUNE 2016**

<b>Assets</b>	
<b>Cash</b>	R 49 752 812.41
<b>TOTAL</b>	<b>R 49 752 812.41</b>

<b>Liabilities</b>	
<b>UPR</b>	R 30 863 114.33
<b>IBNR</b>	R 9 997 169.21
<b>Outstanding Claims Reserve</b>	R 8 781 015.26
<b>Staff leave pay provisions *</b>	R 111 513.61
<b>TOTAL</b>	<b>R 49 752 812.41</b>

\* Any provisions relating to staff members who have agreed, by signing section 197 transfer forms, to be transferred to the employ of Lombard, effective from the Actual Transfer Date.

53  
 # VU  
 B2 26  
 M M .

**SCHEDULE 2: CONSIDERATION CALCULATION METHODOLOGY**

The consideration shall be calculated as follows:

- The before tax discounted monthly cash flows of the remaining months from Closing Date to September 2019 plus remaining Technical Reserves at 30 September 2019.
- Each monthly cash flow is calculated as Net Written Premium, less Policy Holder Benefits, plus Movement in Technical Reserve, less Expenses Incurred, and plus Investment Income (all in relation to the Transferred Policies and Claims); where

Net Written Premium	<ul style="list-style-type: none"> <li>• Forecasted Pro 3 premiums written.</li> </ul>
Policy Holder Benefits	<ul style="list-style-type: none"> <li>• Forecasted Claims Incurred,</li> <li>• Both direct and reinsurance policies.</li> </ul>
Technical Reserve	<ul style="list-style-type: none"> <li>• Movement in transferred UPR</li> <li>• Movement in transferred IBNR.</li> </ul>
Expenses	<ul style="list-style-type: none"> <li>• Forecasted Operational &amp; Administrative Expenses relating to the management of the Transferred Policies.</li> </ul>
Investment Income	<ul style="list-style-type: none"> <li>• Investment Income generated on the cash retained in the Technical Reserve and Outstanding Claims Reserve.</li> <li>• At an interest rate of 7% per annum.</li> </ul>
Transferred policies and claims	<ul style="list-style-type: none"> <li>• The policies and claims transferred from Relyant to Lombard through this agreement.</li> </ul>

- The discount rate applied is equal to 10%.
- Remaining Technical Reserves are the remaining UPR and IBNR of the transferred policies as at September 2019.
- Forecasted Pro 3 premiums written are calculated by reducing the monthly premium at a rate of R5,000 per month.
- Forecasted Claims Incurred are calculated as the forecasted number of new claims each month multiplied by an average claim amount incurred , where the forecasted number of new claims each month is a mutually agreed run-off pattern and the average claim amount incurred is also mutually agreed.
- In the event parties cannot mutually agree, Relyant Insurance Company Auditor will define the run-off pattern and/or the average claim amount incurred to be applied.

Handwritten initials and signatures: BZ, R, VU, SD, ~~MM~~, MM

- Forecasted Operational Expenses are calculated based on the following assumptions:

FY 2017	<ul style="list-style-type: none"> <li>• <b>Bank Charges</b> of R10,000 per month</li> <li>• <b>Data Processing</b> of R5,203 per month on a per user basis. An additional R10,000 pm is included to factor in Lombard system costs from August 2017.</li> <li>• <b>Support Fee Red Panda</b> of R124,800 are forecasted to July 2017 allowing for four months after the estimated Actual Transfer Date for a change to Lombard systems.</li> <li>• <b>Postages</b> of R700 per month.</li> <li>• <b>Printing &amp; Stationary</b> of R2,000 per month.</li> <li>• Two claims staff are included in the <b>Salaries</b> and receive a 6% increase in April 2017, translating to R36,124 per month in aggregate.</li> <li>• <b>Telephone</b> of R2,000 per month.</li> <li>• <b>Management Fees Lombard</b> of R120,000 per month due to increased management time requirements.</li> </ul>
FY 2018	<ul style="list-style-type: none"> <li>• <b>Bank Charges</b> of R4,000 per month.</li> <li>• <b>Data Processing</b> remains R15,203 per month.</li> <li>• <b>Postages</b> remains at R400 per month.</li> <li>• <b>Printing &amp; Stationary</b> of R1,200 per month.</li> <li>• <b>Salaries</b> includes two claims staff on salaries of R36,124 (in aggregate) until end of March 2018, a 6% increase in April 2018, translating to R38,291 per month in aggregate thereafter, and retrenchment costs of R261,768 in September 2018.</li> <li>• <b>Telephone</b> of R1,000 per month.</li> <li>• <b>Management Fees Lombard</b> remains at R120,000 per month.</li> </ul>
FY 2019	<ul style="list-style-type: none"> <li>• <b>Bank Charges</b> of R1,000 per month</li> <li>• <b>Data Processing</b> of R10,000</li> <li>• <b>Printing &amp; Stationary</b> of R500 per month</li> <li>• <b>Management Fees Lombard</b> reduced to R25,000 per month.</li> </ul>

- The consideration calculation shall be completed in the valuation model "*RIC Book Valuation – Final*".

A VU 30
   
B2
   
MM