

**FSB fines AVBOB R100 000 for contravening the Policy Holder Protection Rules (PPR's)**

The Registrar of Long-term Insurance (the Registrar) referred a case against AVBOB Mutual Assurance Society (AVBOB) to the Enforcement Committee of the Financial Services Board for the contravention of Rule 5.1(a)(i) of the Policy Holder Protection Rules (PPR Rules) issued under the Long-term Insurance Act, No.52 of 1998.

On 28 October 2010 AVBOB had entered into an intermediary agreement with Mr T Nyadombo (Mr Nyadombo) in respect of which Mr Nyadombo undertook to render services as intermediary in respect of, inter alia, a savings product that was underwritten by AVBOB. On 10 December 2014 Mr Nyadombo's authorization to render services as an intermediary in respect of certain financial products, which included savings products, was withdrawn.

During the period 11 December 2014 until April 2016 Mr Nyadombo continued to render services as intermediary for and on behalf of AVBOB with regard to the savings product that was underwritten by AVBOB, whilst he was not authorised to render financial services in respect of this product. AVBOB therefore contravened Rule 5.1(a)(i) of the PPR Rules.

As aggravating factors the Registrar considered, amongst other factors, that AVBOB failed to demonstrate sound insurance principles and practice in the interests of the policyholders and that AVBOB was not aware of the license changes on Mr Nyadombo's FSP license until the contravention was brought to its attention by the staff of the Registrar's office. In mitigation the Registrar took into account, amongst other factors, that AVBOB accepted responsibility for the contravention, co-operated with the Registrar's investigation and the subsequent enforcement action, and undertook to implement measures to prevent similar contraventions from recurring.

Consequently, the Registrar agreed to a penalty of R100 000, which penalty was imposed by the Enforcement Committee on AVBOB on 01 December 2017.

**Note to editors**

The Enforcement Committee is an administrative body that came into operation on 1 November 2008, and was created in terms of section 10(3) of the Financial Services Board Act, 1990. The Enforcement Committee may impose administrative penalties, compensation orders and cost orders on respondents that are found to have contravened any law administered by the Financial Services Board.



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