

**ADDENDUM**

**ADMINISTRATION AGREEMENT**

entered into between

**CHANNEL LIFE LIMITED**

(Registration Number 1969/012487/06)

("Channel Life")

and

**RENTMEESTER ASSURANCE LIMITED**

(Registration Number 1957/002523/06)

("Rentmeester")

*[Handwritten signatures and initials]*

## 1. RECITALS

- 1.1 On 13 May 2005 Channel Life and Rentmeester entered into the Reinsurance Agreement;
- 1.2 As part of the transaction in clause 1.1, the Parties entered into the Administration Agreement;
- 1.3 The parties wish to amend the Administration Agreement to include a further category of policies to be administered by Channel in terms of the Administration Agreement.
- 1.4 The Parties will, simultaneously with this Addendum conclude an Addendum in respect of the Reinsurance Agreement to reflect the change in clause 1.3.

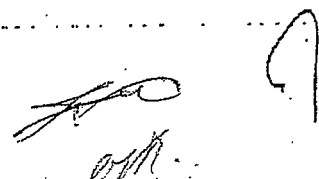
*The parties agree as follows:*

## 2. DEFINITION AND INTERPRETATION

- 2.1 Terms defined in the Administration Agreement bear a corresponding meaning in this Addendum.
- 2.2 Clauses 1.2, 8 and 9 of the Administration Agreement shall be deemed to be incorporated into this Addendum.
- 2.3 This Addendum constitutes the whole agreement between the Parties as to the subject matter hereof and no agreement, representations or warranties between the Parties other than those set out herein are binding on the Parties.
- 2.4 This Addendum shall be governed by and construed and interpreted in accordance with the law of the Republic of South Africa.
- 2.5 This Addendum may be executed in counterparts and by each Party in a separate counterpart, each of which so executed shall be an original, but all of which shall together constitute one and the same instrument.

## 3. AMENDMENTS

- 3.1 The parties agree that the Administration Agreement is amended as follows:



3.1.1 Clause 1 is amended by inserting the following definition and by renumbering the sub-clauses accordingly:

"1.1.1 "Additional Group Policies" means the Additional Group Policies defined as such in the Addendum to the Reinsurance Agreement;

3.1.2 Clause 1.1.11 is amended by inserting the words "and the Additional Group Policies" after the words "Other Group Policies".

4. GENERAL

Except as specifically amended herein, the terms and conditions of the Reinsurance Agreement shall remain unaltered and in full force and effect.

Signed on behalf of the parties as set out below, each signatory warranting that he or she has due authority to do so.

Signed at Johannesburg on 8 December 2006  
For and on behalf of Channel Life

Signature

P. de la Haye

Name:

CEO

Designation:

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2006

For and on behalf of Rentmeester

Signature

*[Handwritten signature]*

\_\_\_\_\_  
Name:

\_\_\_\_\_

Designation:

\_\_\_\_\_  
\_\_\_\_\_  
*[Handwritten signature]*  
*[Handwritten signature]*

ANNEXURE "C"

REINSURANCE AGREEMENT

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# REINSURANCE AGREEMENT

between

CHANNEL LIFE LIMITED

(Registration Number 1969/012487/06)

and

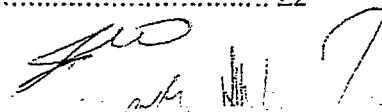
RENTMEESTER ASSURANCE LIMITED

(Registration Number 1957/002523/06)

*[Handwritten signatures and initials]*

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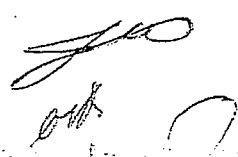
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**APPENDICES**

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1. CORNERSTONE POLICIES
2. OTHER GROUPS POLICIES



## REINSURANCE AGREEMENT

This Agreement is made and entered into between -

- (1) Channel Life Limited (Registration Number 1959/012487/06); and
- (2) Rentmeester Assurance Limited (Registration Number 1957/002523/08).

## RECITALS

- A. Channel Life is a registered long-term insurer and is actively seeking opportunities to grow its business. One way of achieving such objective is to enter into reinsurance and administration arrangements.
- B. Rentmeester is a registered long-term insurer and wishes to limit its exposure to the liabilities in respect of the Cornerstone Policies and the Other Groups Policies by entering into a reinsurance and administration arrangement.
- C. This Agreement sets out the terms and conditions upon which Channel Life will reinsure the Policies Covered for the Reinsurance Period.

The Parties agree as follows:

## 1 DEFINITIONS AND INTERPRETATION

## 1.1 Definitions

In this Agreement and the recitals, unless clearly inconsistent with or otherwise indicated by the context -

- 1.1.1 "Administration Agreement" means the administration agreement to be concluded between the Parties simultaneously with this Agreement in respect of the administration of the Policies Covered;
- 1.1.2 "Agreement" means the Agreement set out in this document and the appendices hereto;
- 1.1.3 "Business Day" means a day, other than a Saturday, a Sunday or a public holiday, on which banks are open for business in Johannesburg and in the

event that a day referred to in terms of this Agreement should fall on a day which is not a Business Day, the relevant date shall be extended to the next succeeding Business Day;

1.1.4 "Channel Life" means Channel Life Limited (Registration Number 1969/012487/06), a public company with limited liability duly registered and incorporated in accordance with the company laws of the Republic of South Africa and authorised as a long-term insurer under the Long-term Insurance Act, herein represented by Mr Pieter de la Rey, in his capacity as a director of Channel Life, he having been duly authorised thereto by a resolution of the board of directors of Channel Life;

1.1.5 "Cornerstone Policies" means the so-called "Cornerstone" assistance policies under the Rentmeester Pensioner Funeral Group Scheme, underwritten by Rentmeester pursuant to its authorisation under the Long-term Insurance Act, the master policies in respect of which are listed in Appendix 1;

1.1.6 "Date of Signature" means the Date of Signature of this Agreement by the last Party signing;

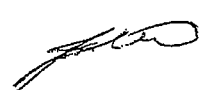
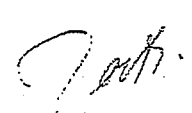
1.1.7 "Effective Date" means 00:00:01 on 1 May 2005, notwithstanding the Date of Signature;

1.1.8 "Effective Date Liabilities" means all known policyholder liabilities in respect of the Policies Covered plus any unknown liabilities relating to an insurable event in respect of the Policies Covered up to, but excluding, the Effective Date;

1.1.9 "IBNR" means, in relation to the Policies Covered, provisions made by Rentmeester for claims incurred but not reported as at the Effective Date, as reflected in its books of account;

1.1.10 "Liabilities" means all liabilities to policyholders in terms of the Policies Covered, which Liabilities shall be assumed by Channel Life as reinsurer pursuant to 2.1, but specifically excluding the Effective Date Liabilities;



- 1.1.11 "Long-term Insurance Act" means the Long-term Insurance Act, No. 52 of 1998, as amended;
- 1.1.12 "Other Groups Policies" means the assistance policies under the Rentmeester Funeral Scheme, underwritten by Rentmeester pursuant to its authorisation under the Long-term Insurance Act, the master policies in respect of which are listed in Appendix 2;
- 1.1.13 "Parties" means Channel Life and Rentmeester and "Party" means either one of them as the context may indicate;
- 1.1.14 "Policies Covered" means, collectively, the Cornerstone Policies and the Other Groups Policies issued by Rentmeester and still in force at the Effective Date, and "Policy Covered" means any one of such policies as the context may indicate;
- 1.1.15 "Premiums" means any premiums payable to Rentmeester in terms of the Policies Covered with effect from the Effective Date;
- 1.1.16 "Prime Rate" means the nominal, annual, compounded monthly in arrear, rate of interest from time to time properly quoted as such by First National Bank Limited on overdraft facility to its most favoured corporate customers and generally known as that bank's prime rate, calculated on a 365 (three hundred and sixty five) day factor, irrespective of whether or not the year is a leap year and certified by any manager of that bank, whose appointment authority or designation as such it shall not be necessary to prove and which certificate shall be *prima facie* proof of the Prime Rate;
- 1.1.17 "Reinsurance Claims" means the claims payable by Rentmeester to the insured in terms of the Policies Covered on the happening of an insured event on or after the Effective Date, for which amounts Channel Life, as reinsurer, has assumed liability in terms of this Agreement, but specifically excluding the Effective Date Liabilities;
- 1.1.18 "Reinsurance Period" means the period from the Effective Date until –
- 1.1.18.1 the date on which the Policies Covered have run their course; or 
- 

- 1.1.18.2 the date upon which the Other Groups Policies or the Cornerstone Policies, as the case may be, are transferred from the book of Rentmeester to the book of Channel Life pursuant to 6, in which event the expiry of the Reinsurance Period shall only apply in respect of the Policies Covered so transferred; or
- 1.1.18.3 the date on which this Agreement is terminated pursuant to 11, whichever date occurs first in time;
- 1.1.19 "Reinsurance Premium" means, in respect of the Policies Covered, the reinsurance premium payable by Rentmeester to Channel Life pursuant to 2.2, in consideration for Channel Life assuming the reinsurance obligations in terms of this Agreement, which premium shall be subject to the Reinsurance Premium Rebate;
- 1.1.20 "Reinsurance Premium Rebate" means, in respect of the Policies Covered, the rebate in respect of the Reinsurance Premium to be granted by Channel Life to Rentmeester in connection with their entering into of this Agreement pursuant to 2.3;
- 1.1.21 "Rentmeester" means Rentmeester Assurance Limited (Registration Number 1957/002523/06), a public company with limited liability duly registered and incorporated in accordance with the company laws of the Republic of South Africa and authorised as a long-term insurer under the Long-term Insurance Act, herein represented by Mr Hennie Nortjé, in his capacity as a director of Rentmeester, he having been duly authorised thereto by a resolution of the board of directors of Rentmeester;
- 1.1.22 "Risks Covered" means all the risks accepted by Rentmeester in respect of the Policies Covered in accordance with the terms and conditions of such policies;
- 1.1.23 "VAT" means value-added tax payable in terms of the VAT Act; and
- 1.1.24 "VAT Act" means the Value-added Tax Act, No. 89 of 1991, as amended.

*Handwritten signature*  
*Handwritten signature*

## 1.2 Interpretation

1.2.1 In this Agreement and the recitals, unless clearly inconsistent with or otherwise indicated by the context -

1.2.1.1 any reference in this Agreement to terms or phrases defined in the Companies Act, No. 61 of 1973, as amended (the "Companies Act"), and the Long-term Insurance Act shall be construed as having the meanings thereby attributed to them;

1.2.1.2 any reference to the singular includes the plural and *vice versa*;

1.2.1.3 any reference to natural persons includes legal persons and *vice versa*; and

1.2.1.4 any reference to a gender includes the other genders.

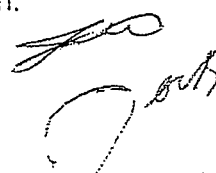
1.2.2 Where this Agreement requires a Party to use "Reasonable Endeavours" in relation to an action or omission, that Party shall do all such things as are or may be necessary so as to achieve that action or omission and, to the extent that the action or omission is frustrated, hindered or otherwise difficult to attain, the Parties shall consult and co-operate with each other and continue to take action so as to achieve that action or omission until the Parties agree that it is not reasonable to take the action or to omit taking an action, provided that no Party shall be required to take any actions or omit to do anything to the extent that such action or omission -

1.2.2.1 is not commercially reasonable as regards both Parties; and

1.2.2.2 results in a breach of fiduciary duty or contravention of any law.

1.2.3 Where appropriate, meanings ascribed to defined words and expressions in 1.1, shall impose substantive obligations on the Parties.

1.2.4 The clause headings in this Agreement have been inserted for convenience only and shall not be taken into account in its interpretation.



1.2.5 Words and expressions defined in any sub-clause shall, for the purposes of the clause of which that sub-clause forms part, bear the meanings assigned to such words and expressions in that sub-clause and, where applicable, throughout this Agreement.

1.2.6 The use of the word "including" followed by a specific example or examples shall not be construed or interpreted as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording and/or such specific example or examples.

1.2.7 Where a conflict between words and numbers occurs in any provision of this Agreement, effect will be given to the words.

1.2.8 This Agreement shall be governed by and construed and interpreted in accordance with the law of the Republic of South Africa.

## 2 REINSURANCE ARRANGEMENT

### 2.1 Reinsurance

2.1.1 Channel Life hereby agrees, with effect from the Effective Date, to reinsure all the Policies Covered issued by Rentmeester which are in force as at the Effective Date.

2.1.2 The Parties accordingly agree in respect of the Policies Covered that –

2.1.2.1 Rentmeester will not retain any portion of any Premium;

2.1.2.2 Rentmeester will be reinsured for all of the Liabilities on or after the Effective Date, as Channel Life, in its capacity as reinsurer, will assume, as it hereby does, full liability for all of the Liabilities; and

2.1.2.3 Channel Life shall, subject to this Agreement, on the same terms and conditions, *mutatis mutandis*, be liable, as reinsurer, for all insurance obligations accepted in respect of the Policies Covered and shall pay, on behalf of Rentmeester, which retains the primary liability, the Reinsurance Claims directly to the insured; and

2.1.2.4 Channel Life shall administer the Policies Covered for the duration of the Reinsurance Period pursuant to the provisions of the Administration Agreement.

2.1.3 For the avoidance of doubt, it is recorded and agreed that –

2.1.3.1 Channel Life shall have no responsibility or liability whatsoever for any of the Effective Date Liabilities; and

2.1.3.2 the IBNR shall not be transferred to Channel Life as part of the transaction set out herein.

2.2 Reinsurance Premium

As consideration for Channel Life's reinsurance obligations in terms of this Agreement, Channel Life shall be entitled to receive, as a Reinsurance Premium, all Premiums in respect of the Policies Covered with effect from the Effective Date.

2.3 Reinsurance Premium Rebate

2.3.1 Cornerstone Policies

The Parties agree that, in respect of the Cornerstone Policies, Channel Life shall grant to Rentmeester a Reinsurance Premium Rebate in the total amount of R3 <sup>3</sup>705 000 (three million <sup>THREE</sup> ~~one~~ hundred and five thousand rand), which amount shall be paid by Channel Life to Rentmeester within a period of 5 (five) Business Days from the Date of Signature, by way of electronic transfer of funds into a bank account nominated for such purposes by Rentmeester.

2.3.2 Other Groups Policies

The Parties agree that, in respect of the Other Groups Policies, Channel Life shall grant to Rentmeester a Reinsurance Premium Rebate in the total amount of R3 360 000 (three million three hundred and sixty thousand rand), which amount shall be paid by Channel Life to Rentmeester within a period of 5 Business Days from the Date of Signature, by way of electronic

transfer of funds into a bank account nominated for such purposes by Rentmeester.

### 2.3.3 VAT

The Parties record that the payments of the Reinsurance Premium Rebate to be made pursuant to this 2.3, are VAT exempt and are accordingly exclusive of VAT.

### 2.3.4 Actuarial Reserve

With effect from the Effective Date, Rentmeester shall transfer the waiver of premium reserves relating to the Cornerstone Policies to Channel Life as recorded in the actuarial report dated 6 May 2005, in return for which Channel will transfer same amount to a bank account so nominated by Rentmeester, which transfer shall be made within 5 (five) Business Days from the Date of Signature.

## 2.4 Reinsurance Claims

2.4.1 As a consequence of the reinsurance arrangements referred to in this 2, Channel Life will, on behalf of Rentmeester, settle the Reinsurance Claims.

2.4.2 With effect from the Effective Date, all payments to be made by Rentmeester in respect of its contractual liability in terms of a Policy Covered hereunder within its policy conditions in respect of the Risks Covered, including any payment following an award by an insurance ombudsman which is binding on Rentmeester, are binding on Channel Life as reinsurer. Subject to the production of proof of claim and notification of the obligation to make payment by Rentmeester reasonably satisfactory to Channel Life, Channel Life shall settle the Reinsurance Claim.

2.4.3 If a claim is settled for less than the benefit assured in terms of the policy at the date of claim, or where an underwriting debt or lien has been imposed on the policy, the Reinsurance Claim will be reduced accordingly.

2.4.4 Channel Life shall be obliged to settle any and all claims which may be instituted by policyholders in respect of the Effective Date Liabilities, and

shall be reimbursed by Rentmeester in respect of such settlement within a period of 14 (fourteen) days from receipt of a written notice of such settlement from Channel Life, unless Rentmeester is able to show that such settlement, or any part thereof, was made erroneously, in which event Rentmeester shall have no obligation to reimburse Channel Life in respect of such settlement or the relevant part thereof.

## 2.5 Changed Circumstances, Cancellations, Lapses and Reinstatements

2.5.1 Should Channel Life deem it reasonably necessary to effect changes to the relevant policy terms and conditions, then, to the extent permitted in terms of the Policies Covered, Channel Life shall notify Rentmeester of any required changes and shall be entitled to require Rentmeester to effect the necessary changes to the relevant policies to provide for such required changes.

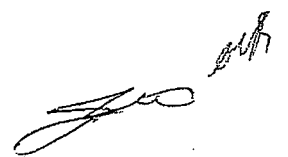
2.5.2 In the event of the cancellation or lapse of any Policy Covered, Channel Life will not be obliged to refund to Rentmeester any portion of the Reinsurance Premium.

2.5.3 Should any Policy Covered be reinstated in accordance with its policy conditions, the reinsurance hereunder will be automatically reinstated.

## 2.6 Outstanding Premiums

2.6.1 Channel Life shall have no obligation to collect any premiums relating to the Policies Covered which have accrued prior to the Effective Date but not received by Rentmeester.

2.6.2 To the extent that any premiums in respect of the Cornerstone Policies which have accrued prior to the Effective Date are received by Channel Life in any manner whatsoever, Channel Life shall pay such premiums over to Rentmeester within a period of 14 (fourteen) days from the receipt thereof.



### 3 WARRANTIES, INDEMNITIES AND RELATED PROVISIONS

#### 3.1 Basis of Warranties

Rentmeester hereby makes and gives to Channel Life the warranties set out in 3.2, it being agreed that -

3.1.1 each of the warranties shall be deemed to be a representation and undertaking by Rentmeester in favour of Channel Life; and

3.1.2 save as otherwise stated or indicated by the context, the warranties shall be read as being given at the Date of Signature and the Effective Date.

#### 3.2 Warranties

Rentmeester warrants as at the Effective Date and the Date of Signature that, save as specifically disclosed to Channel Life in writing -

3.2.1 the Policies Covered are not subject to any other reinsurance arrangements whatsoever and it is entitled to conclude the reinsurance transaction set out in this Agreement;

3.2.2 that it has not taken any action, or omitted to take any action, outside of the ordinary course of the conduct of its business which could have a material adverse effect on the value of in-force in respect of the Policies Covered between 30 March 2005 and the Effective Date;

3.2.3 there are no outstanding premiums due and owing to any administrators under or in respect of the Policies Covered; and

3.2.4 there is no amount in dispute between Rentmeester and any third party administrator relating to the Policies Covered, which arose prior to the Effective Date and could have a negative effect on Channel Life's reinsurance obligations in terms of this Agreement.



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EXECUTION VERSION

### 3.3 Indemnities

3.3.1 Without prejudice to any of the rights of Channel Life arising from any of the provisions of this Agreement, Rentmeester indemnifies Channel Life against –

3.3.1.1 any loss, liability, damage or expense suffered or incurred by Channel Life, attributable to a breach of the warranties set out in 3.2; and

3.3.1.2 any loss, damage or expense suffered or incurred by Channel Life, attributable to any action or claim instituted against Rentmeester, in respect of the Policies Covered, based on a cause of action which arose prior to the Effective Date.

3.3.2 Subject to 3.4, Channel Life shall be deemed to have suffered a loss equivalent to the amount of any liabilities or claims against which it is indemnified in terms of 3.3.1.

### 3.4 Limitation of Liability

3.4.1 Rentmeester shall have no liability to Channel Life for any breach of warranty or indemnity if the aggregate amount of Channel Life's claims pursuant to 3.3 does not equal at least R350 000 (three hundred and fifty thousand rand), provided that if such threshold has been reached, Rentmeester shall be liable for all of Channel Life's claims, regardless of the amount of individual claims.

3.4.2 The total amount of the liability of Rentmeester in respect of all claims and possible claims in terms of this 3 shall –

3.4.2.1 in respect of the Cornerstone Policies, not exceed the total amount of the Reinsurance Premium Rebate payable pursuant to 2.3.1; and

3.4.2.2 in respect of the Other Groups Policies, not exceed the total amount of the Reinsurance Premium Rebate payable pursuant to 2.3.2.



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EXECUTION VERSION

## 5 NON-COMPETE UNDERTAKINGS

5.1 Rentmeester hereby undertakes and agrees that neither it, nor any of the companies within its group of companies from time to time, shall compete with Channel Life in respect of the Policies Covered.

5.2 The non-compete undertakings set out in 5.1 shall apply for a period of 36 (thirty six) months after the Effective Date.

## 6 TRANSFER OF POLICIES COVERED

6.1 Channel Life hereby grants a put option to Rentmeester in terms of which Rentmeester has the right -

6.1.1 in respect of the Other Groups Policies, for a period of 3 (three) months following the third anniversary of the Effective Date; and

6.1.2 in respect of the Cornerstone Policies, for a period of 3 (three) months from the 5<sup>th</sup> (fifth) anniversary of the Effective Date,

to require Channel Life to procure that the Other Groups Policies or the Cornerstone Policies, as the case may be, are transferred, at Channel Life's cost, from the book of Rentmeester to the book of Channel Life (the "Put Option").

6.2 In each case, the Put Option shall be exercised by Rentmeester giving written notice to Channel Life within the Period referred to in 6.1, upon receipt of which notice Channel Life shall be obliged to ensure that it takes all reasonable steps to proceed with the implementation of such transfer as soon as possible following receipt of the written notice, which implementation shall in any event be fully implemented by no later than 24 (twenty four) months from the date of such notice, in accordance with all the applicable statutory and regulatory requirements, including the Long-term Insurance Act and the Competition Act, No. 89 of 1998, as amended.

6.3 The Parties hereby undertake that they will use their respective best endeavours to agree the most appropriate manner in which such transfer will be implemented, it being agreed that such transfer shall, at a minimum, be effected at a nominal value and on a *voetstoots* basis.

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EXECUTION VERSION

6.4 If Channel Life fails to effect such transfer pursuant to this 6, such failure shall constitute an event of default and the provisions of 11.5 shall apply, *mutatis mutandis*.

7 FURTHER MATERIAL UNDERTAKINGS BY THE PARTIES

In addition to the other undertakings given by the Parties in terms of this Agreement and in order to enable them to fulfil their respective obligations set out herein, each of the Parties hereby undertakes, as a material undertaking, to the other, that, for the duration of the Reinsurance Period -

7.1 It will be and remain solvent and capable of conducting its business;

7.2 It will formally certify its capital adequacy reserve ratio ("CAR Ratio") once a year as at its year end;

7.3 It will inform the other Party in writing, should its CAR Ratio reduce to below 125% (one hundred and twenty five per cent), within 14 (fourteen) days of it becoming aware thereof;

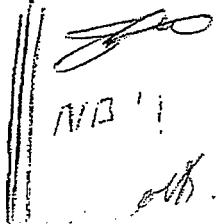
7.4 It will inform the other Party in writing should its CAR Ratio subsequently reduce to less than 105% (one hundred and five per cent), together with a plan of action whereby the CAR Ratio will be restored to a level above 125% (one hundred and twenty five per cent);

7.5 It will provide the other Party with a summary of the quarterly statutory financial returns prepared and signed by the parties' chief financial officer, and

7.6 It will provide the other Party with the statutory annual financial return prepared and signed by its statutory actuary.

8 INDEMNITY BY CHANNEL LIFE

Notwithstanding any of the other provisions of this Agreement, Channel Life hereby indemnifies Renmeester against any loss, liability, damage or expense of any nature whatsoever incurred by Renmeester as a result of a breach by Channel Life of any of the provisions of this Agreement or its failure to properly perform the reinsurance obligations assumed by it in terms hereof.

Handwritten signature and initials, possibly 'NB' and a date.

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EXECUTION VERSION

## 9 DISPOSAL OF RENTMEESTER

Subject to 14.8 and without limiting any of the other rights of Channel Life in terms of this Agreement, if Rentmeester enters into negotiations to dispose of its business to any third party, or should the shareholders of Rentmeester enter into negotiations to dispose of the shares in Rentmeester to any third party, or should a change of the majority shareholding or voting rights in Rentmeester be contemplated, during the duration of this Agreement, the following provisions shall apply –

9.1 Rentmeester will inform Channel Life in writing within 14 (fourteen) days of it recording the material terms relating to such proposed transaction in writing with the relevant third party;

9.2 Channel Life will have the right but shall not be obliged, upon receipt of the written notice referred to in 9.1, to procure that the Policies Covered be transferred, at Channel Life's cost, from the book of Rentmeester to the book of Channel Life;

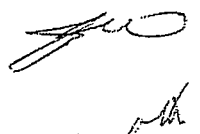
9.3 Rentmeester will afford Channel Life such reasonable support and assistance as it may require for the purposes of transferring the Policies Covered pursuant to 9.2; and

9.4 if Rentmeester fails to give such notice prior to finalising the negotiations contemplated in this 9, such failure shall constitute an event of default and the provisions of 11.5 shall apply, *mutatis mutandis*.

## 10 DISPOSAL OF CHANNEL LIFE

Subject to 14.8 and without limiting any of the other rights of Rentmeester in terms of this Agreement, if Channel Life enters into negotiations to dispose of its business to any third party, or should the shareholders of Channel Life enter into negotiations to dispose of the shares in Channel Life to any third party, or should a change of the majority shareholding or voting rights in Channel Life be contemplated, during the duration of this Agreement, then the following provisions shall apply –

10.1 Channel Life will inform Rentmeester in writing within 14 (fourteen) days of it recording the material terms relating to such proposed transaction in writing with the relevant third party; and



- 10.2 Channel Life shall be obliged to ensure that Rentmeester's rights and/or obligations in terms of this Agreement are not prejudiced as a result of the implementation of the proposed transaction; and
- 10.3 if Rentmeester is so prejudiced as contemplated in 10.2 by Channel Life's failure to give such notice prior to finalising the negotiations contemplated in this 10.1, such failure shall constitute an event of default and the provisions of 11.5 shall apply, *mutatis mutandis*.

## 11 DURATION AND TERMINATION

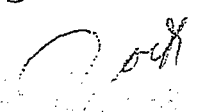
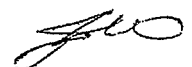
### 11.1 Duration

Subject to this 11, this Agreement will endure for the full extent of the Reinsurance Period.

### 11.2 Events of Default

A Party ("Non-defaulting Party") may exercise the default remedies in 11.3 by written notice to the other Party ("Defaulting Party") if any of the following events occur –

- 11.2.1 the Defaulting Party fails to remedy a serious and material breach of this Agreement within 30 (thirty) days of receiving written notice from the Non-defaulting Party requesting its remedy; or
- 11.2.2 other than for the purposes of a *bona fide* solvent reconstruction or amalgamation, the Defaulting Party is dissolved, becomes insolvent, makes an arrangement with creditors, institutes or has instituted against it proceedings seeking a judgment of insolvency or bankruptcy or any other similar relief, has a resolution passed for its winding up, official management or liquidation, has a creditor take possession of its assets substantially or in whole; or
- 11.2.3 it is informed by its statutory actuary that it is not in compliance with the applicable CAR Ratio as set out in the Long-term Insurance Act and fails to rectify such non-compliance within a period of 3 (three) months, it being



agreed that the Defaulting Party shall immediately inform the Non-Defaulting Party if such an event takes place; or

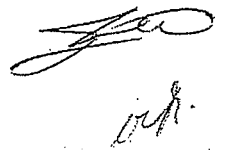
- 11.2.4 it is or becomes unlawful for the Defaulting Party to be a Party to this Agreement, perform its obligations under it or hold its interest, and the Parties are unable to make alternative arrangements, having used their reasonable endeavours, acceptable to the Parties.

### 11.3 Default Remedies

This 11.3 shall apply if any event of default occurs. In such event, the Non-defaulting Party shall be entitled to seek and obtain, notwithstanding the provisions of 12, in the circumstances contemplated in 11.2.1, specific performance pursuant to 11.4, or, in the circumstances contemplated in 11.2.2, 11.2.3 and 11.2.4, terminate this Agreement pursuant to 11.5.

### 11.4 Specific Performance

- 11.4.1 If either Channel Life or Rentmeester defaults under the provisions of 11.2.1 then, in addition to the other remedies provided in this 11, the Non-defaulting Party may seek to obtain an order for specific performance thereof against the Defaulting Party, from a court of competent jurisdiction, notwithstanding the provisions of 12, provided that it lodges its action with such court within 30 (thirty) days after it became aware of such a failure, refusal, default or breach. In addition, the Non-defaulting Party shall be entitled to obtain from the Defaulting Party, court costs and reasonable attorneys' fees incurred by it in enforcing its rights hereunder. As a condition to seeking specific performance hereunder, the Non-defaulting Party shall not be required to have tendered any financial consideration due but shall be ready, willing and able to do so.
- 11.4.2 The Non-defaulting Party, in the event of a default under the provisions of 11.2.1, will have no remedy other than the remedy for specific performance set out in this 11.4.



## 11.5 Termination

11.5.1 If either Channel Life or Rentmeester defaults under the provisions of 11.2.2, 11.2.3 or 11.2.4, this Agreement shall be terminated on the following basis –

11.5.1.1 the Parties shall undertake a financial soundness valuation of the Policies Covered as at the date of termination, using the same methodology and consistent with the method used to determine the value of in-force and the relevant liabilities in respect of the Policies Covered by the statutory actuary of Rentmeester;

11.5.1.2 if Channel Life is the defaulting party –

11.5.1.2.1 Channel Life shall be released of the reinsurance liabilities of the Policies Covered as at the date of termination, which liabilities will be equal to the Liabilities on the date of termination, calculated in terms of the financial soundness valuation;

11.5.1.2.2 Channel Life shall refund all Premiums received by it from the date of termination, to Rentmeester; and

11.5.1.3 if Rentmeester is the Defaulting Party, Channel Life shall be entitled to procure the transfer of the Policies Covered from the book of Rentmeester to the book of Channel Life pursuant to the provisions of 9, *mutatis mutandis*.

11.5.2 Any dispute between the Parties arising from the provisions of this 11.5, shall be referred for dispute resolution in terms of 12.

## 12 DISPUTE RESOLUTION

12.1 Save as otherwise provided in this Agreement, should any dispute of whatever nature arise in regard to the interpretation or effect of, or the validity, enforceability or rectification, whether in whole or in part of, or the respective rights or obligations of the Parties, or any of them, under, or a breach or termination or cancellation of this Agreement, the Parties shall endeavour in



good faith to make every effort to resolve the dispute on its merits by negotiation forthwith after such dispute arises and shall, for that purpose, attend at least 1 (one) meeting with each other. If, following such mutual consultation, the dispute still remains outstanding, the matter shall be referred to the chief executive officers of Channel Life and Rentmeester, who shall negotiate for a period of up to 7 (seven) days in an attempt to resolve the dispute.

12.2 If the Parties are unable to resolve the dispute in question despite compliance with 12.1, then the dispute shall, unless the Parties otherwise agree in writing, be referred for determination to an expert ("Expert") in accordance with the remaining provisions of this 12.

12.3 The Expert shall –

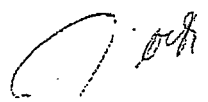
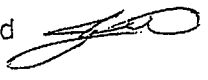
12.3.1 if the matter in issue is agreed in writing to be primarily an accounting matter, be an independent practising chartered accountant of not less than 15 (fifteen) years standing;

12.3.2 if the matter in issue is agreed in writing to be primarily a legal matter, be a practising senior counsel of not less than 15 (fifteen) years standing and practising at the Johannesburg bar;

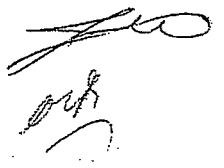
12.3.3 if the matter in issue is agreed in writing to be primarily an actuarial matter, be a practising independent actuary of not less than 15 (fifteen) years standing as such; or

12.3.4 if the matter in issue is any other matter (or is not agreed in writing to be a matter referred to in 12.3.1, 12.3.2 or 12.3.3), be an independent accountant or be a senior counsel as envisaged in 12.3.1 or 12.3.2, or be any other suitably qualified independent person as agreed upon by the Parties or, failing agreement within 7 (seven) days, appointed by the Chairman for the time being of the Johannesburg Bar Council or his successor-in-title.

12.4 The Expert selected as aforesaid shall be an arbitrator having the powers conferred by this Agreement and the Arbitration Act No. 42 of 1965, as amended (the "Arbitration Act").



- 12.5 It shall not be necessary for the Expert to observe or carry out either the strict rules of evidence or any other legal formalities or procedures, but the Expert shall be bound to follow principles of law in deciding matters submitted to him. To the extent that the Expert is required to decide a dispute relating to the valuation of an asset or a liability and this Agreement fails to specify how such valuation should occur, the Expert shall value such asset or liability in such a manner as he deems fair and reasonable.
- 12.6 The Expert shall have the power, *inter alia*, to –
- 12.6.1 investigate or cause to be investigated any matter, fact or thing which he considers necessary or desirable in connection with the dispute and, for that purpose, shall have the widest powers of investigating all the books, records, documents and other things in the possession of any Party or the company under its control, the right to inspect goods and property of the Parties and the company, the right to make copies and/or take extracts therefrom and the right to have them produced and/or delivered at any place reasonably required by him for the aforesaid purposes;
- 12.6.2 interview and question under oath any of the Parties or other Parties to the dispute, including the right to cross-examine such Parties;
- 12.6.3 summon witnesses;
- 12.6.4 record evidence;
- 12.6.5 make an interim award;
- 12.6.6 make an award regarding legal fees/costs and the Expert's reasonable remuneration. If he fails or declines to do so, then each of the Parties to the dispute shall bear and pay its own costs. Until such time as the Expert's decision is given, the Parties shall bear and pay such costs in equal shares;
- 12.6.7 call for the assistance of any other person whom he may deem necessary to assist him in arriving at his decision; and



12.6.8 exercise any additional powers, which he may be exercised by an arbitrator in terms of the Arbitration Act.

12.7 Any hearing by the Expert shall be held in Johannesburg, unless the Expert determines that it is more convenient or equitable that the hearing or any part thereof, including, but without limitation, the taking of evidence, be held elsewhere, in which event the hearing of the relevant part thereof shall be held in the place so determined by the Expert.

12.8 The Parties shall use their best endeavours to procure that the decision of the Expert shall be given within 30 (thirty) days or so soon thereafter as is possible after it has been demanded.

12.9 The decision of the Expert shall be final and binding on the Parties affected thereby, shall be carried into effect and may be made an order of any competent court at the instance of any Party.

12.10 This 12 constitutes an irrevocable consent by the Parties to any proceedings in terms hereof and no Party shall be entitled to withdraw therefrom or to claim at any such proceedings that it is not bound by this clause.

12.11 This 12 is severable from the rest of this Agreement and shall remain in effect even if this Agreement is terminated for any reason.

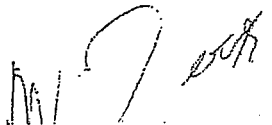
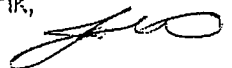
### 13 NOTICES AND DOMICILIA

13.1 The Parties choose as their *domicilia citandi et executandi* their respective addresses set out in this 13, for all purposes arising out of or in connection with this Agreement at which addresses all the processes and notices arising out of or in connection with this Agreement, its breach or termination may validly be served upon or delivered to the Parties.

13.2 For the purpose of this Agreement, the Parties' respective addresses shall be –

13.2.1 as regards Channel Life at 195 Jan Smuts Avenue, Rosebank,  
Johannesburg,

facsimile number : (011) 441 2480.



marked for the attention of: The Company Secretary and Financial Director; and

- 13.2.2 as regards Rentmeester at 162 Anderson Street, Johannesburg,  
facsimile number : (011) 334 7718,

marked for the attention of: The Company Secretary,

or at such other address, not being a post office box or *poste restante*, of which the Party concerned may notify the other in writing, provided that any such change of address shall only be recorded as being effective from the 10<sup>th</sup> (tenth) Business Day after notice thereof is received by the addressee.

- 13.3 Any notice given in terms of this Agreement shall be in writing and shall –

13.3.1 if delivered by hand, be deemed to have been duly received by the addressee on the 1<sup>st</sup> (first) Business Day after the date of delivery;

13.3.2 if delivered by recognised international courier service, be deemed to have been received by the addressee on the 1<sup>st</sup> (first) Business Day following the date of such delivery by the courier service concerned; and


13.3.3 if transmitted by facsimile, be deemed to have been received by the addressee 1 (one) Business Day after despatch.

- 13.4 Notwithstanding anything to the contrary contained in this Agreement, a written notice or communication actually received by one of the Parties from another shall be adequate written notice or communication to such Party.

## 14 MISCELLANEOUS

### 14.1 Warranty of Authority

Each Party warrants to the other Party that it has the power, authority and legal right to sign and perform this Agreement and that this Agreement has been duly authorised by all necessary actions of its directors and constitutes valid and binding obligations on it in accordance with the terms of this Agreement.



## 14.2 Implementation and Good Faith

14.2.1 The Parties undertake to do all such things, perform all such acts and take all steps to procure the doing of all such things and the performance of all such acts, as may be necessary or incidental to give or conducive to the giving of effect to the terms, conditions and import of this Agreement.

14.2.2 The Parties shall at all times during the continuance of this Agreement observe the principles of good faith towards one another in the performance of their obligations in terms of this Agreement. This implies, without limiting the generality of the foregoing, that they -

14.2.2.1 will at all times during the term of this Agreement act reasonably, honestly and in good faith;

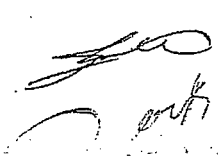
14.2.2.2 will perform their obligations arising from this Agreement diligently and with reasonable care; and

14.2.2.3 make full disclosure to each other of any matter that may affect the execution of this Agreement.

## 14.3 Confidentiality

14.3.1 Subject to 14.3.2, none of the Parties to this Agreement shall without the consent of the other, which consent shall not be unreasonably withheld, issue or make any public announcement or statement or release or make available any information regarding this Agreement or its implementation. Once the other Party has approved any such announcement or statement or release of information, the approving Party shall automatically be entitled to issue or make the same announcement or statement or release the information in question in the same approved format.

14.3.2 The provisions of 14.3.1 shall not apply to a public announcement or release of information which any Party is required to make in order to comply with any law or the requirements of a competent governmental authority or a recognised stock exchange or if such Party or one of its subsidiaries wishes to disclose any such information in its annual financial statements, in which event a copy of the announcement or statement shall,



- .. prior to publication or release, be furnished to the other Party for its approval, which approval shall not unreasonably be withheld.

#### 14.4 Payment and Interest

14.4.1 All payments in terms of or arising out of this Agreement shall be made free of bank exchange, commission and all other deductions to the Party entitled thereto.

14.4.2 No Party shall have the right to defer, adjust or withhold any payment due to the other in terms of or arising out of this Agreement or to obtain deferment of judgment for such amount or any execution of such judgment by reason of any set-off or counterclaim of whatsoever nature or howsoever arising.

14.4.3 Save to the extent otherwise provided, all amounts due by one Party to the other (including damages) in terms of or arising out of this Agreement shall, unless paid on due date, bear interest from the due date to date of payment at the Prime Rate.

#### 14.5 Independent Advice

Each Party hereto acknowledges it has been free to secure independent legal advice as to the nature and effect of all of the provisions of this Agreement and that it has either taken such independent legal advice or dispensed with the necessity of doing so. Accordingly, this Agreement shall not be subject to the *contra proferentem* rule. Further, each Party hereto acknowledges that all of the provisions of this Agreement and the restrictions herein contained are fair and reasonable in all the circumstances and are part of the overall intention of the Parties in connection with this Agreement.

#### 14.6 Relationship of the Parties

The relationship of the Parties, *inter se*, shall be governed by the terms of this Agreement and nothing contained herein shall be deemed to constitute a partnership, joint venture or the like between them nor to constitute one Party the agent of the other for any purpose. No Party shall by reason of the actions of the other Party incur any personal liability as a co-partner to any third party and no

Party shall be entitled to authorise, to represent or hold out to any third party that the relationship between the Parties is that of a partnership, joint venture or the like as aforesaid.

#### 14.7 Further Assurances

The Parties hereto agree to perform any further acts and to execute and deliver any further documents which may be necessary or appropriate to carry out the purposes and the implementation of this Agreement.

#### 14.8 Assignment

No Party shall assign any of its rights or delegate any of its responsibilities in terms of this Agreement without the express prior written consent of the other Party.

#### 14.9 Whole Agreement

This Agreement constitutes the whole agreement between the Parties as to the subject-matter hereof and no agreement, representations or warranties between the Parties other than those set out herein are binding on the Parties.

#### 14.10 *Stipulatio Alteri*

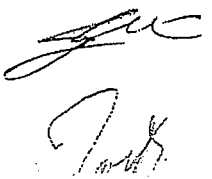
This Agreement shall not constitute a *stipulatio alteri* capable of acceptance by or enforcement by any third party.

#### 14.11 Variation

No addition to or variation, consensual cancellation or novation of this Agreement and no waiver of any right arising from this Agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by all the Parties or their duly authorised representatives.

#### 14.12 Relaxation

No latitude, extension of time or other indulgence which may be given or allowed by any Party to any other Party in respect of the performance of any obligation



hereunder or enforcement of any right arising from this Agreement and no single or partial exercise of any right by any 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 this Agreement or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.

14.13 Costs

14.13.1 The Parties agree that the costs of Jowell, Glyn & Marais Incorporated in respect of the negotiation, drafting and settling of this Agreement will be shared equally by the Parties.

14.13.2 Each Party shall pay its own costs in implementing this Agreement and, except where expressly stated to the contrary, shall be liable for the cost associated with the performance of its obligations set out in this Agreement.

Signed at Johannesburg on this the 13 day of May 2005

[Signature]  
[Signature]

For: CHANNEL LIFE LIMITED

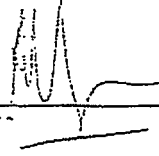
Duly Authorised

Name: Peter de la Hay / CH FORD

Designation: CFO / COO

[Signature]  
[Signature]

Signed at Johannesburg on this the 13 day of May 2005

  
\_\_\_\_\_

For: RENTMEESTER ASSURANCE  
LIMITED

Duly Authorised

Name: A. H. NORTJE

Designation: DIRECTOR

