



garagesure
Consultants & Acceptances (Pty) Ltd

Fuel guarantee policy

Introduction

With the many possible scenarios that could lead to a claim, as the claim is triggered by a returned debit or call up of debt outstanding by the retailer, Garagesure has insisted that securities are held. Often a bank error, or robbery, or delayed banking can lead to a return. This does not always mean that the retailer is a 'bad' retailer or the site is not financially sound. One does not always want to go the route of liquidating the business or cancelling lease agreements etc, which is time-consuming and not always in the best interests of The Fuel Company. In any ordinary course of a default, The Fuel Company would follow its operating lease terms and conditions, and should no remedy on the payment have been fulfilled in the require periods, The Fuel Company would be entitled to call up the guarantee for payment within 5 business days, as stipulated in the agreement. Even in the case of a dispute, Garagesure pays the claim within the period required, and should such an investigation require a reimbursement of the claim paid (part or full), The Fuel Company will refund Garagesure.

Garagesure's requirement on the issue of a policy is that the retailer provides;

- Personal suretyship
- Business suretyship

Personal Suretyship

The retailer is required to sign personal surety for the simple reason to ensure that he/she will comply with all of The Fuel Company's operating standards and run the business in a professional manner, ensuring that the site does not breach any of The Fuel Company's agreements, that the site is adequately capitalised to meet trading requirements and that the retailer banks his/her daily takings. It would seem 'unfair' in such an extreme example where the retailer decides to bank all the takings into a personal bank account and not pay for his/her fuel, causing the return and triggering the claim, which Garagesure is obligated to pay. The retailer could then continue trading if The Fuel Company allowed and Garagesure is the only party to have lost in this case. Personal suretyship also covers events where the retailer sells the business, pays off debts that it has, but does not pay the Fuel Company debt deliberately, because he has a guarantee etc. A suretyship is also only as good as it is when it is called up. Often 'deviant' retailers move their assets in any case or other parties have cession over such assets.

Business Suretyship

The question over the financial stability of the site is covered here. In the event that a claim is paid, for whatever reason, being delays by banks to issue extended facilities, delays by insurers to pay out claims for robberies etc, the business could come to some arrangement with Garagesure to pay the claim back. Garagesure have the discretion to keep the site covered, if adequate repayment terms are agreed to. The business could enter into an AOD with Garagesure, or in the event of the business being on-sold, Garagesure could recover on the claim paid. At worst, a liquidation could see Garagesure recover some of the claim paid.

We trust that you understand our need for additional security, as the monthly premiums against possible claim values is great and are thus high risk guarantees.

Yours sincerely,

Garagesure Consultants and Acceptances (Pty) Ltd

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