



**FOR IMMEDIATE RELEASE**

**17 JUNE, 2011**

## **TRUSTCO MOBILE APPLIES FOR AN URGENT INTERDICT IN ZIMBABWE COURTS**

Trustco announces that it has instructed its lawyers in Zimbabwe to apply for an interdict against Econet Wireless. The interdict seeks to enforce Econet's compliance with its contractual obligations and to prohibit Econet from infringing in any way on Trustco Mobile's Intellectual Property Rights which are protected under Zimbabwean and International intellectual property laws. The court documents will be in the public domain and will clearly present the facts as they are. The media and general public may then form their own inferences from these documents.

### **Background**

The introduction of Ecolife into the Zimbabwean life insurance space has had a phenomenal impact on accessibility of life insurance in general, and on the lives of the 1.85 million (as at 31 May 2011) Ecolife subscribers.

The uptake of Ecolife exceeded all expectations from the first month of inception in Zimbabwe. Consequently, Econet and First Mutual Life reacted to the resounding success of Ecolife by seeking an equity stake in Trustco Mobile during December 2010. The offer to acquire a stake was, however, declined by Trustco Group Holdings, the holding Company of Trustco Mobile.

Econet has during the last few weeks increased its holdings in Afre Corporation, the holding company of First Mutual Life, and now controls the contracted insurance underwriter. Since the inception of Ecolife seven months ago, policyholders in FML increased from less than one hundred thousand to close to two million policy holders.

Now to address the specific allegations being lobbied against Trustco Mobile:

### **1. Trustco wanted more money**

Prior to the launch of Ecolife and subsequent to the signing of the initial tripartite agreement on 17 August 2010, the three parties to the agreement sought guidance from the Commissioner of Insurance and Pension to approve the roll-out of Ecolife in Zimbabwe. Initially a Royalty Fee of US\$1.00 which included the insurance premium was negotiated and contracted for by the parties. The Commissioner correctly advised that the scope of the product should be broadened to include subscribers who were HIV positive and/or who had pre-existing medical conditions. The parties agreed to the expansion of the scope of the insurance, recognising that this would result in an increase in insurance premium payable to First Mutual Life. The resultant increase was US\$0.22c per subscriber per month. Trustco agreed to share 50% of the premium increase. Consequently, the Royalty Fee, which includes the Underwriting Fee, increased from US\$1.00 to US\$1.11. An amendment to the agreement to effect the Royalty Fee amendment was signed by all three parties on 24 January, 2011. Subsequent to the increase, none of the three parties challenged the contract on the basis of a US\$1.11 royalty fee.

### **2. Unilateral Termination of Contract**

Following the continuous delay by Econet of payment of the Royalty Fees to Trustco, and, more importantly, the Insurance premium to FML, Trustco served Econet with a Notice of Default, pursuant to the terms of the agreement. Upon receipt of the Notice of Default, Econet unilaterally and immediately terminated the contract, severed Trustco's and FML access to the Trustco Mobile system, and denied that payment was outstanding to Trustco.

On 1 June, 2011 Econet conceded that payment was due to FML. Econet further indicated that while payment was indeed outstanding it was nevertheless "available". FML is by law not required to honour any cover if premiums are not paid. FML could not confirm that it will honour claims when submitted.



Up until today, Trustco has not been placed on notice for any breach of contract as required by the contract.

### **3. Disclosure of Confidential Information**

The allegation that Trustco disclosed confidential information to the public by way of the Johannesburg Stock Exchange is spurious. The information disclosed to the Johannesburg Stock Exchange and to shareholders via SENS is in strict compliance with the regulations of the JSE. Similar information was disclosed by Econet to its shareholders and its analysts as is required by the disclosure regulations as both entities are Public Listed Companies.

### **4. Misleading the Public**

It is further alleged that the Ecolife subscriber number of 1.6 million that was disclosed by Trustco Mobile was incorrect and intentionally misleading. Interestingly this number has been publically quoted by Econet in the international media. As at 31 May, 1 856 938 subscribers subscribed to the Ecolife package.

### **5. Subscribers Inundated with Unsolicited Messages**

The number of messages sent to subscribers was strictly in accordance with the agreement, no more and no less.

### **6. Trustco Pleas with Econet**

Trustco admits that it did plea with Econet; however, the plea was for the fulfilment of Econet's payment obligations under the agreement in order to continue providing free life insurance to qualified Ecolife subscribers.

Access to life insurance remains extremely limited in Africa where less than 5% of the continent's population have access. Access to free life insurance is extremely limited which is why Trustco Mobile remains committed to ensuring that Africa's 95% uninsured are not denied this indispensable service.

Requests from other role players in Zimbabwe for the Trustco Mobile proprietary product have been declined pending the outcome of the current matter with Econet.

### **About Trustco Mobile**

Trustco Mobile (Pty) Ltd, a subsidiary of Namibia-based Trustco Group Holdings (Trustco) and the first company to list on the Africa Board of the JSE, provides free life cover for mobile phone operators. Trustco focuses on microfinance for education and microinsurance in Africa.

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