

**NOTICE OF THE TRANSFER OF A PORTION OF THE INSURANCE BUSINESS OF  
GUARDRISK INSURANCE COMPANY LIMITED TO GUARDRISK MICROINSURANCE  
LIMITED IN TERMS OF SECTION 50 OF THE INSURANCE ACT 18 of 2017**

It is the intention of Guardrisk Insurance Company Limited (registration number 1992/001639/06) ("**Guardrisk Insurance**") to transfer a portion of its insurance business to Guardrisk Microinsurance Limited (registration number 1991/005238/06) ("**Guardrisk Microinsurance**") in terms of section 50 of the Insurance Act 18 of 2017 ("**Act**") ("**Proposed Transaction**"). This Proposed Transaction is necessitated as a result of a change in the Act, and the instructions from the Prudential Authority to Guardrisk Insurance.

The policies affected by the Proposed Transaction constitute the consumer credit insurance policies of Full House Retail Proprietary Limited and Stop Discount Furnishers Proprietary Limited underwritten by Guardrisk Insurance ("**Transfer Policies**").

Upon implementation of the Proposed Transaction, Guardrisk Microinsurance will issue new replacement policies to the policyholders of the Transfer Policies ("**Affected Policyholders**"). Due to the requirements of the Insurance Act, Guardrisk Microinsurance will issue both a life policy ("**Replacement Life Policy**") and non-life policy ("**Replacement Non-Life Policy**") in replacement of the Transfer Policies upon implementation of the Proposed Transaction (collectively "**the Replacement Policies**"). The Replacement Policies will be issued within 30 days after the implementation of the Proposed Transaction. A copy of the wording of the Replacement Policies, together with a comparison between the Transfer Policies and the Replacement Policies can be found at <https://guardrisk.co.za/transfer-of-credit-guardrisk-microinsurance/>.

Certain terms of the Transfer Policies will be altered in terms of the Replacement Policies. However, all benefits per the Transfer Policies will remain secure.

Since the Transfer Policies were previously underwritten as non-life policies, Value Added Tax ("**VAT**") was charged on the premiums payable. However, once the Transfer Policies are transferred to Guardrisk Microinsurance, VAT will no longer be charged on the premiums payable in terms of the Replacement Life Policies, although VAT will remain payable in terms of the Replacement Non-Life Policies.

Due to the different manner in which the premiums are calculated by Guardrisk Insurance and Guardrisk Microinsurance, the premiums payable to Guardrisk Microinsurance in terms of the Replacement Life Policies will increase upon implementation of the Proposed Transaction, which increase is equal to the VAT currently charged on the life component of the Transfer Policies. This means, whilst the premiums will increase upon implementation of the Proposed

Transfer, that the costs to the Affected Policyholders will remain exactly the same. It should also be noted that the rate on which premiums are calculated, will remain unchanged as a result of the Proposed Transfer.

The Proposed Transfer is affected in accordance with the terms and conditions of an assignment agreement concluded between Guardrisk Insurance and Guardrisk Microinsurance ("**Agreement**").

Because the Proposed Transfer involves a transfer of the Transfer Policies from Guardrisk Insurance to Guardrisk Microinsurance without the Affected Policyholders' consent, a detailed regulatory process is required in terms of the Act, which includes, amongst others, the approval of the Proposed Transaction by the Prudential Authority.

Once the Prudential Authority approves the Proposed Transfer, Guardrisk Microinsurance shall be responsible for carrying out all the obligations of Guardrisk Insurance that relate to the Transfer Policies, as set out in the Replacement Policies. Guardrisk Microinsurance will therefore become the new insurer of the Transfer Policies, as replaced by the Replacement Policies, and will comply with all the obligations that Guardrisk Insurance currently have under the Transfer Policies.

Copies of documents relevant to the Proposed Transfer will be made available from 15 October 2021 to 11 November 2021 on the website of the Guardrisk group at <https://guardrisk.co.za/transfer-of-credit-guardrisk-microinsurance/> ("**Inspection Period**").

Any person who has an interest in this matter may submit any comments, complaints, or enquiries to Guardrisk Insurance during the Inspection Period per email to [Transfer@Guardrisk.co.za](mailto:Transfer@Guardrisk.co.za) or telephonically at 0800 167 634. This means that any comments, complaints or enquiries must reach Guardrisk Insurance by no later than 11 November 2021.