

Frequently Asked Questions

1. Information about Guardrisk Life, Guardrisk Insurance and the transfer of Policies

1.1 Who is Guardrisk Insurance?

1.1.1 Guardrisk Insurance Company Limited, registration number 1992/001639/06 ("**Guardrisk Insurance**") is a public company incorporated in South Africa in terms of the Companies Act, 2008 (the "**Companies Act**").

1.1.2 Guardrisk Insurance is a licensed short-term (non-life) insurer in terms of the Insurance Act, 2017 (the "**Insurance Act**").

1.1.3 Guardrisk Insurance is a cell captive insurer that forms part of the Momentum Metropolitan Holdings Limited ("**MMH**") group.

1.2 Who is Guardrisk Life?

1.2.1 Guardrisk Life Limited, registration number 1999/013922/06 ("**Guardrisk Life**") is a public company incorporated in South African in terms of the Companies Act.

1.2.2 Guardrisk Life is a licensed long-term (life) insurer in terms of the Insurance Act and is also an indirect subsidiary of MMH.

1.2.3 Guardrisk Life also operates as a cell captive insurer.

2. Transfer of Policies from Guardrisk Insurance to Guardrisk Life

2.1 Which policies are affected by the transaction?

All non-life consumer credit insurance policies underwritten by Guardrisk Insurance (the "**Transfer Policies**") other than non-life consumer credit insurance policies of Full House Retail Proprietary Limited and Stop Discount Furnishers Proprietary Limited.

2.2 Why will the insurer of my policy change?

2.2.1 Your policy is currently underwritten by Guardrisk Insurance. The nature of your policy is a "non-life" consumer credit insurance policy.

2.2.2 Due to a change in legislation, the benefits currently provided in terms of your consumer credit insurance policy can no longer be provided by a non-life insurer but must be provided by a life insurer.

2.2.3 It has therefore been agreed between Guardrisk Insurance and Guardrisk Life to transfer the policies to Guardrisk Life (the "**Proposed Transaction**") subject to approval by the Prudential Authority as required in terms of the section 50 of the Insurance Act.

2.2.4 Following the Proposed Transaction, Guardrisk Life (a licensed life insurer) will accordingly become the insurer of your policy after approval of the transfer by the Prudential Authority, and your policy will be reclassified as a life policy (and no longer a non-life policy).

2.3 **How will the policies be transferred and what is the impact?**

2.3.1 The Transfer Policies will be transferred to Guardrisk Life in terms of an assignment and indemnity agreement concluded between Guardrisk Insurance and Guardrisk Life. This means that Guardrisk Life will become the new insurer of the Transfer Policies.

2.3.2 The assignment and indemnity agreement is subject to the approval by the Prudential Authority (as required in terms of the Insurance Act) and must follow a detailed regulatory process as described below.

2.3.3 After approval of the Proposed Transaction by the Prudential Authority, Guardrisk Life will become the insurer of the Transfer Policies.

2.4 **Will there be any changes to my premiums and benefits?**

2.4.1 All policy benefits will remain secure and will be unchanged

2.4.2 Your policy was previously underwritten as a non-life policy, which means that value added tax ("**VAT**") was charged on your premiums. When your policy is transferred and becomes a life policy, VAT is no longer charged on your premiums, despite any disclosures on the policies, credit agreements or debit order mandates indicating a VAT inclusive premium.

2.4.3 Due to the different manner in which the premiums are calculated by Guardrisk Insurance and Guardrisk Life, the premiums payable to Guardrisk

Life will increase upon implementation of the Proposed Transaction, which increase is equal to the VAT charged by Guardrisk Insurance.

2.4.4 This means, whilst the premiums will increase upon implementation of the Proposed Transaction, that the costs to you as the policyholder will remain exactly the same. The increase is needed to ensure that your policy benefits remain secure.

2.4.5 Please also note that the rate used by Guardrisk Insurance and Guardrisk Life is exactly the same and will not change as a result of the Proposed Transaction.

2.4.6 A copy of the new disclosure schedule and an endorsement to your Transfer Policy reflecting the above is available at <https://guardrisk.co.za/transfer-of-credit-guardrisk-life/>.

3. Do you have to give consent to the transfer of your policy or cover?

3.1 No. Consent by a policyholder is not required for a transfer in terms of section 50 of the Insurance Act.

3.2 You can submit questions, comments or complaints to Guardrisk Insurance or Guardrisk Life about the transfer of your policy, which they will consider.

4. What will happen if the Proposed Transaction is approved?

4.1 As consent is not required, a detailed regulatory process is prescribed in the Insurance Act and the Prudential Authority must approve the Proposed Transaction.

4.2 Cover in terms of the Transfer Policies will remain unchanged and benefits will remain secured.

4.3 Upon approval of the Proposed Transaction by the Prudential Authority, the Transfer Policies will be underwritten by Guardrisk Life and Guardrisk Life will be responsible for payment of all benefits under your policy.

5. How will the Proposed Transaction take place?

- 5.1 The transfer of the business of an insurance company is subject to a detailed regulatory process in terms of the Insurance Act and must be approved by the Prudential Authority.
- 5.2 The following steps in respect of the Proposed Transaction have already occurred:
- 5.2.1 Guardrisk Life and Guardrisk Insurance have lodged an application for approval of the Proposed Transaction with the Prudential Authority;
- 5.2.2 The Prudential Authority has given its preliminary support for the Proposed Transaction and has allowed Guardrisk Life and Guardrisk Insurance to communicate with the policyholders regarding this change, as they are required to do in terms of the Insurance Act; and
- 5.2.3 Notice of the Proposed Transaction has been published in various newspapers and other forms of communication to ensure that all policyholders receive adequate notice of the Proposed Transaction.
- 5.3 If you have an objection to the Proposed Transaction, you must make representations to Guardrisk Insurance / Guardrisk Life by sending an email to Transfer@guardrisk.co.za or dialling 0800 167 634 by no later than 11 November 2021.
- 5.4 If you do not have an objection to the Proposed Transaction, you do not have to make representations. Once the Prudential Authority approves the Proposed Transaction, your policy will be automatically transferred to Guardrisk Life.
- 5.5 Please note that the Long-term Insurance Ombudsman and the Ombud for Financial Services Providers will not be able to assist you in this matter.

6. What if I do not want Guardrisk Life to underwrite my policy?

You are allowed to make representations to Guardrisk Insurance or Guardrisk Life if you have any concerns about the Proposed Transaction. These representations must reach Guardrisk Life or Guardrisk Insurance no later than 11 November 2021. The contact details are set out below.

7. Where can I obtain more information about the Proposed Transaction?

7.1 Copies of the documents mentioned below shall be available for inspection on the website of the Guardrisk group at <https://guardrisk.co.za/transfer-of-credit-guardrisk-life/> ("**Website**").

7.2 The documents available for inspection on the Website will include:

7.2.1 copy of the Application Form (excluding annexes); and

7.2.2 copies of the communication notices.

8. Who can I contact if I have enquiries regarding the Proposed Transaction?

8.1 Please direct all queries as follows:

1.1.1 per email to Transfer@Guardrisk.co.za; or

1.1.2 per telephone to 0800 167 634; or

1.1.3 contact your intermediary or binder holder, who will direct your enquiry to Guardrisk Insurance.