

## Frequently Asked Questions

### 1. Information about Guardrisk Microinsurance, 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 Microinsurance?

1.2.1 Guardrisk Microinsurance Limited, registration number 1991/005238/06 ("**Guardrisk Microinsurance**") is a public company incorporated in South African in terms of the Companies Act.

1.2.2 Guardrisk Microinsurance is a licensed microinsurer in terms of the Insurance Act and is also an indirect subsidiary of MMH.

1.2.3 Guardrisk Microinsurance also operates as a cell captive insurer.

### 2. Transfer of Policies from Guardrisk Insurance to Guardrisk Microinsurance

#### 2.1 Which policies are affected by the transaction?

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

#### 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 certain elements thereof must be provided by a life insurer and other elements must be provided by a non-life insurer.
- 2.2.3 Guardrisk Microinsurance is able to underwrite both life insurance policies and non-life policies and it would therefore be well suited to underwrite the Transfer Policies.
- 2.2.4 It has therefore been agreed between Guardrisk Insurance and Guardrisk Microinsurance to transfer the Transfer Policies to Guardrisk Microinsurance (the "**Proposed Transaction**") subject to approval by the Prudential Authority as required in terms of the section 50 of the Insurance Act.
- 2.2.5 In replacement of your Transfer Policy, Guardrisk Microinsurance will issue replacement policies to all affected policyholders, being a life policy and a non-life policy (collectively "**the Replacement Policies**").
- 2.2.6 Following the Proposed Transaction, Guardrisk Microinsurance will accordingly become the insurer of your Replacement Policies after approval of the Proposed Transaction by the Prudential Authority.

### 2.3 **How will the Transfer Policies be transferred and what is the impact?**

- 2.3.1 The Transfer Policies will be transferred to Guardrisk Microinsurance in terms of an assignment agreement concluded between Guardrisk Insurance and Guardrisk Microinsurance. This means that Guardrisk Microinsurance will become the new insurer of the Replacement Policies, issued in substitution of the Transfer Policies.
- 2.3.2 The assignment 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 Microinsurance will become the insurer of the Transfer Policies.

## 2.4 **Issue of Replacement Policies**

2.4.1 Upon implementation of the Proposed Transaction, Guardrisk Microinsurance will issue new Replacement Policies to the policyholders of the Transfer Policies ("**Affected Policyholders**").

2.4.2 Due to the requirements of the Insurance Act, Guardrisk Microinsurance will issue 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, which collectively makes up the "**Replacement Policies**".

2.4.3 The Replacement Policies will be issued within 30 days after the closing date of the Proposed Transaction.

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

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

2.5.2 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 Life Policies, although VAT will remain payable in terms of the Non-Life Policies.

2.5.3 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 charged by Guardrisk Insurance in respect of the life component underwritten in terms of the Transfer Policies.

2.5.4 This means, whilst the premiums in terms of the Replacement Life Policy will increase upon implementation of the Proposed Transaction, that the costs to you as the policyholder in respect of the Replacement Policies will remain exactly the same. The increase is needed to ensure that your policy benefits remain secure.

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

2.5.6 A copy of the new Replacement Policies, and a comparison between the current Transfer Policies and the Replacement Policies is available at <https://guardrisk.co.za/transfer-of-credit-guardrisk-microinsurance/>.

### **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 Microinsurance 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 Upon approval of the Proposed Transaction by the Prudential Authority, the Transfer Policies will be underwritten by Guardrisk Microinsurance and Guardrisk Microinsurance will be responsible for payment of all benefits under your Replacement Policies.

### **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 Microinsurance 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 Microinsurance 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 Microinsurance 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 Microinsurance.
- 5.5 Please note that the Long-term Insurance Ombudsman / the Short-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 Microinsurance to underwrite my policy?**

You are allowed to make representations to Guardrisk Insurance or Guardrisk Microinsurance if you have any concerns about the Proposed Transaction. These representations must reach Guardrisk Microinsurance 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-microinsurance/> (the "**Website**").
- 7.2 The documents available for inspection on the Website will include:
- 7.2.1 copy of the application form (excluding annexes) to the Prudential Authority;
- 7.2.2 copies of the Replacement Policies;

7.2.3 Comparison between the Transfer Policies and the Replacement Policies;  
and

7.2.4 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](mailto: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.