

Dear Credit Provider of the consumer credit policies underwritten by Guardrisk Insurance

Guardrisk Insurance Company Limited ("**Guardrisk Insurance**") is obliged, due to the changes to the Insurance Act, 18 of 2017 ("**Insurance Act**"), to transfer all consumer credit policies (other than the consumer credit insurance policies of Full House Retail Proprietary Limited and Stop Discount Furnishers Proprietary Limited) ("**the Transfer Policies**") underwritten by it, to Guardrisk Life Limited ("**Guardrisk Life**") in terms of section 50 of the Insurance Act ("**Proposed Transaction**").

This is required because non-life insurers (such as Guardrisk Insurance), may no longer underwrite the Transfer Policies as non-life policies. These Transfer Policies must in future be treated as life policies and must be underwritten by a life insurer, such as Guardrisk Life.

Because the Proposed Transaction involves a transfer of the Transfer Policies from Guardrisk Insurance to Guardrisk Life without the policyholders' consent, a detailed regulatory process is required in terms of the Insurance Act, which includes, amongst others, i) communication with the policyholders; ii) communication with other stakeholders, such as credit providers; and iii) ultimately the approval of the Proposed Transaction by the Prudential Authority.

Guardrisk Insurance intends to issue the attached notice to all policyholders, a copy of which is attached as **Annexe 1**. This includes as annexures thereto i) a copy of the formal notice published in newspapers relating to the Proposed Transaction; ii) a new disclosure schedule to be issued to the policyholders; and iii) an endorsement to be issued reflecting the change in the value added tax ("**VAT**") treatment and premiums.

It should be noted that all policy benefits will remain secure and will be unchanged. This means that the sum assured will remain the same.

Since the Transfer Policies were previously underwritten as non-life policies, VAT was charged on the premiums. When the Transfer Policies are transferred to Guardrisk Life and becomes a life policy, VAT will no longer charged on the premiums. You must ensure that all statutory duties are complied with insofar as it relates to the disclosure of VAT on the credit agreements and/or mandates.

However, Guardrisk Insurance intends to apply to the South African Revenue Services for a dispensation in terms of section 72 of the Value-Added Tax Act, 89 of 1991 to request that policy documents, credit

agreements and debit order mandates are not required to be reissued despite the disclosure of premiums inclusive of VAT on all such documents.

Guardrisk Insurance will also notify all policyholders that VAT will no longer be charged on the premiums despite any existing disclosures to the contrary. A copy of a sample notice to the policyholders is attached to the letter to be sent to the policyholders.

It should further be noted, despite the change in the VAT treatment, that the premiums charged under the Transfer Policies will be increased, however that the costs payable by the policyholders will remain unchanged. This is attributed to the different manner in which the premiums are calculated by Guardrisk Insurance and Guardrisk Life:

- Guardrisk Insurance calculated the premiums on the debt (excluding VAT), and thereafter charged VAT on such premiums;
- Guardrisk Life calculates the premiums on the debt (including VAT) and does not charge VAT on the premiums.

The result of the above is, despite VAT no longer being charged on the premiums upon implementation of the Proposed Transaction, that:

1. The sum assured will be remain unchanged and secure;
2. Guardrisk Insurance and Guardrisk Life will calculate the premiums on the same rate;
3. No VAT will be charged on the premiums payable to Guardrisk Life;
4. The premiums charged by Guardrisk Life will be increased with the VAT component, however the costs to the policyholder will remain unchanged.

This is best explained by way of an example:

Premiums calculated by Guardrisk Insurance:

Debt R1000

VAT R150

Total debt: R1150

Premium: $R4,50 \text{ per } R1000 + 15\% \text{ VAT} = R5.18$

Premiums calculated by Guardrisk Life:

Debt R1000

VAT R150

Total debt: R1150

Premium: $R1150 / R1000 \times R4,50 = R5.18$

Once the Prudential Authority approves the Proposed Transaction, Guardrisk Life shall be responsible for carrying out all the obligations of Guardrisk Insurance that relate to the Transfer Policies.

If you have any questions regarding the Proposed Transaction, please contact Guardrisk per email to Transfer@Guardrisk.co.za.

Kind regards

Guardrisk Insurance

Letter to be sent to policyholders of the transfer policies

Dear valued policyholder

Transfer of your consumer credit insurance policy from Guardrisk Insurance Company Limited to Guardrisk Life Limited

This letter serves to provide you with an important notice in respect of your consumer credit insurance policy underwritten by Guardrisk Insurance Company Limited ("**Guardrisk Insurance**").

Due to a change in the legislation, the benefits currently provided in terms of your consumer credit insurance policy can no longer be provided by a non-life insurer (Guardrisk Insurance) but must be provided by a life-insurer (Guardrisk Life Limited ("**Guardrisk Life**").

For this reason, please note that your consumer credit insurance policy underwritten by Guardrisk Insurance will transfer to Guardrisk Life once approved by the Prudential Authority ("**proposed transfer**").

Guardrisk Insurance and Guardrisk Life form part of the same group of companies, both companies are indirectly, wholly owned by Momentum Metropolitan Holdings Limited.

We want to assure you that all benefits under your consumer credit insurance policy remain the same and secure.

Since your consumer credit insurance policy was previously underwritten as a non-life policy by Guardrisk Insurance, Value Added Tax ("**VAT**") was charged on the premiums payable. However, once your consumer credit insurance policy is transferred to Guardrisk Life (as required as a result of a change in the insurance legislation), VAT will no longer be charged on the premiums, despite any disclosures on the policy documents, disclosure documents, credit agreements and/or debit order mandates, indicating a VAT inclusive premium.

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 transfer, which increase is equal to the VAT charged on the premium of Guardrisk Insurance. This means, whilst the premiums will increase upon implementation of the proposed transfer, that that the costs to you as the

policyholder will remain exactly the same. This is necessary to ensure that the benefits remain secure. ***We reiterate that the amount payable monthly by you will not change and the rate on which premiums are calculated, will remain unchanged.***

The transfer of your consumer credit insurance policy will happen automatically, and you do not have to consent to the proposed transfer. However, if you wish to make any representations regarding the proposed transfer, please e-mail us on transfer@guardrisk.co.za or call us on 0800 167 634. If you have any questions, please contact Guardrisk Insurance via email on Transfer@Guardrisk.co.za, or telephonically to 0800 167 634, or go to the website of Guardrisk at <https://guardrisk.co.za/transfer-of-credit-guardrisk-life/> for more information.

More information is also attached to this letter, namely:

- A copy of the formal notice of the proposed transfer as **Annexe A**;
- A copy of the new disclosure schedule as **Annexe B**; and
- An endorsement to your consumer credit insurance policy as **Annexe C**.

Please read the attached notification for more details on:

- The process that must be followed before the transfer can take place;
- How to lodge an objection;
- Where to view documents relating to the transfer; and
- Who to contact if you have questions.

Yours sincerely

Guardrisk Insurance

Formal Notice of the proposed transfer

NOTICE OF THE TRANSFER OF A PORTION OF THE INSURANCE BUSINESS OF GUARDRISK INSURANCE COMPANY LIMITED TO GUARDRISK LIFE 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 Life Limited (registration number 1999/013922/06) ("**Guardrisk Life**") 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 all consumer credit insurance policies underwritten by Guardrisk Insurance, other than the consumer credit insurance policies of Full House Retail Proprietary Limited and Stop Discount Furnishers Proprietary Limited ("**Transfer Policies**").

Upon implementation of the Proposed Transaction, the Transfer Policies will no longer be treated as non-life policies but will rather be underwritten by Guardrisk Life as life policies, as contemplated in the Act.

The terms of the Transfer Policies will not change, and all benefits 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 Life, VAT will no longer be charged on the premiums, despite any disclosures on the Transfer Policies, credit agreements and/or debit order mandates indicating a VAT inclusive premium.

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 currently charged on the premiums. This means, whilst the premiums will increase upon implementation of the Proposed Transfer, that the costs to the 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 and indemnity agreement concluded between Guardrisk Insurance and Guardrisk Life ("**Agreement**").

Because the Proposed Transfer involves a transfer of the Transfer Policies from Guardrisk Insurance to Guardrisk Life without the 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 Life shall be responsible for carrying out all the obligations of Guardrisk Insurance that relate to the Transfer Policies. Guardrisk Life will therefore become the new insurer of the Transfer 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-life/> ("**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 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.

New disclosure schedule

Disclosure Notice

Long-term Insurance Policyholder Protection Rules 2017 (PPRs)

Financial Advisory and Intermediary Services (FAIS) General Code of Conduct 2003

The Insurer

Business Name:	Guardrisk Life Limited
Registration number:	1999/013922/06
Physical address:	The Marc, Tower 2, 129 Rivonia Road, Sandton, 2196
Postal address:	PO Box 786015, Sandton, 2146
Telephone:	+27-11-669-1000
Email:	info@guardrisk.co.za
Web:	www.guardrisk.co.za
FAIS registration (FSP No):	FSP 76

In terms of the FSP license, Guardrisk Life Limited is a licensed life insurer in terms of the Insurance Act and an authorised FSP to give advice and render financial services for products under:

CATEGORY I:

- Long-term Insurance : Category A
- Long-term Insurance : Category B1
- Long-term Insurance : Category B1-A
- Long-term Insurance : Category B2
- Long-term Insurance : Category B2-A
- Long-term Insurance : Category C

Professional Indemnity and/or Fidelity Cover:

Guardrisk Life Limited has a Professional Indemnity Cover and a Fidelity Guarantee Cover in place.

Compliance Details

Telephone:	+27-11-669-1104
Fax Number:	+27-11-675-3826

Email: compliance@guardrisk.co.za

Complaints Details

Telephone: 0860 333 361

Email: complaints@guardrisk.co.za

Website: www.guardrisk.co.za

Conflict of Interest :

Guardrisk Life Limited has a conflict of interest management policy in place and is available to clients on the website.

Cooling Off Rights

If any of the information reflected above and below was given to You orally, this disclosure notice serves to provide You with the information in writing. Should You not be satisfied with the Policy, you are entitled to a period up to **31 days** from the date of receipt of the Policy within which You may cancel Your Policy in writing at no cost provided no Claim has arisen or any benefit paid. Cover will cease upon cancellation of the Policy.

All premiums paid by the Policyholder to the Insurer up to the date of receipt of the cancellation notice will be refunded to the Policyholder.

Processing of Personal Information

Your privacy is of utmost importance to Us. We will take the necessary measures to ensure that any and all information, including Personal Information (as defined in the Protection of Personal Information Act 4 of 2013) provided by You or which is collected from You is processed in accordance with the provisions of the Protection of Personal Information Act 4 of 2013 and further, is stored in a safe and secure manner.

You hereby agree to give honest, accurate and up-to-date Personal Information and to maintain and update such information when necessary.

You accept that Your Personal Information collected by Us may be used for the following reasons:

- to establish and verify Your identity in terms of the Applicable Laws;
- to enable Us to fulfil Our obligations in terms of this Policy;
- to enable Us to take the necessary measures to prevent any suspicious or fraudulent activity in terms of the Applicable Laws; and
- reporting to the relevant Regulatory Authority/Body, in terms of the Applicable Laws.

We may share Your information for further processing, with the following third parties, which third parties have an obligation to keep Your Personal Information secure and confidential:

- Payment processing service providers, merchants, banks and other persons that assist with the processing of Your payment instructions;
- Law enforcement and fraud prevention agencies and other persons tasked with the prevention and prosecution of crime;

- Regulatory authorities, industry ombudsmen, governmental departments, local and international tax authorities, and other persons that We, in accordance with the Applicable Laws, are required to share Your Personal Information with;
- Credit Bureaus;
- Our service providers, agents and sub-contractors that We have contracted with, to offer and provide products and services to any Policyholder in respect of this Policy; and
- Persons to whom We cede Our rights or delegate Our authority to, in terms of this Policy.

You acknowledge that any Personal Information supplied to Us in terms of this Policy is provided according to the Applicable Laws.

Unless consented to by Yourself, We will not sell, exchange, transfer, rent or otherwise make available Your Personal Information (such as Your name, address, email address, telephone or fax number) to any other parties and You indemnify Us from any claims resulting from disclosures made with Your consent.

You understand that if We have utilised Your Personal Information contrary to the Applicable Laws, You have the right to lodge a complaint with Guardrisk within 10 (ten) days. Should Guardrisk not resolve the complaint to Your satisfaction, You have the right to escalate the complaint to the Information Regulator.

Other matters of importance

You will be informed of any material changes to the information about the Intermediary, Insurer and or Underwriting Manager provided above.

If We fail to resolve Your complaint satisfactorily, You may submit Your complaint to the **Ombudsman of Long-Term Insurance**.

You will always be given a reason for the repudiation of Your claim.

If the Insurer wishes to cancel Your policy, the Insurer will give you **31 days** written notice, to Your last known address.

You will always be entitled to a copy of Your policy at no extra charge.

Warning

Do not sign any blank or partially completed application form.

Complete all forms in ink.

Keep notes of what is said to You and all documents handed to You.

Where applicable, call recordings will be made available to You within 7(seven) days of request.

Don't be pressurised to buy the product.

Failure to provide correct or full relevant information may influence an Insurer on any claims arising from Your contract of insurance.

Waiver of Rights

No **insurer and/or intermediary** may request or induce in any manner a client to waiver any right or benefit conferred on the client by/or in terms of any provisions of the said Code, or recognise, accept or act on any such waiver by a client. Any such waiver is null and void.

Particulars of the Long-Term Insurance Ombudsman
(For claims/service-related matters)

Postal address: Private Bag X45, Claremont, Cape Town, 7700
Telephone: +27-21- 657- 5000 / 0860 103 236
Fax number: +27-21- 674- 0951
Email address: info@ombud.co.za

Particulars of the Financial Sector Conduct Authority

Postal address: PO Box 35655, Menlo Park, 0102
Telephone: +27-12- 428-8000
Fax number: +27- 12- 347- 0221
Email address: info@fsca.co.za

Particulars of the FAIS Ombudsman
(For product/advice related matters)

Postal Address: PO Box 74571, Lynnwood Ridge, 0040
Telephone: +27- 12- 470- 9080
Fax number: +27- 12- 348- 3447
Email address: info@faisombud.co.za

Particulars of the Information Regulator
(For personal information breaches)

Postal Address: PO Box 31533, Braamfontein, Johannesburg, 2017
Telephone: +27- 010- 023- 5200
Cell number: +27- 082- 746- 4173
Email address: complaints.IR@justice.gov.za

Endorsement to your consumer credit insurance policy

Dear policyholder

RE: CHANGES TO CONSUMER CREDIT INSURANCE POLICY INSURED BY GUARDRISK INSURANCE COMPANY LIMITED

As a result of the transfer of your policy from Guardrisk Insurance Company Limited to Guardrisk Life Limited, your policy will be amended as set out below. Please note that all remaining terms and conditions of your policy remains unchanged unless indicated below:

1. No VAT payable on premiums

No Value-Added Tax ("**VAT**") will be charged on the premiums payable in terms of your policy. Any statements that your premiums include VAT, should be disregarded since VAT is no longer payable on your policy.

2. Change to your premiums

Your premiums will no longer include VAT.

Your premiums will therefore increase with the amount previously paid as VAT.

The amount charged to you as the policyholder, will however remain the same. This is to ensure that your benefits remain secure and unchanged.

These changes should be read in conjunction with your policy documents.