

**APPLICATION FORM IF024**  
**APPLICATION FOR APPROVAL TO TRANSFER ASSETS AND LIABILITIES**

**The purpose of this document**

This application form needs to be completed when applying for approval to transfer all or any part of the assets and/or liabilities relating to the insurance business of one insurer to another, as required in terms of section 50 of the Insurance Act 18 of 2017 (Act) and:

- in respect of an insurer, section 4.2 of the Governance and Operational Standards for Insurers Transfers of Business (GOI 6);
- in respect of a microinsurer, section 10 of the Governance and Operational Standards for Microinsurers (GOM);
- in respect of Lloyd's, section 9.1 of the Governance and Operational Standards for Lloyd's (GOL); and
  - in respect of a branch of a foreign reinsurer, section 9.1 of the Governance and Operational Standards for Branches (GOB).

**Important information to complete this form**

Before completing this form, please read the Fact Sheet Application and Notification Forms (Fact Sheet) that is available on the website of the SARB. The Fact Sheet contains important information on consent and declarations required. Please note: this application could include a prescribed fee, in accordance with [Prudential Standard IAF](#) 2019, with the process for payment found [here](#)

**1. Company information and reason(s) for approval**

**1.1 Does this application relate to a/an<sup>1</sup>:**

- Insurer
- Microinsurer
- Lloyd's
- Branch of a foreign reinsurer

<sup>1</sup> For the purposes of this form, references made to an 'insurer' includes a microinsurer, Lloyd's and the branch(es) of a foreign reinsurer.

**1.2 Please provide the following details for this application:**

<b>Transfer date</b>	2020/06/30
<b>Transferor insurer number</b>	10/10/1/189
<b>Transferor insurer name</b>	Guardrisk Life Limited
<b>Transferee insurer number</b>	MIOO1
<b>Transferee insurer name</b>	Emerald Life Proprietary Limited

**1.3 Please provide the reason(s) for seeking this approval:**

1.3.1 The parties to the transfer agreement, annexed hereto as Annexure A3 (the Transfer Agreement), are: (i) Guardrisk Life Limited, a public company with registration number 1999/13922/06 and a licenced cell captive life insurer (Guardrisk, as transferor) and (ii) Emerald Life Proprietary Limited, a private company with registration number 2016/534835/07 and a licenced microinsurer (Emerald, as transferee) and (iii) Emerald Life Holdings Proprietary Limited a private company with registration number 2015/172678/07 ("Emerald Holdings").

1.3.2 Emerald Holdings owns a cell in Guardrisk through which cell, funeral policies are underwritten by Guardrisk ("Emerald Cell").

1.3.3 Emerald has recently been licenced as a microinsurer entitled to underwrite life insurance business in class 1 (risk) and class 4 (funeral business). An individual Andre van der Westhuizen (with identity number 7402155203087) is the sole shareholder of Emerald.

1.3.4 The intention of the parties in setting up the cell structure, was to ensure that the business underwritten through the Emerald Cell "incubates", develops and "build-up" into a standalone business capable of being transferred at some point in the future.

1.3.5 Following the granting of the microinsurance licence to Emerald the parties entered into the Transfer Agreement in order to transfer the funeral policies underwritten through the Emerald Cell ("Transfer Policies") to Emerald subject to section 50 of the Insurance Act 18 of 2017 ("Insurance Act").

1.3.6 The Transfer Agreement is subject to suspensive conditions, being approval of the transfer of the Transfer Policies by the Prudential Authority.

1.3.7 In order to communicate the transfer of the Transfer Policies, the Parties will implement the proposed Communication Plan, a copy of which is attached hereto as Annexure B1.

1.3.8 The Heads of the Internal Audit Control Function of Guardrisk and Emerald will review and report on the implementation of the proposed Communication Plan. The Parties do not believe that it is necessary to appoint an external auditor to review (as may be required in terms of section 50(5) of the Insurance Act from time to time) and report on the implementation of the proposed Communication Plan for the following reasons:

(A) The Parties submit that the internal audit teams of the Parties possess the necessary skills, expertise and independence to audit the implementation of the proposed Communication Plan.

(B) The Prudential Authority will be furnished with the reports of the Internal Audit Control Function of Guardrisk and Emerald upon completion of the proposed Communication Plan for its review and consideration.

(C) The Heads of the Internal Control Function of Guardrisk and Emerald will further be in the best position to review and report to the Prudential Authority on the completion of the process or any other aspect of the process the Prudential Authority requires a report on.

1.3.9 Further Guardrisk and Emerald do not believe that it is necessary to appoint an independent actuary to assess the soundness of the proposed transfer. The Heads of the Actuarial Function for Guardrisk and Emerald have issued a report, copies of which are attached hereto as Annexures A7.1 and 7.2 respectively. The relevant conclusions of these reports are the following:

(A) Guardrisk is expected to remain in a financially sound position post implementation of the proposed transaction as described in the Transfer Agreement. Subsequent to having conducted an analysis of the Guardrisk Life licence solvency position pre and post transfer, it was noted that the Emerald Cell is solvent and the removal of the Emerald Cell in actual fact improved the licence solvency position of Guardrisk. Furthermore, due to the limited size of the Emerald Cell relative to the rest of the Guardrisk Life business, an out of cycle ORSA was not required. Guardrisk is expected to remain in a financially sound position after the transfer of the life insurance business in the Emerald Cell.

(B) The proposed transaction is actuarially sound, the security of the policyholders is adequately safeguarded and the reasonable benefit expectations of policyholders are not adversely affected.

1.3.10 Based on the above conclusion Guardrisk and Emerald and their respective actuaries do not believe it is necessary to appoint another independent actuary since both heads of actuarial function of Guardrisk and Emerald, respectively, are independent.

1.3.11 The Head of the Actuarial Function of Guardrisk further confirms that the transfer of Transfer Policies will not have any material impact on the risk assessment of Guardrisk and Guardrisk accordingly requests that an out-of-cycle ORSA of Guardrisk not be required for purposes of the application. The costs in concluding such an ORSA will be material without any meaningful benefits.

1.3.12 Emerald has completed an out-of-cycle ORSA, as at December 2020, attached hereto as Annexure A5.

## 2. Contact and basic information

### 2.1 Contact details of the person for correspondence related to this form:

This must be someone who works for the applicant, not a professional advisor.

Title

Mrs

**First name(s)**

Bianca

**Surname**

Radzilani

**Position**

Executive: Legal and Compliance

**Business address**

The MARC, Tower 2  
129 Rivonia Road  
Sandton  
2196

**Contact number**

087 121 5400  
082 787 7469

**Email address**

[bianca.radzilani@Guardrisk.co.za](mailto:bianca.radzilani@Guardrisk.co.za)

## 2.2 Details of professional advisor(s):

2.2.1 Have you used a third-party professional advisor(s) to help with this form?

- No** → Continue to section 2.3.  
 **Yes** → Complete the remainder of this section.

2.2.2 Please provide the name and contact details of the third-party professional advisor(s) used (i.e. the consultants, auditors, actuaries and/or lawyers used in compiling this form). This information should be included in an attachment accompanying this form.

<b>Name of firm(s)</b>	Webber Wentzel Attorneys
<b>Title</b>	Mr
<b>First name(s)</b>	Johan
<b>Surname</b>	Henning
<b>Position</b>	Partner
<b>Business address</b>	90 Rivonia Road, Sandton, South Africa
<b>Contact number</b>	011 530 5385
<b>Email address</b>	<a href="mailto:johan.henning@webberwentzel.com">johan.henning@webberwentzel.com</a>

## 2.3 Other information:

2.3.1 Is there any additional information that is not requested elsewhere in this form that is relevant for the PA to assess this form?

- No** → Continue to section 3.  
 **Yes** → Complete question 2.3.2.

2.3.2 Please provide a summary of, or list, the additional information, including the reason(s) for providing this additional information, and attach it to this form.

Please see the accompanying detailed index for a full list of additional information.

The additional information relates to:

(a) The Reinsurance Treaty as defined in the Transfer Agreement (Clause 1) attached hereto as Annexure B2, which will be cancelled with effect from the Closing Date although Clawback and recapture liabilities, as defined in the Transfer Agreement will transfer to Emerald (as the Transferee);

(b) A copy of the confirmation from the Prudential Authority in an email dated 30 June, 2021 in which the Prudential Authority confirms that it is comfortable with Guardrisk transferring the book of business to Emerald with policies that include "cash-back" provided that Emerald will run-off the book under its license attached hereto as Annexure B3;

(c) A copy of the IF021 application form by Emerald since the acquisition of the Transfer Policies is a material acquisition by Emerald as contemplated in section 51 of the Insurance Act, attached hereto as Annexure B4.

(d) A copy of the IF022 application, approval together with the consents and declarations submitted by Emerald in relation to the application to conduct business other than insurance business until the proposed transaction (as envisaged in the Transfer Agreement) has been implemented, Emerald wishes to conduct intermediary services until the Transfer Policies have been transferred. The application, approval together with the consents and declarations are attached hereto as Annexure B5.1 to B5.3.

### 3. Specific information

#### 3.1 Details of the transfer:

3.1.1 Which assets and/or liabilities will be transferred?

In terms of the Transfer Agreement and subject to approval by the Prudential Authority:

(A) All the rights and liabilities in respect of the Transfer Policies in the Emerald Cell will be assigned by Guardrisk to Emerald with effect from the Closing Date, as defined in the Transfer Agreement (Clause 1);

(B) cash amount equal to the Reserve as defined in the Transfer Agreement (Clause 1) will be transferred on the Closing Date as defined in the Transfer Agreement;

(C) the Clawback and recapture liabilities as defined in the Transfer Agreement will be transferred on the Closing Date as defined in the Transfer Agreement.

3.1.2 Please describe the nature of the items mentioned in 3.1.1 above.

- (A) The Transfer Policies are all funeral policies underwritten by Guardrisk through the Emerald Cell;
- (B) the amount of Assets as at the Closing Date equal to Liabilities as at the Closing Date (as defined in Annexure A3 - Transfer Agreement) to be transferred from Guardrisk to Emerald in order to establish a similar reserve in Emerald to back its policyholder liabilities;
- (C) the Clawback and recapture liabilities are liabilities which arise under the Reinsurance Treaty and which have not be fully settled on the Closing Date.

3.1.3 Section 17 of the Act and Chapter 11 of the Financial Sector Regulation Act 9 of 2017 (FSR Act) require approval from the PA to effect a change to the significant ownership of an insurer. Will the proposed transfer lead to a change in the significant ownership of the transferor and/or transferee insurer(s)?

- No change in significant ownership**
- Change in significant ownership of the transferor insurer**
- Change in significant ownership of the transferee insurer**

**3.2 Details regarding affected policyholders:**

3.2.1 Which of the following applies to the transferring policyholders of the *transferor* insurer?

- The transferring policyholders have been made aware**
- The transferring policyholders will be made aware**
- The transferring policyholders have signified consent**
- The transferring policyholders will be asked to signify consent**

3.2.2 Which of the following applies to the remaining policyholders of the *transferor* insurer that are materially affected by the transaction?

- The remaining policyholders have been made aware**
- The remaining policyholders will be made aware**

- The remaining policyholders have signified consent
- The remaining policyholders will be asked to signify consent
- None of the transferor insurer's remaining policyholders will be materially affected

3.2.3 Which of the following applies to the policyholders of the *transferee* insurer that are materially affected by the transaction?

- The policyholders have been made aware
- The policyholders will be made aware
- The policyholders have signified consent
- The policyholders will be asked to signify consent
- None of the transferee insurer's policyholders will be materially affected

3.2.4 Will the terms of the new policies be the same as, or differ from, the terms of the original policies? Please explain.

The terms and conditions of the Transfer Policies will remain the same

3.2.5 Please attach full details of how the insurer proposes to communicate the action to policyholders (a communication plan), including timelines, communication notices, and details of the documents that will be made available for inspection.

3.2.6 Please attach proof of the written consent of the policyholders (where available).

## 4. Results

### 4.1 Details regarding the assets and liabilities transferring:

4.1.1 The transferor and transferee insurers must express the business to be transferred as a percentage of their total assets and liabilities. Please specify these details in the table below.

	<b>% of transferor insurer</b>	<b>% of transferee insurer</b>
<b>Assets</b>	0.01%	4.72%



<b>Liabilities</b>	-0.63% <sup>2</sup>	6.31%
<b>Date as at which assets and liabilities were taken</b>	30 June 2020	30 June 2020

## 4.2 **Results:**

Please provide the following as attachments accompanying this form:

- 4.2.1 the quantitative reporting templates (QRTs) for both the transferor and the transferee insurers reflecting their respective financial positions before the proposed transfer and the pro forma financial positions after the proposed transfer;<sup>3</sup>
- 4.2.2 copies of the financial statements for both the transferor and the transferee insurers at the effective date;<sup>4</sup>
- 4.2.3 a copy of the written agreement or other documentation, as the case may be, between the transferor and transferee insurers;
- 4.2.4 copies of the resolutions authorising the proposed transfer by the boards of directors (boards) of both the transferor and the transferee insurers;
- 4.2.5 an out-of-cycle own risk and solvency assessment (ORSA) report where the transfer could result in a material change in the risk profile of the acquirer;
- 4.2.6 a timetable setting out the timelines for the implementation of the necessary actions and/or procedures, including any necessary communications to the policyholders of both the transferor and the transferee insurers (the timetable must include the effective date and/or implementation date of the transfer, and the PA will indicate whether the timetable is acceptable); and
- 4.2.7 the report from the Head of the Actuarial Function, for both the transferor and the transferee insurers, giving an actuarial view of the impact of the proposed transfer on the financial soundness of the transferor and transferee insurers.

## 5. Attachment checklist

### 5.1 **Compulsory attachments:**

Please complete the following table with details of the attachments provided.

<b>Attachment number</b>	<b>Question number</b>	<b>Description</b>	<b>Number of pages</b>	<b>Attached</b>
A1	4.2.1	Group or solo QRTs	2020: 12 sheets 2021: 21 sheets	<input checked="" type="checkbox"/>

<sup>2</sup> Note from the transferor: the liabilities of the cell constitute a negative percentage of the total liabilities of the transferor insurer as the cell has a negative Best Estimate Liability. This arises due to the allowance for future profits up to the contract boundary in the calculation of the Best Estimate Liability.

<sup>3</sup> The quantitative reporting templates submitted must be signed off by the Head of the Actuarial Function.

<sup>4</sup> The effective date will be established according to deliberations between the PA and the applicant.

Attachment number	Question number	Description	Number of pages	Attached
A2	4.2.2	Financial statements	Guardrisk: 84 pages Emerald: 67 pages and 16 pages	<input checked="" type="checkbox"/>
A3	4.2.3	Written agreement	26 pages	<input checked="" type="checkbox"/>
A4	4.2.4	Board resolutions	13 pages	<input checked="" type="checkbox"/>
A5	4.2.5	Out-of-cycle ORSA report (if applicable)	Emerald: 38 pages	<input checked="" type="checkbox"/>
A6	4.2.6	Timetable	3 pages	<input checked="" type="checkbox"/>
A7	4.2.7	Head of Actuarial Function's report	14 pages	<input checked="" type="checkbox"/>
A8	6	Consent and declarations	6 pages	<input checked="" type="checkbox"/>
A9	Refer to <a href="#">Prudential Standard IAF 2019</a>	Proof of payment	1 page	<input checked="" type="checkbox"/>

## 5.2 Other attachments:

Please complete the following table with details of the attachments provided, also indicating the number of pages per each attachment. For example, attachments might be required if there was insufficient space to include the information in the form itself or if your responses in this form referred to external documents. Create additional rows for each attachment included.

Attachment Number	Question Number	Description	Number of pages/sheets	Attached
e.g. B1	1.3.7	Communication Plan	71 pages	<input checked="" type="checkbox"/>
B2	2.3.2 (a)	Reinsurance Treaty	80 pages	x
B3	2.3.2 (b)	Confirmation of transfer of policies that include "cash-back benefits"	4 pages	x
B4	2.3.2 (c)	Copy of the signed IF021 application prepared by Emerald	17 pages	x
B5	2.3.2 (d)	Copy of the IF022 application and approval	12 pages	x

## **6. Consent and declarations**

To assess the application or notification, the PA needs to ensure that the information in the application or notification is complete and accurate. It may be shared with, and verified by, other regulatory authorities. Please see the Fact Sheet on the SARB's website for the required consent and declarations that must accompany this form.