



South African Reserve Bank

NOTICE

INSURANCE ACT, 2017 (ACT NO. 18 OF 2017)

DRAFT PRUDENTIAL STANDARDS

The South African Reserve Bank in anticipation of the establishment of the Prudential Authority on 1 April 2017 and the 1 July 2018-envisaged effective date of the Insurance Act, hereby, in accordance with section 98 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), invite submissions in relation to the draft Prudential Standards to be prescribed under section 63 of the Insurance Act, 2017 (Act No. 18 of 2017) as listed in the Annexure.

The draft prudential standards together with a statement explaining the need for, and the intended operation and expected impact of the draft prudential standards are available on the South African Reserve Bank's website at <https://www.resbank.co.za> [<http://www.resbank.co.za/RegulationAndSupervision/PrudentialAuthority/Pages/default.aspx>].

Submissions on the draft prudential standards using the submission template also available on the South African Reserve Bank's website may be submitted in writing on or before 23 April 2018 to the Prudential Authority, c/o PA-Standards@resbank.co.za.

A handwritten signature in black ink, appearing to read 'Kuben Naidoo'.

KUBEN NAIDOO
DEPUTY GOVERNOR OF THE SOUTH AFRICAN RESERVE BANK

8 MARCH 2018

ANNEXURE

FINANCIAL SOUNDNESS (FS)

1.	FSI 1	Framework for Financial Soundness of Insurers
2.	FSI 2	Valuation of Assets, Liabilities and Eligible Own Funds
3.	FSI 2.1	Valuation of Assets and Liabilities Other than Technical Provisions
4.	FSI 2.2	Valuation of Technical Provisions
5.		Guidance Note FSI 2.2: Valuation of Technical Provisions
6.	FSI 2.3	Determination of Eligible Own Funds
7.	FSI 3	Calculation of the MCR
8.	FSI 4	Calculation of the SCR Using the Standardised Formula
9.	FSI 4.1	Market Risk Capital Requirement
10.	FSI 4.2	Life Underwriting Risk Capital Requirement
11.	FSI 4.3	Non-life Underwriting Risk Capital Requirement
12.	FSI 4.4	Operational Risk Capital Requirement
13.	FSI 5	Calculation of the SCR Using a Full or Partial Internal Model
14.		Guidance Note FSI GN 5: Calculation of the SCR Using a Full or Partial Internal Model
15.	FSI 6	Liquidity Risk Assessment
16.	FSM 1	Framework for Financial Soundness of Microinsurers
17.	FSM 2	Valuation of Assets, Liabilities and Eligible Own Funds
18.	FSB 1	Framework for Financial Soundness of Branches
19.	FSB 2	Valuation of, and limitations on, assets held as security by Branches
20.	FSB 3	Valuation of Technical Provisions by Branches
21.	FSL 1	Framework for Financial Soundness of Lloyd's
22.	FSL 2	Valuation of, and limitations on, assets held as security by Lloyd's
23.	FSL 3	Valuation of Technical Provisions by Lloyd's
24.	FSG 1	Framework for Financial Soundness of Insurance Groups
25.	FSG 2	Assessing the Financial Soundness of Insurance Groups Using the Deduction and Aggregation Method
26.	FSG 3	Assessing the Financial Soundness of Insurance Groups Using the Accounting Consolidation Method

GOVERNANCE AND OPERATIONAL (GO)

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| 27. | GOI 1 | Framework for Governance and Operational Standards for Insurers |
| 28. | GOI 2 | Governance of Insurers |
| 29. | | Guidance Note GOI 2.1: Corporate Culture |
| 30. | GOI 3 | Risk Management and Internal Controls for Insurers |
| 31. | GOI 3.1 | Own Risk and Solvency Assessment (ORSA) for Insurers |
| 32. | GOI 3.2 | Business Continuity Management |
| 33. | GOI 3.3 | Reinsurance and Other Forms of Risk Transfer by Insurers |
| 34. | GOI 4 | Fitness and Propriety of Significant Owners and Key Persons of Insurers |
| 35. | GOI 5 | Outsourcing by Insurers |
| 36. | GOI 6 | Transfers of Business and Other Significant Transactions by Insurers |
| 37. | GOI 7 | Miscellaneous Regulatory Requirements for Insurers |
| 38. | GOM | Governance and Operational Standard for Microinsurers |
| 39. | GOB | Governance and Operational Standard for branches of foreign reinsurers |
| 40. | GOL | Governance and Operational Standard for Lloyd's |
| 41. | GOG | Governance and Operational Standard for Insurance Groups |

