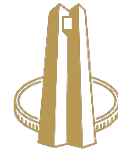


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SOUTH AFRICAN RESERVE BANK
Prudential Authority

Notice of invitation to submit comments on the guidance notice 1 of 2022 on liquidity risk management for insurers (both life and non-life insurers) and the proposed amended liquidity risk return for life insurers

Prudential Standard GOI 3 (Risk Management and Internal Controls) for insurers sets out requirements for items that must be included in an insurer's liquidity management policy. Accordingly, the Prudential Authority (PA) hereby issues the guidance notice on liquidity risk management for life and non-life insurers for consultation.

The PA has, in formulating this Guidance Notice, referenced principles espoused in the Application Paper on Liquidity Risk Management published by the International Association of Insurance Supervisors (IAIS). The principles contained in the guidance notice also apply to insurance group structures in relation to the governance processes.

The Prudential Authority (PA) has suggested modifying the liquidity risk return, also known as the LIQ annual return, in accordance with FSI 6 (Liquidity Risk Assessment), in order to account for additional factors that add liquidity risk to the balance sheets of life insurers. The attached return is relevant only to life insurers and will be submitted on an individual or solo insurer level.

The PA hereby releases for public consultation:

1. The Guidance Notice 1 of 2022 on liquidity risk management for Insurers;
2. The Liquidity Risk Return for Life Insurers;
3. A comments template.

The comments and responses should be submitted to the Prudential Authority at the following e-mail address: PA-Standards@resbank.co.za for the attention of Ms Hangwi Mmbi on or before 3 February 2023.