



Financial Sector Regulation Act, 2017

PA Communication 3 of 2020

Guidance Notice FSI 4.3 – Non-Life Underwriting Risk Capital Requirements

The Prudential Standard FSI 4.3, which was published in 2018, sets out the details for calculating the capital requirements for underwriting risk related to non-life insurance obligations for insurers using the standardised formula to calculate the Solvency Capital Requirement.

The Prudential Authority today publishes the draft Guidance Notice on FSI 4.3: Non-Life Underwriting Risk Capital Requirement (Guidance Notice) for public consultation. The Guidance Notice aims to assist insurers in complying with the requirements as outlined in the Prudential Standard FSI 4.3 (Non-life Underwriting Risk Capital Requirement). This Guidance Notice is aimed at illustrating approaches that may be adopted for the treatment of insurers' eligible risk mitigation instruments in addition to the impairment of those instruments for counterparty default risk.

Insurers and other interested persons are invited to submit their comments in respect of the Guidance Notice on or before 10 August 2020 for the attention of Ms Marzanne Kirsten at Marzanne.Kirsten@resbank.co.za

All comments must be submitted in the comments template attached.

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

Kuben Naidoo
Deputy Governor and CEO: Prudential Authority

Date: 13 July 2020