SOUTH AFRICAN RESERVE BANK
Prudential Authority

Insurance Act, 2017

Prudential Standard Amendment XX of 2025

Amendments to Prudential Standard FSB 1 – Framework for Financial Soundness of Branches

The Prudential Authority, in terms of section 63 of the Insurance Act, 2017 (Act No. 18 of 2017) and section 108(3) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), hereby make Prudential Standard Amendment XX of 2025: Amendments to Prudential Standard FSB 1 – Framework for Financial Soundness of Branches, as set out in the Schedule hereto.

Fundi Tshazibana
Chief Executive Officer, Prudential Authority
Date:

Schedule

1. Interpretation

In this Schedule **"the Prudential Standard"** means Prudential Standard FSB 1 – Framework for Financial Soundness of Branches.

2. Amendments to the Prudential Standard

(1) Paragraph 3.1 of the Prudential Standard is hereby amended by the insertion under line one of the Commencement and Transition Provisions table of a line two:

Version Number	Commencement Date
2	DD-MM-YY

(2) Paragraph 5.3 of the Prudential Standard is hereby substituted by the following:

"5.3. A branch must ensure, within the timeframe provided in paragraph 6.4 below, that the value of the assets held in the trust adheres to this Standard as at the end of the most recent quarter, or as at the point in time that either the Prudential Authority requested a valuation or there was a material change in the risk profile, whichever is the later date."

(3) Paragraph 6.1 of the Prudential Standard is hereby substituted by the following:

"6.1 Branches must hold trust assets, valued in accordance with FSB 2 (Valuation of, and limitations on, assets held as security by branches), at least equal to a value calculated as:[1]

$$Trust\ assets = max\big(max(TP_{NL}, 0) + max\big(TP_{Life}, 0\big) - premium\ debtors, AMCR\big)$$

Where:

TP_{NL}	=	Technical provisions for non-life insurance obligations
TP_{Life}	=	Technical provisions for life insurance obligations
$premium\ debtors$	=	As set out in this Standard
$AMCR$	=	As set out in FSI 3 (Calculation of the MCR)

(4) Paragraph 6.4 of the Prudential Standard is hereby substituted by the following:

[1] Section 40(1) of the Act provides that the Prudential Authority may prescribe requirements in this regard.

"6.4. Branches must adjust, within 45 days, trust assets so that the value of trust assets adheres to this Standard calculated as at the relevant date as outlined in paragraph 5.3 above."

3. Short title and commencement

This Prudential Standard Amendment is called, Amendments to Prudential Standard FSB 1 – Framework for Financial Soundness of Branches, 2025" and comes into effect on DD-MM-YY.