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| **APPLICATION FORM IF001**  **APPLICATION FOR APPROVAL TO USE ALTERNATIVE METHODS IN THE CALCULATIONS OF THE SOLO OWN FUNDS AND/OR SOLO SCR FOR INSURANCE PARTICIPATIONS IN NON-EQUIVALENT JURISDICTIONS** |

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| **Purpose of this form**  This application form needs to be completed if an insurance group wants to use an alternative method in the calculation of the solo own funds and/or solo SCR for insurance participations in non-equivalent jurisdictions, as required in terms of section 4.3 of the Financial Soundness Standards for Insurance Group Deduction and Aggregation Method (FSG 2) made under section 36(6)(a) of the Insurance Act, 2017 (the Act).  An application form must be submitted for each insurance participation in non-equivalent jurisdictions for which an alternative method is proposed. Testing |

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| **Important information to complete this form**  Before completing this form, 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](http://www.resbank.co.za/PrudentialAuthority/Insurers/Post%20Insurance%20Act/Legislation%20and%20Regulatory%20instruments/Prudential%20Standards/Documents/Prudential%20Standard%20IAF.pdf), 2019 with the process for payment found [here](http://www.resbank.co.za/PrudentialAuthority/Insurers/Post%20Insurance%20Act/Legislation%20and%20Regulatory%20instruments/Prudential%20Standards/Documents/Process%20for%20payment%20of%20fees%20prescribed%20in%20terms%20of%20the%20Insurance%20Act.pdf). |

## Company information and reason for approval

* 1. Provide the following details for this application:

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| **Valuation date of results** | YYYY/MM/DD |
| **Date until which approval is requested** | YYYY/MM/D |

* 1. Describe briefly the reason(s) for seeking this approval

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## Specific Information

* 1. Details of insurance participation

#### Provide the name of the insurance participation to which this application relates.

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#### Provide the jurisdiction where this insurance participation is licensed and specify the regulatory authority who supervises this insurance participation.

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#### Select the option below that most accurately describes the insurance participation.

**Life insurer**

**Non-life insurer**

**Life reinsurer**

**Non-life reinsurer**

**Composite insurer**

**Composite reinsurer**

#### Provide a description of type the business conducted by the insurance participation supported by a materiality factor (i.e. % of total premium income).

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#### What is the shareholding (directly or indirectly) of the controlling company in the insurance participation?

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#### Does the controlling company consolidate the financials results of the insurance participation into its accounts?

**No**

**Yes**

#### Does the insurance participation use the brand and/or name of any entity of the insurance group it belongs to?

**No**

**Yes**

#### Has any explicit guarantees, commitments, letters of comfort or cross-default commitments been provided to the insurance participation by any entity in the insurance group?

**No** è Continue to question 2.1.10

**Yes** è Continue to question 2.1.9

#### Briefly describe the explicit guarantees, commitments, letters of comfort or cross-default commitments referred to in question 2.1.8 and attach copies of these arrangements.

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#### Does any entity in the insurance group have management and/or board control over the insurance participation?

**No** è Complete question 2.1.11 and then continue to question 2.1.13

**Yes** è Continue to question 2.1.12

#### Explain why no entity in the insurance group is believed to not have management or board control over the insurance participation.

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#### Describe the management and/or board control that the entity has over the insurance participation.

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#### Are there any outsourcing arrangements between any entity in the insurance group and the insurance participation. If so, please briefly describe the outsourcing arrangements.

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#### Does the insurance participation have a significant market share or influence in the jurisdiction(s) in which it operates?

**No** è Complete question 2.1.15 and then continue to question 2.2.1

**Yes** è Continue to question 2.1.16

#### Explain why the insurance participation is believed to not have a significant market share nor a significant influence in the jurisdiction(s) in which it operates.

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#### Describe the insurance participation’s significant market share and/or significant influence that is referred to in question 2.1.13.

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* 1. Background information

#### Describe why the insurance group is unable to meet the requirements of the Financial Soundness Standards for Insurers (FSI) as set out Attachment 1 section 2 of FSG 2 for this insurance participation.

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#### Describe the methodology that is required by the insurance participation’s home jurisdiction.

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| **Item** | **Methodology** |
| Capital resources, i.e. equivalent to Own Funds |  |
| Capital Requirement, i.e. equivalent to SCR |  |

#### Not taking into account the capital requirement prescribed in the insurance participation’s home jurisdiction, does the insurance group calculate another risk-based capital requirement for this insurance participation, for example, as part of the group’s economic capital calculations?

**No** è Continue to question 2.2.5

**Yes** è Complete question 2.2.4

#### Describe the methodology used to calculate the risk-based capital requirement that is referred to in question 2.2.3.

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#### For each of the following items, describe the methodology that is proposed for calculating the insurance participation’s solo results for inclusion in the group-wide capital adequacy calculations.

| **Item** | **Methodology** |
| --- | --- |
| Own Funds |  |
| SCR |  |

#### Describe how the proposed SCR calculation referred to question 2.2.5, allows for the following risk exposures of the insurance participation.

| **Risks** | **Allowance within SCR** |
| --- | --- |
| **Market risks** | |
| Interest rate |  |
| Equity |  |
| Property |  |
| Currency |  |
| Spread and default |  |
| Concentration |  |
| **Life underwriting risk** | |
| Mortality |  |
| Longevity |  |
| Disability/Morbidity |  |
| Lapse |  |
| Expenses |  |
| Retrenchment |  |
| Life Catastrophe |  |
| **Non-life underwriting risk** | |
| Premium & Reserve |  |
| Lapse |  |
| Non-life Catastrophe |  |
| **Other Risks** | |
| Operational |  |
| Risk arising from participations |  |

#### Describe how the proposed SCR calculation allows for the following items.

| **Item** | **Allowance within SCR** |
| --- | --- |
| Reinsurance |  |
| Other risk-mitigation instruments |  |
| Management Actions |  |
| Loss-absorbing capacity of technical provisions |  |
| Loss-absorbing capacity of deferred taxes |  |

* 1. Other information

#### Is there any additional information that is not requested elsewhere in this form, that is relevant for the Prudential Authority to assess this form?

**No** è Continue to section 3

**Yes** è Complete question 2.3.2

#### Provide a summary or list of the additional information, including the reasons for providing this additional information and attach to this form.

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## Results

* 1. Provide a Group Quantitative Reporting Template (Group QRT), using the proposed valuation methodology that is described in this form
  2. Provide the solo Own Funds and solo SCR of the insurance participation, based on the methods specified below. This information should be included in the Excel template accompanying this form (sheet *Solvency Position*)
* **Method 1:** Proposed approach described in this form referred to in question 2.2.5
* **Method 2:** Home jurisdiction prudential requirements referred to in question 2.2.2
* **Method 3:** Other risk-based capital requirement referred to in question 2.2.4

## Attachment Checklist

* 1. Compulsory attachments

Complete the following table with details of the attachments provided.

| **Attachment Number** | **Question Number** | **Description** | **Number of pages/sheets** | **Attached** |
| --- | --- | --- | --- | --- |
| A1 | 3.1 | Group QRT |  |  |
| A2 | 3.2 | Excel template |  |  |
| A3 | 5 | Consent and Declarations |  |  |

* 1. Other Attachments

Please list any other attachments in the following table. These attachments may be necessary if there was insufficient space to include the information in this application form itself or if your responses in this application form refer to external documents. Each additional attachment should be listed in its own row.

| **Attachment Number** | **Question Number** | **Description** | **Number of pages/sheets** | **Attached** |
| --- | --- | --- | --- | --- |
| e.g. B1 | 2.2 |  | 8 |  |

## Consent and Declarations

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