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| **APPLICATION FORM IF002**  **APPLICATION FOR APPROVAL TO INCLUDE AN ITEM AS ANCILLARY OWN FUNDS** |

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| **Purpose of this document**  This application form needs to be completed when applying for approval for an item to be deemed appropriate for inclusion as ancillary own funds, as required in terms of section 36(6)(a) of the Insurance Act, 2017 (the Act) and:   * In respect of an insurer, sections 4.4 and 7 of the Financial Soundness Standards for Insurers Determination of Eligible Own Funds (FSI 2.3); and * In respect of an insurance group, section 5.1(c) of the Financial Soundness Standard for Insurance Groups Accounting Consolidation Method (FSG 3).   A separate application form should be completed for each ancillary own funds item. |

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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. Does this application relate to:

**Insurer**

**AC group within insurance group**

* 1. Describe the reason for seeking this approval

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## Other Information

* 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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## Specific Information

* 1. Information on ancillary own funds item and the intended tier

#### Provide a description of the ancillary own funds item for which approval is sought.

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#### Provide the intended tier of the ancillary own funds item as well as the justification for the intended tier.

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#### Provide a description of the basic own funds item that would come into existence when the ancillary own funds item is called-up or paid-in.

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#### Provide the intended tier of the basic own funds item referred to in question 3.1.3 as well as the justification for the intended tier.

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#### Is there a contract supporting the ancillary own funds item?

**No** è Continue to question 3.1.6

**Yes** è Attach a copy of the contract and continue to question 3.1.7

#### On which legal basis will the ancillary own funds item be called-up, paid-in, enforced or accessed?

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#### If a draft copy of the contract is provided please state the conditions upon which and the date by which the contract underlying the ancillary own funds item will be signed.

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| YYYY/MM/DD  Conditions: |

#### Provide in support of this application a legal opinion confirming that the supporting contract and any other related arrangements are legally binding and enforceable in South Africa.

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#### Provide details of the period during which the ancillary own funds item is in effect and the period during which you can call-up or access or enforce the ancillary own funds item.

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#### Does the supporting contract contain any provisions, which might impair the ability to freely call-up or access or enforce the ancillary own funds item?

**No** è Continue to question 3.1.12

**Yes** è Complete question 3.1.11

#### Provide details of the provisions referred to in question 3.1.10.

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#### Confirm, by ticking the relevant box that the following statements about the ancillary own funds item are true.

**The ancillary own funds item is only available to the insurer.**

**The ancillary own funds item is not transferrable or assignable to any other party.**

**The ancillary own funds item is free from encumbrances in any other way.**

#### Provide an explanation if any of the statements in question 3.1.12 where not ticked and also explain why this does not prevent the ancillary own funds item from being classified in the tier referred to in question 3.1.2.

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#### Provide a description of the circumstance(s) that would lead to the insurer to call-up or access or enforce the ancillary own funds item.

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#### Provide a copy of the medium-term capital management plan that forms part of the ORSA projections showing how the ancillary own funds item will contribute to the insurer’s capital structure.

## Status of Counterparties

* 1. Information on counterparties

#### Provide the name and description of the business of the counterparty to the ancillary own funds item, including the nature of any relationship(s) between the insurer and the counterparty.

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#### Describe how the counterparty default risk for the ancillary own funds item has been assessed.

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#### Describe how the counterparty illiquidity risk for the ancillary own funds item has been assessed.

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## Results

* 1. Provide the information required in the Excel template accompanying this form

## 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 | 3.1.5 |  |  |  |
| A2 | 3.1.15 |  |  |  |
| A3 | 5.1 | Excel template |  |  |
| A4 | 7 | 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.