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| **APPLICATION FORM IF071**  **APPLICATION FOR APPROVAL TO USE A DIFFERENT PARAMETER/METHODOLOGY TO CALCULATE THE IBNR RESERVE** |

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| **Purpose of this document**  This application form applies to microinsurers and needs to be completed when applying for approval to use a different parameter/methodology to calculate the IBNR reserve, as specified in section 8.9 of the Financial Soundness Standards of Microinsurers Valuation of Assets Liabilities and Eligible Own Funds (FSM 2) made under section 36(6)(a) of the Insurance Act, 2017 (the Act). |

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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. |

## Company information and reason for approval

* 1. Provide the following details for this application:

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| **Microinsurer number** |  |
| **Microinsurer name** |  |
| **Effective date for which approval is requested** | YYYY/MM/DD |

* 1. Provide reason(s) for seeking this approval

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## Contact and Basic Information

* 1. Contact details of the person for correspondence related to this form

This must be someone who works for the company and not a professional advisor.

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| **Title** |  |
| **First names** |  |
| **Surname** |  |
| **Position** |  |
| **Business address** |  |
| **Contact number** |  |
| **Email address** |  |

* 1. Details of professional advisors

#### Have you used third-party professional advisors to help with this form?

**No** 🡺 Continue to question 2.3

**Yes** 🡺 Complete the remainder of this section

#### Provide the name and contact details of the third-party professional advisor(s) used (i.e. the consultants, auditors, actuaries and/or lawyers used in compiling this form). This information should be included in an attachment accompanying this form, e.g.:

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| **Name of firm** |  |
| **Title** |  |
| **First names** |  |
| **Surname** |  |
| **Position** |  |
| **Business address** |  |
| **Contact number** |  |
| **Email address** |  |

* 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 notification?

**No** 🡺 Continue to section 3

**Yes** 🡺 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 the form.

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## Specific Information

* 1. Specification of the application form

#### Indicate the nature of the change from the prescribed formula that this approval form relates to (select all boxes that apply):

**Change in parameter** 🡺 Complete section 3.1.1

**Change in methodology** 🡺 Complete section 3.3

* 1. Change in parameter

#### Indicate the alternative parameter(s) that the microinsurer believes to be a better reflection of the value of the IBNR reserve, where the parameter is expressed as a percentage of the total amount of all the premiums payable to the microinsurer under policies incepted in the 12 months preceding the calculation date. Where the microinsurer has applied different parameters to different classes of business, please indicate all the alternative parameters (and their respective classes of business) for which approval is sought.

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#### Provide a motivation as to why the microinsurer believes the parameter(s) to be a better reflection of the value of the Technical Provisions and explain the methodologies used in the derivation of the parameter(s).

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#### Will the alternative parameter(s) be applied to all classes of business of the microinsurer, or only selected classes of business?

**All classes of business** 🡺 Complete question 3.2.5 only

**Only selected classes of business** 🡺 Complete question 3.2.4 and question 3.2.5

#### Indicate the selected classes of business to which the alternative parameter will be applied and provide motivation why the alternative parameter(s) will only be applied to these selected classes of business.

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#### Provide, as an attachment accompanying this form, suitable analyses (based on the actual, past experience of the microinsurer) that have been approved by the head of the actuarial function to support the motivation and methodologies provided in question 3.2.2 above.

#### Provide, as another attachment, a comparison of the IBNR and the solvency position of the microinsurer based on the prescribed formula in FSM 2 to the IBNR based on the proposed alternative parameter of the microinsurer.

* 1. Changes in methodology

#### Explain in detail, the alternative IBNR methodology for which the microinsurer is seeking approval from the Prudential Authority. Where the microinsurer has applied different methodologies to different classes of business, please explain, in detail, all the alternative IBNR methodologies for which approval is sought.

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#### Provide motivation as to why the microinsurer believes this methodology(ies) to be a better reflection of the value of the technical provisions.

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#### Will the alternative methodology be applied to all classes of business of the microinsurer, or only selected classes of business?

**All classes of business** 🡺 Complete question 3.3.5 only

**Only selected classes of business** 🡺 Complete question 3.3.4 and question 3.3.5

#### Indicate the selected classes of business to which the alternative methodology will be applied and provide motivation why the alternative methodology will only be applied to these selected classes of business.

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#### Provide, as an attachment accompanying this form, suitable analyses (based on the actual, past experience of the microinsurer) that have been approved by the head of the actuarial function to support the motivation provided in question 3.3.2 above.

#### Provide, as another attachment, a comparison of the IBNR and the solvency position of the microinsurer based on the prescribed formula in FSM 2 to the IBNR based on the proposed alternative methodology of the microinsurer.

## 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 | 3.2.5 or 3.3.5 | Analyses |  |  |
| A2 | 3.2.6 or 3.3.6 | Comparison |  |  |
| A3 | 5 | Consent and Declarations |  |  |

* 1. Other attachments

Complete the following table with details of the attachments provided, also indicating the number of pages of each attachment. For example, attachments might be required if there was not sufficient space to include the information in the form itself or if your responses in this form refer to external documents. Please add additional rows for each attachment included:

| **Attachment Number** | **Question Number** | **Description** | **Number of pages/sheets** | **Attached** |
| --- | --- | --- | --- | --- |
| e.g. B1 | 2.2 | Contact details of professional advisors | 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.