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| **APPLICATION FORM IF083**  **APPLICATION FOR A VARIATION OF LICENSING CONDITIONS OF AN INSURER CONDUCTING BUSINESS IN SOUTH AFRICA** |

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| **The purpose of this document**  This application form needs to be completed when applying for approval of a variation of the conditions of licensing as an insurer or a controlling company in terms of section 26 of the Insurance Act 18 of 2017 (Act).  An application for a variation of licensing conditions must be made to the Prudential Authority (PA) in terms of section 119 of the Financial Sector Regulation Act 9 of 2017 (FSR Act).  Please note that the PA may not vary a licensing condition without obtaining the concurrence of the Financial Sector Conduct Authority (FSCA) in line with section 126 of the FSR Act.  A variation of a licensing condition must be published in terms of section 26(4) of the Act read with section 128(2) of the FSR Act.  Applicants should take note of sections 228, 229 and 230 of the FSR Act. |

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| **Important information to complete this form**  Before completing this form, please read the Fact Sheet Application and Notification Forms (Fact Sheet) that is available on the website of the South African Reserve Bank (SARB). The Fact Sheet contains important information on consent and declarations required. |

1. **Contact and basic information**
   1. **Contact details of the applicant / applicant’s representative:**
      1. Please indicate whether the details below are for the applicant or the applicant’s representative.

**Applicant** 🡺 Complete the remainder of this section.

**Applicant’s representative** 🡺 Complete the remainder of this section.

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| --- | --- |
| Title |  |
| First name(s) |  |
| Surname |  |
| Designation |  |
| Email address |  |
| Contact number |  |
| Business address |  |
| Postal address |  |

* 1. **Details of professional advisor(s):**
     1. Have you used a third-party advisor(s) to help with the completion of this form?

**No**

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

* + 1. Please provide the name and contact details of the third-party professional advisor(s) used (i.e. the consultants, auditors, actuaries and/or lawyers).

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| Name of firm(s) |  |
| Title |  |
| First name(s) |  |
| Surname |  |
| Position |  |
| Business address |  |
| Contact number |  |
| Email address |  |

1. **Specific information**
   1. **Name of applicant:**
      1. Please state the full registered name of the applicant.

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Information on the applicant:**[[1]](#footnote-1)**

* + 1. Please indicate the type of entity submitting the application.

Insurer

Controlling company

Insurer and controlling company

Branch of a foreign reinsurer

* + 1. Does the applicant intend to apply for any variation of licensing conditions for business conducted outside of the Republic of South Africa?

**No**

**Yes**  🡺 Complete question 2.1.4.

* + 1. If the answer is ‘Yes’, please indicate the type of business (as approved by the PA and concurred by the FSCA), the jurisdiction and the regulatory authority responsible for the supervision of insurance business in that jurisdiction.

| **Type of business** | **Jurisdiction** | **Regulatory authority** |
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* + 1. Will the variation application have any effect on the current licensing conditions of the insurer?

**No**

**Yes** 🡺 Complete question 2.1.6

* + 1. Please explain the effect(s) on the current licensing conditions in line with the class or sub-class of business, both before and after the variation.

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1. **Scope of a variation of licensing condition application**
   1. **Business type**
      1. Please indicate the type of business[[2]](#footnote-2) to which the variation of licensing condition application relates.

Life insurer

Non-life insurer

Cell captive life insurer

Cell captive non-life insurer

Life reinsurer

Non-life reinsurer

Composite reinsurer conducting life and non-life insurance business

* + 1. Is the application made as a result of a change in the control of the insurer?

**No** 🡺

**Yes** 🡺 Complete question 3.1.3

* + 1. If the answer is ‘Yes’, please indicate the name(s) of the shareholder(s) who will, directly or indirectly, control the insurer and the manner in which it will be done.

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*Attachments:*

* *Attach a copy* of the audited financial statements of the new shareholders for each of the last three financial years. If the shareholder is an individual, submit audited net worth statements. If the shareholder is a trust, submit independently assessed statements of accounts signed by the accountant.
  + 1. Please indicate if the application to vary the licensing conditions of the insurer is based on a proposed transfer of insurance business (in terms of section 50 of the Act) from another insurer[[3]](#footnote-3). If so, please provide details of the proposed transfer of business.

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* + 1. Please provide detail of any material condition(s) that the applicant needs to comply with in terms of an agreement between the applicant and the transferring insurer, and confirm whether the applicant has complied with same.

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* + 1. Please provide detailed reasons why the applicant holds the view that the transferring insurer will not object to the transfer of the policies, should the application be granted.

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* + 1. Please provide full details regarding the quality of the policyholder data relating to the transfer of business in line with question 3.1.6 above.

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*Attachments:*

* *In respect of question 3.1.6 above, please provide the written agreement between the applicant and the transferring insurer confirming that the policies will be transferred should the application be granted.*
  1. **Proposed operations**
     1. Please specify the conditions that must be varied on the current classes of business written by the insurer and/or any other proposed variations to the existing conditions of registration.

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* + 1. Please outline the objectives of the proposed variation of the licensing conditions of registration, and give reasons why the insurer is of the opinion that the variation of the conditions of registration, if approved, will be in the public interest.

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* + 1. Please give reasons why the insurer is of the opinion that the variation of the conditions of registration, if approved, will not be contrary to the interests of policyholders.

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* + 1. Will the issued share capital be increased?

**No**

**Yes** 🡺 Complete question 3.2.5

* + 1. Please state the amount of the issued share capital of the insurer, and indicate the composition thereof. If the issued share capital is to be increased, indicate the amount of the new composition.

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* + 1. Will the variation of the licensing conditions lead to additional underwriting of new class(es) and/or sub-class(es) of the insurance business, as defined in Schedule 2 of the Act, by the insurer?

**No**

**Yes** 🡺 Complete questions 3.2.7 and 3.2.8 and section 4.

* + 1. Please specify the life class(es) and/or sub-class(es) of the insurance business, as defined in Schedule 2 of the Act, that the insurer intends to underwrite and/or any other proposed variations to the existing conditions of registration.

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| Class 1: Risk  1(a) Individual death  1(b) Individual health  1(c) Individual disability – lump sum  1(d) Individual disability – recurring payment  1(e) Group death  1(f) Group health  1(g) Group disability – lump sum  1(h) Group disability – recurring payment |

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| Class 2: Fund risk  2(a) Death  2(b) Disability – lump sum  2(c) Disability – recurring payment |

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| Class 3: Credit life  3(a) Credit life |

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| Class 4: Funeral  4(a) Individual  4(b) Group |

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| Class 5: Life annuities  5(a) Guaranteed (fully or partially)  5(b) Market-related  5(c) With discretionary participation features |

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| Class 6: Individual investment  6(a) Guaranteed (fully or partially)  6(b) Market-related  6(c) Linked  6(d) With discretionary participation features |

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| Class 7: Fund investment  7(a) Guaranteed (fully or partially)  7(b) Market-related  7(c) Linked  7(d) With discretionary participation features |

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| Class 8: Income drawdown  8(a) Guaranteed (fully or partially)  8(b) Market-related  8(c) Linked  8(d) With discretionary participation features |

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| Class 9: Reinsurance  9(a) Proportional with respect to a class or sub-class2  9(b) Non-proportional with respect to a class or sub-class3  3In respect of reinsurance, please complete in relation to the class or sub-class |

* + 1. Please specify the non-life class(es) and/or sub-class(es) of the insurance business, as defined in Schedule 2 of the Act, that the insurer intends to underwrite and/or any other proposed variations to the existing conditions of registration.

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| Class 1: Motor  1(a) Personal lines  1(b) Commercial lines  1(c) Individual disability – lump sum |

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| Class 2: Property  2(a) Personal lines  2(b) Commercial lines |

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| Class 3: Agriculture  3(a) Personal lines  3(b) Commercial lines |

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| Class 4: Engineering  4(a) Engineering |

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| Class 5: Marine  5(a) Personal lines  5(b) Commercial lines |

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| Class 6: Aviation  6(a) Personal lines  6(b) Commercial lines |

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| Class 7: Transport  7(a) Personal lines  7(b) Commercial lines |

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| Class 8: Rail  8(a) Rail |

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| Class 9: Legal expense  9(a) Personal lines  9(b) Commercial lines |

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| Class 10: Liability  10(a) Directors and officers  10(b) Employer liability  10(c) Product liability  10(d) Professional indemnity  10(e) Public liability  10(f) Aviation  10(g) Engineering  10(h) Marine  10(i) Motor  10(j) Rail  10(k) Transport  10(l) Personal  10(m) Other |

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| Class 11: Consumer credit  11(a) Personal lines  11(b) Commercial lines |

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| Class 12: Trade credit  12(a) Trade credit |

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| Class 13: Guarantee  13(a) Commercial lines |

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| Class 14: Accident and health  14(a) Individual – personal lines  14(b) Individual – commercial lines  14(c) Group |

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| Class 15: Travel  15(a) Individual – personal lines  15(b) Individual – commercial lines  15(c) Group |

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| Class 16: Miscellaneous  16(a) Personal lines  16(b) Commercial lines |

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| Class 17: Reinsurance  17(a) Proportional4  17(b) Non-proportional5  4In respect of reinsurance, please complete in relation to the class or sub-class. |

* + 1. Please specify any risks under the miscellaneous class and its subclasses.

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| Class 16:  16(a) Personal lines  16(b) Commercial lines |

* + 1. Please give a description of the miscellaneous risk/s mentioned in question 3.2.9.

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* + 1. Please describe how the insurer would effect an orderly resolution of its insurance business given the class(es) and/or sub-classes applied for.

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* + 1. Please provide reasons why the insurer holds the view that the existing and/or new key personnel have the necessary knowledge, skills and experience to be able to exercise oversight over the offering and servicing of the new products. Submit evidence to substantiate that.

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* + 1. Please indicate whether the insurer will be appointing a key person as a result of this proposed variation.

**No**

**Yes** 🡺 Complete question 3.2.12.

* + 1. Please provide the information below[[4]](#footnote-4) in sequence for the new appointments (if any) of directors and executive management (as defined in the Act), including other key persons.

1. Name
2. Position
3. Identity number
4. Qualification(s)

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1. **Business case**
   1. **Reasons and motivations for the application:**
      1. Please specify the insurance products that the applicant will be selling as well as the class/sub-class of business that the products belong to.

| **Class/sub-class of business** | **Product** | **Class/sub-class total percentage of gross premium to total gross premium** |
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* + 1. Please provide a description of the target market of the applicant as well as details why the products are regarded as suitable in relation to the target market of the applicant.

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*Attachments:*

* *Please submit a five-year business plan, including solvency projections[[5]](#footnote-5), in the prescribed format in respect of the new insurance business and any other business, where applicable, that will be conducted. Include a reserving report including key modelling assumptions and methodology used in the business plan.*
* *Please provide an out-of-cycle (ORSA) report in cases where the variation is expected to materially impact on the risk profile of the applicant.*
* *Please submit a copy of the market feasibility study[[6]](#footnote-6) which was done in respect of the new insurance business that will be conducted.*
* *Please attach a brief description of the characteristics of all the proposed products (including the benefits payable, the terms and conditions, any exclusions etc.). Please note that funeral products should be considered in light of Rule 2A under the Long Term Insurance Act (LTIA) Policyholder Protection Rules.*
  1. **Insurance operations:**
     1. Please explain the insurer’s readiness in terms of discharging its obligations under all the insurance policies entered into in respect of the class and/or sub-class after the variation.

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* + 1. Please specify any significant changes to the insurer’s operations necessary to discharge the insurer’s obligations under the new classes or sub-classes of business. This should include the distribution strategy, systems and data management, policy servicing, premium collection, advertising and marketing material, and claims and complaints management frameworks.

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* + 1. Please provide detail on the outsourcing arrangements that will be required as a result of the variation of the licensing conditions, if any.

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*Attachments (where applicable):*

* *Please attach a copy of the distribution strategy.*
* *Please provide the proposed claims and complaints management frameworks, as required, once licensed, by rules 17 and 18 of the Policyholder Protection Rules issued under the LTIA and/or the Short Term Insurance Act (STIA).*
* *Please provide details of the insurer’s outsourcing policy where the variation has triggered changes to the policy.*
* *Please attach evidence pertaining to the adequacy of systems and data management.*
  1. **Risk management:**
     1. Will the variation require the insurer to make changes to the insurer’s risk management framework?

**No**

**Yes** 🡺 Complete question 4.3.2.

* + 1. Please specify the main changes to the reinsurance programme, including the types of reinsurance as well as the names and jurisdictions of the reinsurers.

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| **Type of reinsurance** | **Name of reinsurer** | **Jurisdiction** | **Class of business** |
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*Attachments:*

* *Please attach the proposed reinsurance strategy, including how the applicant will identify reinsurance partners, the reinsurance layers to be used, as well as how the applicant will mitigate counterparty reinsurance risks, where applicable.*
  + - *Please provide details of the risk management systems and procedures to be used to monitor and control risks in relation to the operations of the insurer, including:*
  + *the means of identifying, controlling, managing, monitoring and reporting risks and compliance issues, including insurance and other activities;*
  + *the risk profile of the insurer, including the quantification of the risk(s) which the insurer is exposed to;*
  + *the sources of risk contagion (e.g. financial and operational interdependence, badging and product distribution arrangements, the sharing of premises and services); and*
  + *the policies on concentrations of risk (e.g. counterparty, geographic, industrial and business line).*
* *Please provide information on the insurer’s fit and proper policy to assess key persons.*

1. **Other information**
   1. Is there any additional information that is not requested elsewhere in this form that the applicant and/or professional advisor(s) are aware of that is relevant to the PA’s and/or the FSCA’s assessment of this application?

**No**

**Yes** 🡺 Complete question 5.2.

* 1. Please provide a summary of the additional information.

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1. **Attachment checklist**

* 1. **Compulsory attachments:**

Please complete the following table with details of the attachments provided.

| **Attachment number** | **Question number** | **Description** | **Number of pages** | **Attached**  **Y / N** |
| --- | --- | --- | --- | --- |
| A1 | 3.1.3 |  |  |  |
| A2 | 3.1.7 |  |  |  |
| A3 | 4.1 |  |  |  |
| A4 | 4.2 |  |  |  |
| A5 | 4.3 |  |  |  |
| A6 | 5 |  |  |  |

* 1. **Other attachments:**

Please complete the following table, indicating the details of all the additional attachments provided by the applicant. Please indicate the number of pages per each attachment. Create additional rows for each attachment included.

| **Attachment Number** | **Question Number** | **Description** | **Number of pages/sheets** | **Attached** |
| --- | --- | --- | --- | --- |
| e.g. B1 | 2.2 |  |  |  |
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1. **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.

1. In the rest of the form, ‘insurer’ is used interchangeably with ‘applicant’. The corresponding term should be indicated as having reference to any of the entities listed in as may be relevant to this application. [↑](#footnote-ref-1)
2. The business types applicable would include a branch of a foreign reinsurer. [↑](#footnote-ref-2)
3. Please submit an application in terms of Form IF024 for the transfer of assets and liabilities of an insurance business to another insurer. [↑](#footnote-ref-3)
4. Please provide the information as an attachment, and submit an application to the PA in terms of Form IF006 (‘Approval or Notification of the Appointment of Key Persons’). [↑](#footnote-ref-4)
5. Business plan projections should be submitted showing before and after numbers. Business plan projections should be signed off by the Head of the Actuarial Function (HAF). [↑](#footnote-ref-5)
6. The feasibility study should support the five-year business plan and should be relevant and up to date. [↑](#footnote-ref-6)