



SOUTH AFRICAN RESERVE BANK
Prudential Authority

APPLICATION FORM IF024

APPLICATION FOR APPROVAL TO TRANSFER ASSETS AND LIABILITIES

The purpose of this document

This application form needs to be completed when applying for approval to transfer all or any part of the assets and/or liabilities relating to the insurance business of one insurer to another, as required in terms of section 50 of the Insurance Act 18 of 2017 (Act) and:

- in respect of an insurer, section 4.2 of the Governance and Operational Standards for Insurers Transfers of Business (GOI 6);
- in respect of a microinsurer, section 10 of the Governance and Operational Standards for Microinsurers (GOM);
- in respect of Lloyd's, section 9.1 of the Governance and Operational Standards for Lloyd's (GOL); and
- in respect of a branch of a foreign reinsurer, section 9.1 of the Governance and Operational Standards for Branches (GOB).

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 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 2019](#), with the process for payment found [here](#)

1. Company information and reason(s) for approval

1.1 Does this application relate to a/an¹:

- Insurer
- Microinsurer
- Lloyd's
- Branch of a foreign reinsurer

¹ For the purposes of this form, references made to an 'insurer' includes a microinsurer, Lloyd's and the branch(es) of a foreign reinsurer.

1.2 Please provide the following details for this application:

Transfer date	2021/04/01
Transferor insurer number	10/10/1/202
Transferor insurer name	Alexander Forbes Life Limited
Transferee insurer number	10/10/1/079
Transferee insurer name	Sanlam Life Insurance Limited

1.3 Please provide the reason(s) for seeking this approval:

Alexander Forbes Holdings Limited (AF) has on various occasions communicated to the Prudential Authority the intended strategy for the AF Group. The AF Group intends to focus on its on its core retirements, savings and investments business. This transaction will give effect to this strategy. In addition, the disposal of the business will result in capital relief being provided to the AF Group, as the core business of the AF Group will relate to an advice model as opposed to a risk taking model.

2. Contact and basic information

2.1 Contact details of the person for correspondence related to this form:

This must be someone who works for the applicant, not a professional advisor.

Title	Ms
First name(s)	Karusha
Surname	Moodley
Position	Managing Director
Business address	115 West Street Sandown Johannesburg 2146
Contact number	0844278388
Email address	MoodleyKa@aforbes.com

2.2 Details of professional advisor(s):

2.2.1 Have you used a third-party professional advisor(s) to help with this form?

- No** → Continue to section 2.3.
- Yes** → Complete the remainder of this section.

2.2.2 Please 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.

Name of firm(s)	See attachment B1 for a letter from the professional advisers
Title	
First name(s)	
Surname	
Position	
Business address	
Contact number	
Email address	

2.3 Other information:

2.3.1 Is there any additional information that is not requested elsewhere in this form that is relevant for the PA to assess this form?

- No** → Continue to section 3.
- Yes** → Complete question 0.

2.3.2 Please provide a summary of, or list, the additional information, including the reason(s) for providing this additional information, and attach it to this form.

Please refer to the SENS announcement attached to this form (B2)

3. Specific information

3.1 Details of the transfer:

3.1.1 Which assets and/or liabilities will be transferred?

All group risk and individual life policies will be transferred to Sanlam together with the relevant reinsurance contracts and other supporting business contracts. All permanent employees will be transferred to Sanlam as well.

AF Life retains all receivables and payables relating to the period prior to the effective date while all forward projected liabilities and receivables in relation to the policies will be transferred to Sanlam. Employee related assets and liabilities will also be transferred. [

3.1.2 Please describe the nature of the items mentioned in 3.1.1 above.

PHI claims in payment reserve (gross reserves)

Reinsurance share of the PHI claims in payment reserve

Reserve assets in the form of cash to support the net reserve position

Laptops and related computer equipment for transferring employees

Leave pay provision in relation to transferring employees

The balances of these assets and liabilities can be found in the Annual Financial Statements. Final amounts will be determined once approval has been received from the Prudential Authority.

3.1.3 Section 17 of the Act and Chapter 11 of the Financial Sector Regulation Act 9 of 2017 (FSR Act) require approval from the PA to effect a change to the significant ownership of an insurer. Will the proposed transfer lead to a change in the significant ownership of the transferor and/or transferee insurer(s)?

- No change in significant ownership**
- Change in significant ownership of the transferor insurer**
- Change in significant ownership of the transferee insurer**

3.2 Details regarding affected policyholders:

3.2.1 Which of the following applies to the transferring policyholders of the *transferor* insurer?

- The transferring policyholders have been made aware**
- The transferring policyholders will be made aware**
- The transferring policyholders have signified consent**
- The transferring policyholders will be asked to signify consent**

3.2.2 Which of the following applies to the remaining policyholders of the *transferor* insurer that are materially affected by the transaction?

- The remaining policyholders have been made aware**
- The remaining policyholders will be made aware**
- The remaining policyholders have signified consent**
- The remaining policyholders will be asked to signify consent**
- None of the transferor insurer's remaining policyholders will be materially affected**

3.2.3 Which of the following applies to the policyholders of the *transferee* insurer that are materially affected by the transaction?

- The policyholders have been made aware**
- The policyholders will be made aware**
- The policyholders have signified consent**
- The policyholders will be asked to signify consent**

None of the transferee insurer's policyholders will be materially affected

3.2.4 Will the terms of the new policies be the same as, or differ from, the terms of the original policies? Please explain.

The transfer of the policies to Sanlam will not result in any changes to the current terms and conditions of the policies underwritten by AF Life.

3.2.5 Please attach full details of how the insurer proposes to communicate the action to policyholders (a communication plan), including timelines, communication notices, and details of the documents that will be made available for inspection.

3.2.6 Please attach proof of the written consent of the policyholders (where available).

4. Results

4.1 Details regarding the assets and liabilities transferring:

4.1.1 The transferor and transferee insurers must express the business to be transferred as a percentage of their total assets and liabilities. Please specify these details in the table below.

	% of transferor insurer	% of transferee insurer
Assets	42.3%	0.15%
Liabilities	53.5%	0.18%
Date as at which assets and liabilities were taken	31 March 2021	31 December 2020

4.2 Results:

Please provide the following as attachments accompanying this form:

- 4.2.1 the quantitative reporting templates (QRTs) for both the transferor and the transferee insurers reflecting their respective financial positions before the proposed transfer and the pro forma financial positions after the proposed transfer;²
- 4.2.2 copies of the financial statements for both the transferor and the transferee insurers at the effective date;³
- 4.2.3 a copy of the written agreement or other documentation, as the case may be, between the transferor and transferee insurers;
- 4.2.4 copies of the resolutions authorising the proposed transfer by the boards of directors (boards) of both the transferor and the transferee insurers;
- 4.2.5 an out-of-cycle own risk and solvency assessment (ORSA) report where the transfer could result in a material change in the risk profile of the acquirer;
- 4.2.6 a timetable setting out the timelines for the implementation of the necessary actions and/or procedures, including any necessary communications to the policyholders of both the transferor and the transferee insurers (the timetable must include the effective date and/or implementation date of the transfer, and the PA will indicate whether the timetable is acceptable); and
- 4.2.7 the report from the Head of the Actuarial Function, for both the transferor and the transferee insurers, giving an actuarial view of the impact of the proposed transfer on the financial soundness of the transferor and transferee insurers.

5. Attachment checklist

5.1 Compulsory attachments:

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

Attachment number	Question number	Description	Number of pages	Attached
A1	4.2.1	Group or solo QRTs	Full ART for AF Life included. Sanlam has sent their ART to their supervisory team	<input type="checkbox"/>
A2	Error! Reference source not found.	Financial statements	270	<input checked="" type="checkbox"/>

² The quantitative reporting templates submitted must be signed off by the Head of the Actuarial Function.

³ The effective date will be established according to deliberations between the PA and the applicant.

Attachment number	Question number	Description	Number of pages	Attached
A3	4.2.3	Written agreement	188	<input checked="" type="checkbox"/>
A4	4.2.4	Board resolutions	4	<input checked="" type="checkbox"/>
A5	Error! Reference source not found.	Out-of-cycle ORSA report (if applicable)	n/a	<input type="checkbox"/>
A6	4.2.5	Timetable	31	<input checked="" type="checkbox"/>
A7	4.2.6	Head of Actuarial Function's report	2	<input checked="" type="checkbox"/>
A8	6	Consent and declarations	3	<input checked="" type="checkbox"/>
A9	Refer to Prudential Standard IAF 2019	Proof of payment	1	<input checked="" type="checkbox"/>

5.2 Other attachments:

Please complete the following table with details of the attachments provided, also indicating the number of pages per each attachment. For example, attachments might be required if there was insufficient space to include the information in the form itself or if your responses in this form referred to external documents. Create additional rows for each attachment included.

Attachment Number	Question Number	Description	Number of pages/sheets	Attached
B1	Error! Reference source not found.	Professional advisors	2	<input checked="" type="checkbox"/>
B2	2.3.2	SENS Announcement	2	<input checked="" type="checkbox"/>

6. Consent and declarations

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