

Insurance Act No. 18 of 2017

Notice of the variation of licensing conditions in terms of section 26 of the Insurance Act, 2017 (Act No. 18 of 2017): Guardrisk Insurance Company Limited

I, Fundi Tshazibana, with the concurrence of the Financial Sector Conduct Authority, and acting in terms of section 126(1)(a) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) read with section 26(1)(a) and 26(4) of the Insurance Act, 2017 (Act No. 18 of 2017) (the Insurance Act), hereby give notice of the variation of licensing conditions of Guardrisk Insurance Company Limited (Guardrisk Insurance).

In terms of this notice, the classes and sub-classes of the non-life insurance business that Guardrisk Insurance is currently licensed to conduct are hereby varied to include:

CLASS OF BUSINESS	SUB-CLASS	DESCRIPTION
Miscellaneous	Personal lines (Pet Insurance)	Inside South Africa only

Extent of the variation and conditions

- (i) The varied licensing conditions came into effect on 10 March 2022.
- (ii) Guardrisk Insurance is only permitted to conduct non-life insurance business in the approved classes and sub-classes specified in Annexure A, and subject to the conditions as set out in Annexure B, attached hereto.

Fundi Tshazibana
Chief Executive Officer

Date:

Annexure A

Approved classes and sub-classes of non-life insurance business

CLASS OF BUSINESS	SUB-CLASS	DESCRIPTION
Motor	Personal lines Commercial lines	Inside South Africa only
Property	Personal lines Commercial lines	Inside South Africa only
Agriculture	Personal lines Commercial lines	Inside South Africa only
Engineering	Engineering	Inside South Africa only
Marine	Personal lines Commercial lines	Inside South Africa only
Aviation	Personal lines Commercial lines	Inside South Africa only
Transport	Personal lines Commercial lines	Inside South Africa only
Rail	Rail	Inside South Africa only
Legal Expense	Personal lines Commercial lines	Inside South Africa only
Liability	Directors and Officers Employer Liability Product Liability Professional indemnity Public Liability Engineering Marine Motor Transport Personal Other	Inside South Africa only
Consumer Credit	Personal lines Commercial lines	Inside South Africa only
Trade Credit	Trade Credit	Inside South Africa only
Guarantee	Guarantee	Inside South Africa only
Accident & Health	Individual - Personal lines Individual - Commercial lines Group	Inside South Africa only
Travel	Individual - Personal Lines Individual Commercial Lines Group	Inside South Africa only

CLASS OF BUSINESS	SUB-CLASS	DESCRIPTION
Miscellaneous	Personal lines <u>Approved Risks</u> <ul style="list-style-type: none"> ▪ Motor warranty – all types ▪ Services and maintenance plan ▪ Pet Insurance Commercial lines <u>Approved Risks</u> <ul style="list-style-type: none"> ▪ Pure economic loss ▪ Services and maintenance plan ▪ Kidnap and ransom ▪ Pure financial loss ▪ Strikes non damage 	Inside South Africa only
Reinsurance	Proportional <ul style="list-style-type: none"> ▪ Motor ▪ Property ▪ Engineering ▪ Marine ▪ Transport ▪ Liability ▪ Consumer Credit ▪ Guarantee Non-Proportional <ul style="list-style-type: none"> ▪ Motor ▪ Property ▪ Engineering ▪ Marine ▪ Transport ▪ Liability ▪ Consumer Credit ▪ Guarantee 	Inside South Africa only

Licence conditions as per section 25(8) of the Insurance Act

1. Guardrisk Insurance Company Limited may only conduct non-life insurance business through cell structures.
2. No shares may be issued, whether directly or indirectly, to any independent intermediary or its associates, except for shares issued directly or indirectly to underwriting managers who are not associates of a non-mandated intermediary, respectively (as defined in the Regulations under the Short-term Insurance Act, 1998), through a cell structure, except for the purpose of providing cover for such independent intermediary or associate's own risk (corporate self-insurance) in that cell structure.
3. Benefits to policyholders shall not be limited to the funds available in the third party cell or the financial performance or position of the third party cell owner. Provisions that limit policyholder liabilities arising from the insurance business conducted through third party cell structures to the capital or profits available in respect of a specific third party cell structure (claims limitation) is prohibited.
4. Benefits to policyholders shall not be withheld due to non-performance by Reinsurers in terms of reinsurance arrangements. Unless if there is prior consent from policyholders in respect of commercial policy.
5. The shareholder agreement entered into with each cell owner must explicitly reflect the following:
 - a) risk sharing arrangements between the insurer and the cell owner;
 - b) circumstances by which recapitalisation by the cell owner will be required;
 - c) extent to which the insurer may provide financial support to the cell owner and the conditions that apply; and
 - d) extent to which a cell owner is made liable for losses in severely distressed conditions.
6. In the event of termination of the shareholder agreement with a third party cell owner, the insurer shall retain the policies under the same terms, conditions and price.