

Insurance Act No. 18 of 2017

Notice of variation of licensing conditions in terms of section 26 of the Insurance Act, 2017 (Act No. 18 of 2017): Guardrisk Microinsurance 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) (FSRA) read with section 26(1)(c) 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 Microinsurance Limited (Guardrisk Microinsurance).

In terms of this notice, the Prudential Authority (PA) hereby, in terms of Section 26(1)(c) of the Insurance Act amends the current licence condition of Guardrisk Microinsurance from:

“No shares may be issued, whether directly or indirectly, to any independent intermediary or its associates, 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.”

To read as follows:

*“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.”*

Extent of the variation and conditions

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

Fundi Tshazibana
Chief Executive Officer

Date:

Annexure A

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

Class of business	Sub-class	Description
Motor	▪ Personal lines	In South Africa only
Property	▪ Personal lines	In South Africa only
Agriculture	▪ Personal Lines	In South Africa only
Legal Expense	▪ Personal Lines	In South Africa only
Consumer Credit	▪ Personal Lines	In South Africa only
Accident and Health	▪ Individual Personal Lines	In South Africa only
Reinsurance	<ul style="list-style-type: none">▪ Proportional in respect of a class or sub- class referred to above▪ Non-proportional in respect of a class or sub-class referred to above	In South Africa only

Annexure B

Approved classes and sub-classes of life microinsurance business

Class of business	Sub-class	Description
Risk	<ul style="list-style-type: none">▪ Individual Death▪ Individual Health▪ Individual Disability – Lump sum▪ Individual Disability – Recurring payment▪ Group Death▪ Group Health▪ Group Disability – Lump sum▪ Group Disability – Recurring payment	In South Africa only
Credit Life		In South Africa only
Funeral	<ul style="list-style-type: none">▪ Individual▪ Group	In South Africa only
Reinsurance	<ul style="list-style-type: none">▪ Proportional in respect of a class or sub- class referred to above▪ Non-proportional in respect of a class or sub-class referred to above	In South Africa only

Annexure C

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

1. 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.
2. 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.
3. Benefits to policyholders shall not be withheld due to non-performance by Reinsurers in terms of reinsurance arrangements.
4. 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.
5. 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.