



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): Hollard Specialist Insurance 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 Hollard Specialist Insurance Limited (HSIL).

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 HSIL 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 6 December 2021.
- (ii) HSIL 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:

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

CLASS OF BUSINESS	SUB-CLASS
Motor	Personal lines Commercial lines
Property	Personal lines
Transport	Commercial lines
Consumer Credit	Personal lines
Trade Credit	Trade Credit
Guarantee	Guarantee
Accident & Health	Individual - Personal lines
Travel	Individual - Personal lines
Miscellaneous	Personal lines – Warranty

Annexure B

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

1. The classes and sub-classes specified in Annexure A may only be written for business in South Africa.
2. Hollard Specialist Insurance (the insurer) may only conduct insurance business through cell structures (which includes the promoter cell), subject to the following conditions:
 - 2.1. 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.
 - 2.2. Benefits to policyholders shall not be limited to the funds available in the cell or the financial performance or position of the cell owner. Provisions that limit policyholder liabilities arising from the insurance business conducted through cell structures to the capital or profits available in respect of a specific cell structure (claims limitation) are prohibited.
 - 2.3. 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.
 - 2.4. 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.
 - 2.5. In the event of termination of the shareholder agreement with a cell owner which conducts third party business, the insurer shall retain the policies under the same terms, conditions and price.