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SOUTH AFRICAN RESERVE BANK
Prudential Authority

Insurance Act No. 18 of 2017

Licensing of a cell captive insurer in terms of Section 23(1) of the Insurance Act, 2017 (Act No. 18 of 2017)

I, Fundi Tshazibana, in concurrence with the Financial Sector Conduct Authority, acting under section 126(1)(a) of the Financial Sector Regulation Act No.9 of 2017 read with section 23(4)(a) of the Insurance Act No.18 of 2017, hereby give notice of the licensing of ABSA Risk Transfer Insurance Company Limited as a cell captive insurer licensed to conduct non-life insurance business, in the classes and sub-classes of insurance business specified in Annexure A and subject to the conditions as set out in Annexure B, with effect from 18 January 2024.

Fundi Tshazibana
Chief Executive Officer

Date:

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

Inside South Africa		
Class	Sub-Class	Description
Motor	Personal lines	Covers damage or loss resulting from the possession, use, or ownership of motor vehicles and other vehicles operating on land, excluding railway rolling stock and warranty business.
	Commercial lines	
Property	Personal Lines	Covers damage to or loss resulting from the possession, use or ownership of property.
	Commercial lines	
Agriculture	Commercial lines	Covers damage or loss to crop, forestry, agricultural equipment, other agricultural activities, and livestock.
Consumer Credit	Personal lines	Lump sum payable to satisfy all or part of a financial liability to a credit provider in the event of loss resulting from the possession, use, ownership or benefits of the goods or services supplied in terms of the credit agreement.
	Commercial lines	
Trade Credit	Trade Credit	Covers loss resulting from the provision of export credit or agricultural credit or any other trade credit as a result of insolvency or any other event.
Transport	Personal lines	Covers damage or loss resulting from the conveyance, storage, treatment, and handling of goods in transit, irrespective of the form of transport.
	Commercial lines	
Liability	Employer liability, Product liability, Professional indemnity, Public liability, Motor, Transport, Personal, Other	Covers liability to another person including liability provided for under the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993).
Legal	Personal lines	Covers any legal expenses and costs of litigation.
	Commercial lines	
Accident and health	Individual-Personal lines	Covers costs or loss of income resulting from— a disability or death event caused by an accident; or a health event, other than costs or services regulated under the Medical Schemes Act, 1998, but includes any kind, type or category of contract identified by the Minister in regulations as an insurance policy that may be entered into under this class.
	Individual-Commercial lines	
		Covers damage to or loss resulting from a

Miscellaneous	Personal lines	risk not addressed under any other class or sub-class referred to in this Table, which risk is approved by Prudential Authority.
	Commercial lines	
Reinsurance	Proportional	Proportional in respect of a class or sub-class referred to above.
	Non-proportional	Non-proportional in respect of a class or sub-class referred to above.

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. All business will be written through a First-party or Third-party cell structure in the following order:

Class and Sub-Class	Type of cell
Motor-Personal Lines	Third-Party
Motor- Commercial Line	First-Party
Property-Personnel Line	Third-Party
Property- Commercial Line	First-Party
Agriculture- Commercial Line	First-Party
Trade credit -Commercial Line	First Party
Consumer Credit-Personal Line	Third-Party
Liability-Commercial Line	First-Party
Liability- Personal Line	Third-Party
Legal-Personal Line	Third-Party
Legal-Commercial Line	Third-Party
Miscellaneous-Commercial Line	First-Party
Miscellaneous-Personal Line	Third-Party
Transport-Personal Line	Third-Party
Transport -Commercial Line	First-Party
Lability-Personal Line	Third-Party
Accident and health -Personal Line	Third-Party

3. ARTIC may only conduct insurance business as a cell captive insurer through the cell structures (which includes the promoter cell).
4. No shares may be issued, whether directly or indirectly, to any independent intermediary or its associates, respectively, through a cell structure, except to provide cover for such independent intermediary or associate's own risk (corporate self-insurance) in that cell structure.
5. 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.

6. 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.
7. The shareholder agreement entered with each cell owner must explicitly reflect the following:
 - i. risk-sharing arrangements between the insurer and the cell owner;
 - ii. circumstances by which recapitalisation by the cell owner will be required;
 - iii. the extent to which the insurer may provide financial support to the cell owner and the conditions that apply; and
 - iv. the extent to which a cell owner is made liable for losses in severely distressed conditions.
 - v. 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.
8. The business operated under miscellaneous business is limited to personal lines (Extended warranties and Pet Insurance) and commercial line (Cyber Insurance). ARTIC will need to obtain approval from the PA in terms of section 26 of the Act if it intends to amend, delete, replace, or vary any business line listed under the said miscellaneous business lines.