



## APPLICATION FORM IF024 APPLICATION FOR APPROVAL TO TRANSFER ASSETS AND LIABILITIES

### 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 liabilities relating to the insurance business of one insurer to another, as required in terms of section 50 of the Insurance Act, 2017 (the 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, read the Fact Sheet Application and Notification Forms (Fact Sheet) that is available on the website of the SARB. The Fact Sheet includes important information including the consent and declarations required.

## 1. Company information and reason for approval

### 1.1 Does this application relate to:

- Insurer
- Microinsurer
- Lloyds
- Branch of a foreign reinsurer

### 1.2 Provide the following details for this application

Transfer date

2021/12/31

<b>Transferor Insurer number</b>	1943/016409/06
<b>Transferor Insurer name</b>	Centriq Life Insurance Company Limited ("Centriq")
<b>Transferee Insurer number</b>	1997/008994/06
<b>Transferee Insurer name</b>	Old Mutual Alternative Risk Transfer Limited ("OMART")

### 1.3 Provide the reason(s) for seeking this approval

Centriq Life Insurance Company Limited ("Centriq"), the **Transferor** is a wholly owned subsidiary of Santam Ltd.

Old Mutual Alternative Risk Transfer Limited ("OMART"), the **Transferee**, is a wholly owned subsidiary of the Old Mutual Limited group.

Both Centriq and OMART are cell captive life insurers licenced in terms of the Insurance Act (18 of 2017). Cell captive life insurers provide a mechanism whereby commercial entities, who want to issue/sell and administer life insurance policies to and for the benefit of the public, may do so under the cell captive's life insurance licence by entering into a notionally ring-fenced cell captive arrangement with them which obviates the need for the commercial entity to obtain its own requisite life insurance licence.

In this regard, Selonako Proprietary Limited ("Selonako") is the commercial entity which has a ring-fenced cell captive arrangement with, created on the books of and underwritten under the Centriq life insurance licence.

Having reviewed their long-term strategy and due regard being had to the fact that the transfer of the book of policies will not negatively affect the relevant policyholders, Selonako has through a board resolution (attached) opted to terminate its cell captive arrangement with Centriq and instead, conclude a cell captive arrangement with OMART.

Centriq has also, in terms of a board resolution, agreed to close the book of business within the Selonako Cell and transfer the policies to a cell captive which Selonako will own and hold within OMART.

It bares emphasis that the book of policies do not constitute the entire life insurance book of business of Centriq as the policies which are **not** underwritten through the Selonako Cell will not be affected.

## 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 insurance company and not a professional advisor.

<b>Title</b>	Ms
<b>First names</b>	Marika
<b>Surname</b>	Mattheus
<b>Position</b>	Compliance Officer
<b>Business address</b>	The Oval, Second Floor, West Wing, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196
<b>Contact number</b>	0110182730 082 378 5406
<b>Email address</b>	mmattheus@centriq.co.za

### 2.2 Details of professional advisors

2.2.1 Have you used third-party professional advisors to help with this form?

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

2.2.2 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, e.g.:

<b>Name of firm</b>	N/A
<b>Title</b>	
<b>First names</b>	
<b>Surname</b>	
<b>Position</b>	

**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 Prudential Authority to assess this form?

- No** → Continue to section 3
- Yes** → Complete question 2.3.2

2.3.2 Provide a summary or list of the additional information, including the reasons for providing this additional information and attach to this form.

- a) The notionally ring-fenced cell captive arrangement between Centriq and Selonako is already closed to new business. As regards to any new business to be concluded, Selonako and OMART have entered into an agreement to set up a cell captive structure to facilitate the new arrangement and as resolved to by each other's respective boards. The cell captive structure was subsequently created in December 2018.

The following agreements are attached in support hereof:

- i. Annexure B1: Agreement to set-up a cell captive structure entered into between OMART and Selonako
  - ii. Annexure B2: Shareholder Participation Agreement between OMART and Selonako (Pty) Ltd
- b) The cell captive arrangement with OMART is owned by Selonako (Pty) Ltd, while the binder holder and representative, to administer the transferring book of policies, is currently and, will continue to be, All Life (Pty) Ltd ("All Life"). Both Selonako and All Life are in the same group of Companies. This means little to no interruption or transitional activity as regards to the transfer and administration of the transferring policies which again, emphasises the relatively simple, low risk nature of this transaction.

In pursuance of these arrangements, OMART has concluded a binder agreement with All Life to outsource the binder functions, in respect of the book of policies, to All Life. Furthermore, OMART has engaged All Life to market and sell these policies. The parties to the transaction are therefore able to continue to leverage existing relationships for the benefit of each other as well as policyholders.

- c) Competition Commission Approval

The intended acquisition by OMART of the rights and obligations to a portion of the life insurance business underwritten by Centriq (the Transaction) has, in terms of section 12 of the Competition Act No. 89 of 1998, triggered the requisite notice of the Transaction to the Competition Authority.

This was done in 2019 and the Competition Authority's approval in this regard (attached), had been obtained. Refer to Annexure B3.

d) Due Diligence Investigation

An onboarding due diligence was performed on the Cell Owner (Selonako) and the binder holder and representative, All Life. OMART also performs annual quality assurance reviews as part of its ongoing monitoring of existing binder holders and no material concerns have been identified in relation to the cell structure or binder holder arrangements to date.

e) Head of Actuarial Control Function Reports

Reports have been obtained from both Centriq and OMART Heads of Actuarial Function, where they have reported on the soundness of the proposed transfer. These reports include any impacts on the interests of policyholders (which there were none) as well as the financial soundness of respect Transferor entity as well as the Transferee entity. The reports are attached and marked as Annexure A7.

The parties to the transfer are confident that these actuarial reports will sufficiently meet the requirements of the Prudential Authority and that an independent actuarial review will not be required;

**In conclusion:**

The Book of Business is relatively small and simple, and the product terms and conditions will remain the same once transferred.

Based on the above and in amplification of the reasons for providing the additional information and reasons why the Parties think this transaction should be approved:

- The contemplated transfer to OMART will not result in any material change for policyholders as the policy terms and conditions will remain exactly as they were; and
- The transfer will be done as a bulk transfer in terms of Section 50(1) of the Insurance Act of 2017 and therefore does not require the consent of policyholders.

### 3. Specific Information

#### 3.1 Details of the transfer

##### 3.1.1 Which assets and/or liabilities will be transferred?

The book of policies intended to be transferred comprise of all rights and liabilities held in respect of the insurance policies underwritten by Centriq as part of the Advantage Life,

Optimum Life and Prestige Life range of products. The range of products includes life and disability cover issued through the Selonako cell under the Centriq life insurance licence.

The categories of policies to be transferred include:

- Risk Individual Life Cover (to normal, HIV and Diabetic lives)

3.1.2 Describe the nature of the items mentioned in 3.1.1 above.

The 3 categories of Centrig All Life policies to be transferred to OMART, as at the latest financial year-end 31 December 2021, are defined below:

Policy Categories	Count	Annual Premium (R'000)	Gross Sum Assured (R'000)
Individual Life: Normal Lives	736	R3,648	R811,344
Individual Life: HIV Lives	11 891	R75,744	R2,614,619
Individual Life: Diabetic Lives	2 395	R17,124	R1,234,650
<b>TOTAL</b>	<b>15 022</b>	<b>R96,516</b>	<b>R4,663,613</b>

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

- No change in significant owners**
- Change in significant owners of the transferor**
- Change in significant owners of the transferee**

**3.2 Details regarding affected policyholders**

3.2.1 Which of the following apply to the transferring policyholders of the transferor:

- 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**

3.2.2 Which of the following apply to the remaining policyholders of the *transferor* 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 transferor's remaining policyholders will be materially affected

3.2.3 Which of the following apply to the policyholders of the *transferee* 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's policyholders will be materially affected

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

The terms of the new policies will materially remain the same and not be different from the terms of the original policies. The transfer of the book of policies will therefore not be prejudicial to any of the relevant policyholders.

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

Attached as Annexure B4.

3.2.6 Attach proof of written consent of the policyholders where available.

Not applicable.  
The contemplated transfer of policies will be done as a bulk transfer in terms of section 50 (1) of the Insurance Act of 2017, without policyholder consent.

## 4. Results

### 4.1 Details regarding the assets and liabilities transferring

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



	<b>% of Transferor</b>	<b>% of Transferee</b>
<b>Assets</b>	<1%	<1%
<b>Liabilities</b>	<1%	<1%
<b>Date as at which assets and liabilities were taken</b>	31/12/2021	31/12/2021

**4.2 Results**

Provide the following as attachments accompanying this form:

- 4.2.1 Audited annual quantitative reporting templates for both the transferee and transferor reflecting the financial positions before the proposed transfer.
- 4.2.2 Audited annual quantitative reporting templates for both the transferee and transferor reflecting the pro forma financial positions after the proposed transfer.
- 4.2.3 Proof of the written agreement between the transferor and transferee.
- 4.2.4 Copies of the resolutions by the board of directors of both the transferor and transferee.
- 4.2.5 A copy of the audited financial statements for both the transferor and transferee reflecting the pre-transfer financial position at the transfer date.
- 4.2.6 An out-of-cycle ORSA report for both the transferor and transferee.
- 4.2.7 A copy of a realistic timetable, setting out when the necessary actions or procedures must be instituted or take place, including any necessary communications to policyholders of both the transferor and the transferee. The table must include the effective date and/or implementation date of the transfer. The Prudential Authority will indicate whether the timetable is acceptable.
- 4.2.8 A copy of the head of actuarial function’s report, for both the transferee and transferor, regarding the soundness of the proposed action.

## 5. Attachment Checklist

### 5.1 Compulsory attachments

Complete the following table with details of the attachments provided.

Attachment Number	Question Number	Description	Number of pages/sheets	Attached
A1	4.2.1	<u>Solo QRTs as at 31 December 2021:</u> <b>Before Proposed Transfer</b> *OMART (incl. audit report) Centriq		<input checked="" type="checkbox"/>
	4.2.2	<b>After Proposed Transfer</b> *OMART Centriq		
A2	4.2.3	Written agreement	21	<input checked="" type="checkbox"/>
A3	4.2.4	<u>Board resolutions</u> *OMART	1	<input checked="" type="checkbox"/>
		Centriq	4	
		Selonako and Ivy Capital	2	
		All Life	1	
A4	4.2.5	<u>Annual financial statements</u> *OMART as at 31 December 2021	44	<input checked="" type="checkbox"/>
		Centriq as at 31 December 2021	73	
A5	4.2.6	<u>ORSAs</u> *OMART	58	<input type="checkbox"/>
		Centriq (See attached letter)	1	
A6	4.2.7	Timetable	2	<input checked="" type="checkbox"/>
A7	4.2.8	<u>Head of actuarial function's report</u> *OMART	9	<input type="checkbox"/>
		Centriq	14	

Attachment Number	Question Number	Description	Number of pages/sheets	Attached
A8	6	<u>Consent and Declarations</u>		
		OMART	3	<input checked="" type="checkbox"/>
		Centriq	3	

## 5.2 Other Attachments

Complete the following table with details of the attachments provided, also indicating the number of pages of each attachment. For example, attachments might be required if there was not sufficient space to include the information in the form itself or if your responses in this form refer to external documents. Add additional rows for each attachment included:

Attachment Number	Question Number	Description	Number of pages/sheets	Attached
B1	2.2.2	*Agreement to Set Up a Cell	16	<input checked="" type="checkbox"/>
B2	2.3.2	*Shareholder participation agreement	39	<input checked="" type="checkbox"/>
B3	2.3.2	Competition Commission Approval	3	<input checked="" type="checkbox"/>
B4	3.2.5	Communication Plan	23	<input checked="" type="checkbox"/>

\*OMART Documents will be submitted to the Prudential Authority directly by OMART.

## 6. **Consent and Declarations**

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