



SOUTH AFRICAN RESERVE BANK
Prudential Authority

APPLICATION FORM IF024

APPLICATION FOR APPROVAL TO TRANSFER ASSETS AND LIABILITIES

The 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/or liabilities relating to the insurance business of one insurer to another, as required in terms of section 50 of the Insurance Act 18 of 2017 (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, please read the Fact Sheet Application and Notification Forms (Fact Sheet) that is available on the website of the SARB. The Fact Sheet contains important information on consent and declarations required.

1. Company information and reason(s) for approval

1.1 Does this application relate to a/an¹:

- ☒ **Insurer**
- ☐ **Microinsurer**
- ☐ **Lloyd's**
- ☐ **Branch of a foreign reinsurer**

¹ For the purposes of this form, references made to an 'insurer' includes a microinsurer, Lloyd's and the branch(es) of a foreign reinsurer.

1.2 Please provide the following details for this application:

Transfer date	2024/12/31
Transferor insurer number	I222
Transferor insurer name	Old Mutual Alternative Risk Transfer Limited
Transferee insurer number	IN0078
Transferee insurer name	Hollard Life Assurance Company Limited

1.3 Please provide the reason(s) for seeking this approval:

Old Mutual Alternative Risk Transfer Limited ("OMART Life") is a licensed life insurer within the Old Mutual Group. Simply Financial Services Proprietary Limited ("Simply") is a cell owner with OMART, with all administration and operations of the cell outsourced to Simply. In September 2023, the Hollard Group took a minority equity stake in Simply. As part of a strategic review, Simply's Board of Directors took the decision to engage Hollard Life Assurance Company Limited ("Hollard") to underwrite all Simply policies. Subsequently, the "Simply cell" within OMART Life was closed to new business and all new Simply business has been written on Hollard's licence from 18 November 2024 onwards. Having reviewed its long-term strategy and with due regard to the policyholders of the Transferring Policies, Simply resolved to transfer the existing life insurance book within the "Simply cell" of OMART to Hollard. A copy of the board resolution of Simply is attached as Annexe B to the Transfer Agreement.

OMART Life and Hollard, collectively the "Parties", entered into a transfer agreement ("Transfer Agreement") in terms of which OMART Life agrees to transfer all life insurance policies within the Simply cell, currently underwritten by OMART Life, ("Transferring Policies") in its cell captive insurance business to Hollard (the "Proposed Transfer") on the terms and conditions set out in the Transfer Agreement, annexed hereto as Annexe A3.

Simply administers the Transferring Policies, as at the date of this application, and has agreed with Hollard to continue to administer the Transferring Policies following approval of the Proposed Transfer.

The Proposed Transfer will be effected pursuant to the provisions of section 50 of the Insurance Act, 18 of 2017 (the "Insurance Act") and Prudential Standard GOI 6 ("Transfers of Business and Other Significant Transactions by Insurers").

Hollard agreed to accept the Proposed Transfer and OMART Life has agreed to transfer the Transferring Policies with effect from the Closing Date (as defined in the Transfer Agreement). The board resolutions of OMART Life and Hollard are respectively attached to the Transfer Agreement as Annexes C and D.

The approval by the Prudential Authority in terms of section 50 of the Insurance Act is listed as a suspensive condition in clause 9 of the Transfer Agreement.

The Proposed Transfer will be implemented with effect from the Closing Date, which is a date following approval of the Proposed Transaction by the Prudential Authority (i.e. when the suspensive conditions are fulfilled). This date should be differentiated from the Regulatory Effective Date which is 31 December 2024, a date in the past for which both Parties have audited financial statements and which will be used for purposes of reporting to the Prudential Authority the effect of the Proposed Transfer for statutory purposes.

The Heads of the Actuarial Function ("HAF") of each of the Parties have confirmed that the Proposed Transfer is not material in respect of the acquisition by Hollard and the disposal by OMART Life (respectively). As such, no approval in terms of section 51 of the Insurance Act read with section 10 of Prudential Standard GOI 7 ("Miscellaneous Regulatory Requirements for Insurers") is required.

In order to communicate the Proposed Transfer to the policyholders of the Transferring Policies, the Parties will prepare, settle and, post review and approval from the Prudential Authority, implement the proposed communication plan annexed hereto as Annexe B1, the "Proposed Communication Plan".

The Heads of the Internal Audit Function of each Party will review and report on the implementation of the Proposed Communication Plan. The Parties do not believe that it is necessary to appoint an external auditor and/or expert under section 50(5) of the Insurance Act as may be required by the Prudential Authority from time to time, to review and report on the implementation of the Proposed Communication Plan. The Parties' respective internal audit teams possess the necessary skills, expertise and independence to audit the implementation of the Proposed Communication Plan.

The Parties' respective Heads of the Internal Audit Function will be in the best position to review and report to the Prudential Authority on the completion of the process or any other aspect of the process the Prudential Authority requires a report on.

The Prudential Authority will be furnished with reports from the respective Heads of the Internal Audit Function of Hollard and OMART Life upon completion of the Proposed Communication Plan.

In addition, the Parties and their respective HAFs do not believe it is necessary to appoint an independent actuary to assess the soundness of the Proposed Transfer. Each HAF has issued a report to this effect, copies of which are attached separately by OMART Life and Hollard for confidentiality reasons.

Given that the Proposed Transaction will not have a material impact on the risk assessment of either Party, the Parties will not complete an out-of-cycle ORSA.

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 applicant, not a professional advisor.

Title	Mrs
First name(s)	Surina
Surname	Meintjes
Position	Group Chief Compliance Officer
Business address	1 Mutual Park, 107 Rivonia Drive, Sandton
Contact number	021 753 3705
Email address	OMRegAffairs@oldmutual.com

2.2 Details of professional advisor(s):

2.2.1 Have you used a third-party professional advisor(s) to help with this form?

☒ **No** → Continue to section 2.3.

☐ **Yes** → Complete the remainder of this section.

2.2.2 Please 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.

Name of firm(s)	
Title	
First name(s)	
Surname	
Position	
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 PA to assess this form?

X **No** → Continue to section 3.

☐ **Yes** → Complete question 0.

2.3.2 Please provide a summary of, or list, the additional information, including the reason(s) for providing this additional information, and attach it to this form.

The Prudential Authority is requested to consider the points below:

1. The Regulatory Effective Date of the Proposed Transfer (as detailed in the Transfer Agreement) is 31 December 2024;
2. The Parties will submit audited financial statements to the Prudential Authority as at the Regulatory Effective Date;
3. The respective Heads of the Internal Audit Function of each Party will review and report on the implementation of the Proposed Communication Plan; and
4. The Parties do not believe that it is necessary to appoint an external auditor to review and report on the implementation of the Proposed Communication Plan for the following reasons:
 - a) The Parties' respective internal audit teams possess the necessary skills, expertise and independence to audit the implementation of the Proposed Communication Plan;
 - b) The Prudential Authority will be furnished with a report from each of the Party's Head of the Internal Audit Function upon completion of the Proposed Communication Plan for the Prudential Authority's review and consideration; and
 - c) The Parties' respective Heads of Internal Audit Function will further be in the best position to review and report to the Prudential Authority on the completion of the communication process or any other aspect of the communication process the Prudential Authority requires a report on.

Accordingly, it is hereby requested that the Prudential Authority waives the requirement to appoint external auditors for purposes of the Proposed Transaction.

Furthermore, the Parties submit that it is not necessary to provide audited post-implementation QRTs (as defined at 3.2.1) for the following reasons:

- a) The Parties' respective HAFs have each issued a report in this regard, a copy of which is attached to their respective submissions;
- b) to audit the post-implementation QRTs will be disproportionately expensive.

The Prudential Authority is thus requested to waive the requirement for the Parties to submit audited, post-implementation, QRTs.

In addition, the Parties submit that it is not necessary to appoint another independent actuary for purposes of the Proposed Transaction since both their HAFs are independent.

In addition, the Prudential Authority is requested to waive the requirement for publication of a formal notice of Proposed Transfer in the Government Gazette for the following reason(s):

- (a) the cost outweighs the benefit and the Parties do not deem the Government Gazette an effective communication method to reach the affected policyholders;
- (b) publication in newspapers in circulation is an effective communication method; and
- (c) Simply has up to date and accurate contact details to ensure that affected policyholders will be reached in executing the communication plan.

3. Specific information

3.1 Details of the transfer:

3.1.1 Which assets and/or liabilities will be transferred?

Subject to fulfilment of the Transfer Agreement's relevant terms and conditions and with effect from the Closing Date, OMART Life transfers to Hollard the Business (as defined in the Transfer Agreement) which comprises of the following:

- (a) all rights in respect of the Transferring Policies;
- (b) all Transferring Policies' liabilities; and
- (c) all Reserves.

With regards to the transfer of the Reserves (as defined in the Transfer Agreement), on and with effect from the Closing Date:

- (a) OMART Life will transfer a cash amount, equal to the Reserves, to a bank account nominated in writing by Hollard prior to the Closing Date, to be received in Hollard's bank account "for value"; and
- (b) OMART Life cedes and transfers to Hollard all of its rights, title and interest in and to the Reserves, which cession Hollard accepts.

3.1.2 Please describe the nature of the items mentioned in 3.1.1 above.

Individual risk policies, comprising Life, Disability and Funeral benefits in relation to the Simply cell.

3.1.3 Section 17 of the Act and Chapter 11 of the Financial Sector Regulation Act 9 of 2017 (FSR Act) require approval from the PA to effect a change to the significant ownership of an insurer. Will the proposed transfer lead to a change in the significant ownership of the transferor and/or transferee insurer(s)?

- ☒ **No change in significant ownership**
- ☐ **Change in significant ownership of the transferor insurer**
- ☐ **Change in significant ownership of the transferee insurer**

3.2 Details regarding affected policyholders:

3.2.1 Which of the following applies to the transferring policyholders of the *transferor* insurer?

- ☐ **The transferring policyholders have been made aware**
- ☒ **The transferring policyholders will be made aware**
- ☐ **The transferring policyholders have signified consent**
- ☐ **The transferring policyholders will be asked to signify consent**

3.2.2 Which of the following applies to the remaining policyholders of the *transferor* insurer that are materially affected by the transaction?

- ☐ **The remaining policyholders have been made aware**
- ☐ **The remaining policyholders will be made aware**
- ☐ **The remaining policyholders have signified consent**
- ☐ **The remaining policyholders will be asked to signify consent**
- ☒ **None of the transferor insurer's remaining policyholders will be materially affected**

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

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

The terms of the new policies will be the same as those of the original policies. There will be no changes to the premium rates, guarantees, contractual cover or premium escalation rates, nor to any current limitations in the benefits provided (for example exclusions and waiting periods).

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

3.2.6 Please attach proof of the written consent of the policyholders (where available).

4. Results

4.1 Details regarding the assets and liabilities transferring:

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

	% of transferor insurer	% of transferee insurer
Assets	<1%]	<1%]
Liabilities	<1%]	<1%
Date as at which assets and liabilities were taken	31/12/2024]	31/12/2024]

4.2 Results:

Please provide the following as attachments accompanying this form:

- 4.2.1 the quantitative reporting templates (QRTs) for both the transferor and the transferee insurers reflecting their respective financial positions before the proposed transfer and the pro forma financial positions after the proposed transfer;²
- 4.2.2 copies of the financial statements for both the transferor and the transferee insurers at the effective date;³
- 4.2.3 a copy of the written agreement or other documentation, as the case may be, between the transferor and transferee insurers;
- 4.2.4 copies of the resolutions authorising the proposed transfer by the boards of directors (boards) of both the transferor and the transferee insurers;
- 4.2.5 an out-of-cycle own risk and solvency assessment (ORSA) report where the transfer could result in a material change in the risk profile of the acquirer;
- 4.2.6 a timetable setting out the timelines for the implementation of the necessary actions and/or procedures, including any necessary communications to the policyholders of both the transferor and the transferee insurers (the timetable must include the effective date and/or implementation date of the transfer, and the PA will indicate whether the timetable is acceptable); and
- 4.2.7 the report from the Head of the Actuarial Function, for both the transferor and the transferee insurers, giving an actuarial view of the impact of the proposed transfer on the financial soundness of the transferor and transferee insurers.

5. Attachment checklist

5.1 Compulsory attachments:

Please complete the following table with details of the attachments provided.

Attachment number	Question number	Description	Number of pages	Attached
A1	4.2.1	Group or solo QRTs	0 (Excel spreadsheet)	☒
A2	Error! Reference source not found.	Financial statements	72]	☒
A3	4.2.3	Written agreement	30]	☒

² The quantitative reporting templates submitted must be signed off by the Head of the Actuarial Function.

³ The effective date will be established according to deliberations between the PA and the applicant.

Attachment number	Question number	Description	Number of pages	Attached
A4	4.2.4	Board resolutions	0 (included as annexes under A3)	☐
A5	Error! Reference source not found.	Out-of-cycle ORSA report (if applicable)	0 (N/A)	☐
A6	4.2.5	Timetable	2]	☒
A7	4.2.6	Head of Actuarial Function's report	8]	☒
A8	6	Consent and declarations	1x2]	☒

5.2 Other attachments:

Please complete the following table with details of the attachments provided, also indicating the number of pages per each attachment. For example, attachments might be required if there was insufficient space to include the information in the form itself or if your responses in this form referred to external documents. Create additional rows for each attachment included.

Attachment Number	Question Number	Description	Number of pages/sheets	Attached
B1	2.2.2	Proposed Policyholder Communication Plan	23	☒
B2	N/A	Cover letter	2	x
B3	N/A	Proof of payment	1	x

6. Consent and declarations

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