



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. Please note: this application could include a prescribed fee, in accordance with [Prudential Standard IAF 2019](#), with the process for payment found [here](#)

### 1. Company information and reason(s) for approval

#### 1.1 Does this application relate to a/an<sup>1</sup>:

- Insurer
- Microinsurer
- Lloyd's
- Branch of a foreign reinsurer

<sup>1</sup> 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:**

<b>Transfer date</b>	YYYY/MM/DD
<b>Transferor insurer number</b>	I181
<b>Transferor insurer name</b>	CFAO Motors Insurance Limited
<b>Transferee insurer number</b>	I084
<b>Transferee insurer name</b>	Hollard Specialist Insurance Limited

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

CFAO Motors SA, as ultimate Shareholder of CFAO Motors Insurance Limited, has made a strategic decision to no longer own a licenced insurer due to the costs of maintaining and operating an insurance licence. It is intended that an entity in the CFAO Group enters into a cell captive arrangement with Hollard Specialist Insurance Limited (HSIL). The same entity that CFAO Motors Insurance Limited is applying for a transfer in terms of section 50 of the Insurance Act, 2017. The cost of operating through a cell structure will be more cost efficient for the CFAO Group and in addition CFAO Group customers will be able access more and varied insurance products from the Hollard Group.

The section 50 transfer will result in all remaining active policies , all existing policies with an unexpired portion of risk, and reinsurance arrangements being transferred to HSIL. In addition, two corporate commercial policies that were not renewed on 1 June 2021 and that are in run off will be transferred to HSIL. This will result in a material disposal for CFAO Motors Insurance Limited.

It is the intention of CFAO Motors SA, as ultimate shareholder, to wind up CFAO Motors Insurance Limited and the proposed section 50 transfer application is required to give effect to withdrawing the insurance licence and winding down the company. .

A detailed Communication plan is included in this submission, in which we motivate that the Heads of Internal Audit Control function for Hollard and CFAO Insurance will review and report on the implementation of the Communication Plan. The parties do not believe it necessary to appoint an external auditor to review and report on the implementation of the Communication Plan and submit that the Internal Audit teams of the two entities possess the necessary skills, expertise and experience to audit the Plan and to submit reports upon completion of the Plan to the Prudential Authority for its review and consideration (please refer to the Communication Plan for further information relating to the internal auditors terms of reference and motivation.

## 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.

<b>Title</b>	Mr
<b>First name(s)</b>	Andre
<b>Surname</b>	Rhoodie
<b>Position</b>	CEO CFAO Motors Insurance
<b>Business address</b>	38 Ontdekkers Road Roodepoort
<b>Contact number</b>	011-288-8200
<b>Email address</b>	arhoodie@cfaomotors.co.za

## 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.

<b>Name of firm(s)</b>	Bowmans
<b>Title</b>	Mrs
<b>First name(s)</b>	Christine
<b>Surname</b>	Rodrigues
<b>Position</b>	Partner
<b>Business address</b>	11 Alice Lane Sandton Johannesburg
<b>Contact number</b>	011-669-9531
<b>Email address</b>	Christine.rodrigues@bowmanslaw.com

## 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?

- 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.

A Timetable detailed the suggested timelines for the section 50 transfer as well as the Communication Plan.

### 3. Specific information

#### 3.1 Details of the transfer:

3.1.1 Which assets and/or liabilities will be transferred?

The unexpired risk portion of single premium policies issued to clients by CFAO Motors Insurance Limited, and not yet expired as at the date of the Portfolio Transfer, along with the provision held in respect of premiums written but not yet earned (UPR), Outstanding claims (OCR), for claims incurred but not yet reported (IBNR) and the Actuarial Risk reserve. This includes any underlying reinsurance arrangements as well as two corporate/commercial policies that were not renewed on 1 June 2021.

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

Motor warranty policies  
Tyre & Rim cover policies  
Chips and Dents cover policies  
Two corporate and commercial policies - they are in run-off  
All underlying reinsurance arrangements

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 and conditions of the policies will remain the same, no additional premium will be required to be paid by policyholder, the administration details relating to claims lodgement, queries, enquires, complaints and policy amendments and cancellations will remain the same.

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.

	<b>% of transferor insurer</b>	<b>% of transferee insurer</b>
<b>Assets</b>		
<b>Liabilities</b>		
<b>Date as at which assets and liabilities were taken</b>		

### 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;<sup>2</sup>

4.2.2 copies of the financial statements for both the transferor and the transferee insurers at the effective date;<sup>3</sup>

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

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

- 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		<input type="checkbox"/>
A2	<b>Error! Reference source not found.</b>	Financial statements		<input type="checkbox"/>
A3	4.2.3	Written agreement		<input type="checkbox"/>
A4	4.2.4	Board resolutions		<input type="checkbox"/>
A5	<b>Error! Reference source not found.</b>	Out-of-cycle ORSA report (if applicable)		<input type="checkbox"/>
A6	4.2.5	Timetable		<input type="checkbox"/>
A7	4.2.6	Head of Actuarial Function's report		<input type="checkbox"/>
A8	6	Consent and declarations		<input type="checkbox"/>
A9	Refer to <a href="#">Prudential</a>	Proof of payment		<input type="checkbox"/>



Attachment number	Question number	Description	Number of pages	Attached
	<a href="#">Standard IAF 2019</a>			

## 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
e.g. B1	<b>Error! Reference source not found.</b>	Professional advisors		<input type="checkbox"/>

## 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.