



South African Reserve Bank

Prudential Authority

## 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 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 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	2020/06/30
Transferor Insurer number	I029
Transferor Insurer name	The Hollard Insurance Company Limited
Transferee Insurer number	I262
Transferee Insurer name	Dotsure Limited

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

The Hollard Insurance Company Limited ("Hollard") and Dotsure Limited ("Dotsure") (previously Oakhurst Insurance Company Limited), collectively the "Parties", have entered into an agreement in terms of which Hollard will transfer the assets and liabilities of a portion of its direct personal lines, small commercial lines, motor dealer and companion pet business currently underwritten by Hollard to Dotsure ("Transfer") in exchange for shares in Dotsure to be issued to Hollard which shares will ultimately be held by Hollard Holdings Proprietary Limited (the holding company of Hollard) The Proposed Transaction will offer Hollard an opportunity to partner with Dotsure to establish a sizable direct insurer by immediately building scale, and positions Dotsure to grow aggressively and offer competitive products in this market without requiring further capital..

## 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>	Tholoana
<b>Surname</b>	Makhu
<b>Position</b>	Head: Regulatory Affairs and Conduct Risk
<b>Business address</b>	22 Oxford Road, Parktown, 2193
<b>Contact number</b>	011 351 2768
<b>Email address</b>	Tholoana@hollard.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>	Webber Wentzel
<b>Title</b>	Mr
<b>First names</b>	Johan

<b>Surname</b>	Henning
<b>Position</b>	Partner
<b>Business address</b>	90 Rivonia Road, Sandhurst, Sandton
<b>Contact number</b>	0115305385
<b>Email address</b>	johan.henning@webberwentzel.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 Prudential Authority to assess this form?

No → Continue to section 3

Yes → Complete question 2.3.2

Kindly direct all queries relating to the application to Ms Tholoana.

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.

<p>-We will provide a list of policies that will be transferred as per the attached annexures.</p> <p>-Dosure section 51 form will be attached on account of the transfer being a material acquisition for them.  </p>
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### 3. Specific Information

#### 3.1 Details of the transfer

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

All rights and most of the liabilities as specified in the Asset for Share and Transfer Agreement attached hereto as Annexe [●] ("Transfer Agreement") in respect of the designated policies, a cash amount and claims float being the following:

- direct personal lines policy contracts as contained in the list attached herewith
- all personal lines policy contracts intermediated by Mercedes Benz Financial Services ;
- all personal lines policy contracts intermediated by Bidvest Financial Services ;
- all personal lines policy contracts intermediated by Motor Happy (Pty) Ltd;
- all (companion) Pet Insurance (dogs and cats only) policy contracts branded as Petsure;
- direct commercial lines policy contracts as attached to the annexure branded as "Easy for Business:"
- cash amount of R90 000 000
- claims float with effect from the transaction date being 30 June 2021 or when all the suspensive conditions have been fulfilled in terms of the Step 6 Transfer Agreement. |

Request consent to only use Internal Actuaries and Internal Audit Both parties request to only use their respective Heads of the Actuarial Functions (HAF's) and Internal Auditors for the purposes of the section 50 Application. Both parties are of the view that there is no need for the appointment of independent actuaries and auditors, as there are appropriate governance processes in place to enable the control functions to provide independent assurance to the Prudential Authority to ensure that that the process has been conducted in line with the PA's requirements. Our control functions are appointed by the respective Board's and have direct reporting lines to the appropriate Board sub-committees they are therefore considered independent, and duly empowered to discharge their duties in line with the PA's requirements.

This Section 51 Application is not necessary from Hollard's side.

The transaction is not a material disposal for Hollard and as such a section 51 application is not necessary. Refer to the attached report from our HAF, motivating for this. However, Dotsure

will apply in terms of Section 51 as the transaction is regarded as a material acquisition from their side.

Request for Transfer Agreement and Confidentiality Agreements not to be exhibited publicly for inspection due to the nature of the transaction,

Due to the nature of the transaction we request that our Asset for Share Transfer Agreement not be exhibited publicly. The Transfer Agreement contains clauses which include confidential interrelated agreements that need to be put in place between the parties that if in the public domain would prejudice the parties' businesses and which can be provided on request.

Hollard's 2020 Financial Year End will be applied as the Regulatory Effective Date of the Transaction.

Hollard's 2020 Financial Year-end will be applied as the Regulatory Effective Date of the transaction, however, business will continue past this date in line with the provisions set out in the Transfer Agreement until the transaction date being 30 June 2021 or when all the suspensive conditions have been fulfilled.

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

All rights and obligations in respect of the active non-life personal lines and select direct commercial lines insurance policies, including monetary payments and claims float as more fully set out and defined in the attached transfer agreement. |

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 and conditions of the new policies will remain materially the same.

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.

**Please see comprehensive communication plan attached hereto.**

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

**N/A**



## 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>	0.6%	12.36%
<b>Liabilities</b>	0.9%	28.10%
<b>Date as at which assets and liabilities were taken</b>	30 June 2020	30 June 2020

### 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 the 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 4.2.2	Group or Solo QRTs	100	<input checked="" type="checkbox"/>
A2	4.2.3	Written agreement	51	<input checked="" type="checkbox"/>
A3	4.2.4	Board resolutions	12	<input checked="" type="checkbox"/>
A4	4.2.5	Annual financial statements	125	<input checked="" type="checkbox"/>
A5	4.2.6	ORSAs	125	<input checked="" type="checkbox"/>
A6	4.2.7	Timetable	42	<input checked="" type="checkbox"/>
A7	4.2.8	Head of actuarial function's report	17	<input checked="" type="checkbox"/>
A8	6	Consent and Declarations	3	<input checked="" type="checkbox"/>

### 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:

<b>Attachment Number</b>	<b>Question Number</b>	<b>Description</b>	<b>Number of pages/sheets</b>	<b>Attached</b>
B1	3.1.1	IFO21	12	<input checked="" type="checkbox"/>
B2	3.1.1	Prudential Authority Cover letter	2	<input checked="" type="checkbox"/>
B3	1.2	Group Organograms	4	<input checked="" type="checkbox"/>
B4	1.2	MOI's	119	<input checked="" type="checkbox"/>
B5	2.3.2	Schedule of policies to be transferred.	8	<input checked="" type="checkbox"/>

## **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.