



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

2019/01/01

Transferor Insurer number	I008
Transferor Insurer name	Channel Life Limited
Transferee Insurer number	I004
Transferee Insurer name	Sanlam Developing Markets Limited

1.3 Provide the reason(s) for seeking this approval

The rationale for the Transfer is a rationalisation of the life insurance subsidiaries of Sanlam Life Limited to avoid unnecessary duplication of costs, to reduce complexity, to comply with regulatory requirements and to align to the amended regulatory environment for insurance companies.

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.

Title	Mrs
First names	Thuli
Surname	Maithufi
Position	Head: Legal and Compliance
Business address	Sanlam Business Park 13 West Street Houghton Johannesburg 2198
Contact number	011 359 7992
Email address	Thuli.Maithufi@sanlamsky.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.:

Name of firm	True South Actuaries & Consultants
Title	Mr.
First names	Francois
Surname	Hugo
Position	Director: True South Actuaries 7 Consultants
Business address	Unit 16 Canal Edge 3 Tyger Waterfront Bellville 7530
Contact number	+27 83 444 3819
Email address	francois@truesouth.co.za

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.

Independent Actuary's report (see attachment B1) Reinsurers' consent (see attachment B2.1 to B2.4 Transfer application fee proof of payment (see attachment B3
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3. Specific Information

3.1 Details of the transfer

3.1.1 Which assets and/or liabilities will be transferred?

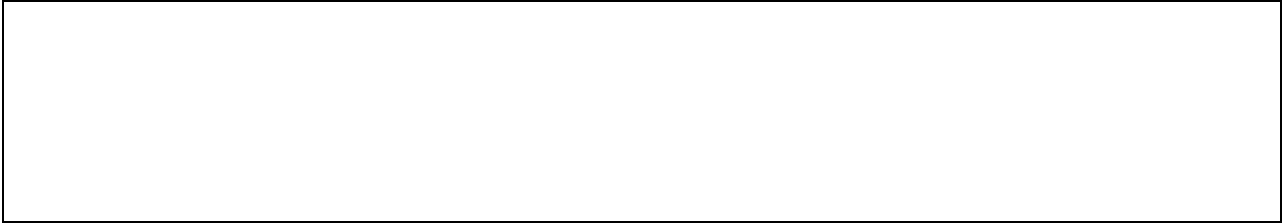
Channel Transfer – Policy Details

Channel Life ceased to actively market and sell new products in 2017. As a result, the insurance business is closed and in run-off. Channel Life intends to transfer all of its insurance liabilities to SDM.

The categories of policies to be transferred are shown in the table below together with their IFRS liabilities (gross of reinsurance). Assets of equivalent value at the Effective Date will be transferred.

Amounts in R'm	Channel	
	Dec 2018	Dec 2017
POLICY-OWNERS' PORTFOLIOS	5,111	5,655
Individual policy-owners	5,087	5,627
- Market linked portfolios	143	210
- Smoothed bonus portfolios	158	170
- Annuities	2	2
- Non-participating business excluding Guaranteed plans	155	169
- Non-participating business - Guaranteed plans	4,628	5,076
Group policy-owners	23	28
- Market linked portfolios	2	2
- Non-participating business	21	26
LONG-TERM AND CURRENT LIABILITIES *	326	261
TOTAL	5,436	5,916

* excluding tax provision which will remain in Channel



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

Individual Business

1. Market Linked Portfolios

These consist of single premium linked investment policies, and recurring premium linked investment business market-related savings policies. The block of business has multiple asset managers and products.

2. Smoothed Bonus Portfolios

This is a closed book of recurring premium smoothed bonus savings policies. A segregated pool of assets has been set up on this block of business in order to allow accurate bonus declarations to be made on these policies.

3. Annuities

This category comprises of a small number of non-profit fixed and with-profit annuities

4. Non-Participating business excluding Guaranteed Plans

This block of business is made up of a variety of life policies including Funeral, Credit Life, a Cancer product, Personal Accident, and other life products.

5. Non-Participating business – Guaranteed Plans

This block of business is made up of all single premium guaranteed investment business held by Channel Life, which provide a fixed guaranteed maturity value after 5 years. The book is expected to be completely run off by early 2022 (excluding voluntary continuations after maturity).

Group Business

1. Market Linked Portfolios

This is a small portfolio of linked Fund business.

1.2. Other non-participating business

This Group Business consists largely of assistance business to groups (such as funeral parlours), as well as “grouped individual” such as state pensioners. It also includes some group PHI claims in payment in run off

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 policies will remain unchanged.

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.

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

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.

	% of Transferor	% of Transferee
Assets	88.4	22.3
Liabilities	99.6	26.4
Date as at which assets and liabilities were taken	2018/12/31	2018/12/31

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 4.2.2	Group or Solo QRTs	2	<input checked="" type="checkbox"/>
A2	4.2.3	Written agreement	23	<input checked="" type="checkbox"/>
A3	4.2.4	Board resolutions	4	<input checked="" type="checkbox"/>
A4	4.2.5	Annual financial statements	169	<input checked="" type="checkbox"/>
A5	4.2.6	ORSAs	117	<input checked="" type="checkbox"/>
A6	4.2.7	Timetable	7	<input checked="" type="checkbox"/>
A7	4.2.8	Head of actuarial function's report	23	<input checked="" type="checkbox"/>
A8	6	Consent and Declarations	4	<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:

Attachment Number	Question Number	Description	Number of pages/sheets	Attached
B1	2.2	Independent actuary's report	22	<input checked="" type="checkbox"/>
B2.1 to B2.4	2.3.2	Reinsurers' consent	12	<input checked="" type="checkbox"/>

Attachment Number	Question Number	Description	Number of pages/sheets	Attached
B3	2.3.2	Proof of payment to follow		
C	2.3.5	Communications Bundle	22	<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.