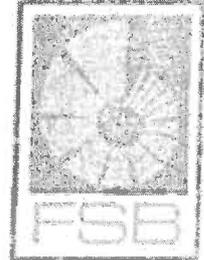


APPLICATION FORM
FINANCIAL SERVICES BOARD
REPUBLIC OF SOUTH AFRICA



SHORT-TERM INSURANCE ACT, 1998 (ACT 53 OF 1998)

APPLICATION FOR APPROVAL OF THE TRANSFER OF THE BUSINESS OF A SHORT-TERM INSURER IN TERMS OF SECTION 37 OF THE SHORT-TERM INSURANCE ACT ("ACT")

A. Instructions for completion and submission

1. This form must be properly completed and signed. Questions must be answered either in full or not applicable ("n/a"). The signer(s) must be duly authorised to make the application.
2. The format of this form or the wording of questions may not be changed. However, this form may be reproduced.
3. Answers may be in writing or may be typed.
 - 3.1 If the form is completed on a computer, -
 - (a) delete the solid lines in those areas provided for answers before the answers are typed or use the overtyping mode whilst the answers are typed.
 - (b) rows may be inserted where insufficient space is provided for answers.

3.2 If the form is completed by hand, should the space provided not be sufficient, the detail can be provided on a separate page, duly cross-referenced to the relevant question.

3.3 If the form that is submitted contains any changes to typed or written information, those changes must be signed.

4. The completed form does not need to be accompanied by any number of copies.

5. The application must be submitted sufficiently long, at least 60 days, before the approval of the Registrar is needed to allow the Registrar to consider it and seek information or clarification, where necessary.

B. General information

1. This form is required in terms of section 3(2)(a) of the Act read with section 37 of the Short-term Insurance Act.

2. The form must be accompanied by the fees prescribed by the Registrar in terms of section 3(2)(b)(i) and, where indicated, by the documents required in terms of section 3(2)(b)(ii) of the Act.

3. The Registrar, in terms of section 4(2) of the Act, may by notice direct a short-term insurer ("insurer") to furnish the Registrar, within a specified period, with specified additional information or documents.

4. The application will not be considered favourably if it is not supported by a compelling reason(s).

C. Legal and policy framework

1. In terms of section 36(1) of the Act no transaction to which a short-term insurer is a party and which constitutes an agreement by which all or any part of the business of a short-term insurer is transferred to another person, or by which a compromise, arrangement or amalgamation contemplated in Chapter XII of the Companies Act is effected, shall have legal force without the approval of the Registrar.
2. In terms of section 37 of the Act -
 - 2.1 when application is made to the Registrar for the approval of a transaction referred to in section 36 of the Act -
 - (a) the parties to the transaction shall jointly -
 - (i) at least 60 days before lodging the application, give notice to the Registrar thereof together with full particulars of the transaction;
 - (ii) at least 30 days before lodging the application, cause a notice, in the form and containing the information required by the Registrar, to be published in such official languages in the Gazette and in such other newspapers as the Registrar may determine;
 - (iii) in the case of a short-term insurer, upon making the application, provide the Registrar with the application and all other documents relating thereto and supporting the application.

- (b) a person who has an interest in the matter may, by notice given to the Registrar, within 15 days after the publication in the Gazette of the notice referred to in section 37(a)(ii) of the Act, submit to the Registrar such representations concerning the transaction as are relevant to his, her or its interests;
 - (c) the Registrar may -
 - (i) appoint a person, at the cost of the parties to the transaction, to enquire into, and report to him or her on, the desirability or otherwise of the transaction; and
 - (ii) by notice, direct any party to the transaction to provide the Registrar or that person with all information and documents relating to the transaction which he or she may require;
 - (d) the Registrar and any policyholder, shareholder or creditor of the insurer concerned may file affidavits and other documents relating thereto and may appear before the Registrar and be heard in connection therewith.
3. In terms of section 37 of the Act, notwithstanding the provisions of the Companies Act, the approval of the Registrar, of a transaction referred to in section 36(1) of the Act shall not be granted -
- 3.1 unless the provisions of this Part V of the Act have been complied with;
 - 3.2 if the transaction is inconsistent with the Act or contrary to the interests of the policyholders of the short-term insurer concerned; or
 - 3.3 unless payment of the costs referred to in section 37(c)(i) of the Act has been made or secured.

4. In terms of section 39 -

- 4.1 (1) a transaction referred to in section 36(1) of the Act which is approved by the Registrar shall be binding on all persons and shall have effect as approved by the Registrar notwithstanding anything to the contrary contained in the constitution or rules of the parties thereto.
- 4.2 (2) a notice of the passing of a special resolution (if any) by the members of a short-term insurer confirming a transaction referred to in section 36(1), together with a copy of the resolution and of the terms and conditions of the transaction, certified by the chairperson of the meeting at which the resolution was passed and by the public officer of the short-term insurer to be a true and correct copy, shall be furnished to the Registrar by the short-term insurer concerned within 60 days of the passing of the resolution.
- 4.3 (3)(a) the officer in charge of a deeds registry or other office in which is registered any mortgage bond or movable or immovable property which is to be transferred in accordance with a transaction referred to in section 36(1) or 68 shall, upon production by the short-term insurer concerned of the relevant bond, title deed or registration certificate and a certified copy of the approval of the Registrar, and without payment of any duty, tax, registration fee or other charge, make the endorsements upon the bond, title deed or registration certificate and the entries in his or her registers that are necessary to effect the transfer concerned.
- 4.4 (3)(b) the exemption from the payment of any duty, tax, registration fee or charge contemplated in paragraph (a) shall only apply in the case of a transaction resulting from -

**APPLICATION FOR APPROVAL OF THE TRANSFER OF THE BUSINESS OF A SHORT-TERM INSURER IN
TERMS OF SECTION 37 OF THE SHORT-TERM INSURANCE ACT**

- (a) a transfer of business compelled by law; or
- (b) the initiative or at the direction of the Registrar under section 34.

D. Specific information

We, the undersigned, being the Public Officers

Nischal Ramcharan and Stephen Vivian

of

Relyant Insurance Company Limited (the Transferor)

and

Lombard Insurance Company Limited (the Transferee))

hereby apply for approval of

**the transfer of the entire short-term insurance book of business from the
Transferor to the Transferee**

The following information is provided in support of the application.

1. Furnish the full names of the parties to the transfer of the business or scheme of arrangement.

- 1.1 Transferor.

Relyant Insurance Company Limited

- 1.2 Transferee.

Lombard Insurance Company Limited

1.3 Other, including an intermediary (indicate involvement with transfer).

N/A

2. Give a brief description of the business that will be transferred or of the scheme of arrangement and indicate the geographical spread.

2.1 Brief description.

All the Policies that have been written on to the Transferor's short-term insurance licence, and still in effect on the Closing Date (effective date), will be transferred to the Transferee , who is willing and accepted the underwriting of such Policies on its short-term insurance licence.

2.2 Geographical spread.

The Transferor is currently in run-off and does not write any new business. The number of policies being run-off as of 8 July 2016 was 85 283. The vast majority of these policies are geographically spread between Gauteng, Kwa-Zulu Natal, Eastern Cape, and Western Cape which have 14 973, 13 796, 12 110 and 10 704 respectively. The remaining five provinces each have between 5 696 and 9552 policies each. Below is a table of the policy count per province.

Geographical Spreadsheet as at 8 July 2016

Gauteng:	14973	17.35%
KZN:	13796	15.99%
Eastern Cape:	12110	14.04%
Western Cape:	10704	12.41%
Northern Cape:	9552	11.07%
Mpumalanga:	7808	9.05%
Free State:	5897	6.83%
Limpopo:	5747	6.66%
North West:	5696	6.60%
	86283	100.00%

3. Indicate whether the liability of the transferee is expressed in or created by existing policies or by new policies, or whether the terms of such new policies are the same as or different from the terms of the original policies.

Expressed in or created by existing policies	X
Expressed in or created by new policies¹	
Not applicable	

¹ Kindly indicate -

Whether the terms of such new policies are the same as the terms of the original policies	X
Whether the terms of such new policies are different from the terms of the original policies²	

² Kindly explain.

The transfer will be seamless from a policyholder perspective due to the fact that policyholders will be able to contact the Transferee for claims complaints and queries in the exact same manner as they were able to contact the Transferor prior to the transfer, in that:

APPLICATION FOR APPROVAL OF THE TRANSFER OF THE BUSINESS OF A SHORT-TERM INSURER IN TERMS OF SECTION 37 OF THE SHORT-TERM INSURANCE ACT

- the current call centre number will be transferred to the Transferee
- existing claims staff of the Transferor will be transferred to the Transferee to continue handling both existing and future claims, complaints and queries.

There will be no change to the current processes used by the Transferor from a policyholder perspective.

There will be no change to premiums or terms and conditions of the policies.

4. Furnish full reasons why the business needs to be transferred or the scheme of arrangement needs to be effected.

Please see attached hereto presentation as presented to the FSB on 17 May 2016, setting out the full reason why the business needs to be transferred and which is marked as Annexure 2

5. Indicate who initiated the transfer of the business or the scheme of arrangement.

Transferor	X
Transferee	X
Policyholder(s)	
Intermediary	

6. Kindly -

- 6.1 furnish copies of the notices of the passing of a special resolution by the members of the both the transferor and transferee insurers.
- 6.2 furnish copies of the special resolutions by the members of the both the transferor and transferee insurers.

6.3 explain if the documents in questions 6.1 and 6.2 of Part D are not attached.

See Annexure 3

See Annexure 4A and Annexure 4B

7. Attach a draft of the agreement (scheme of transfer or transaction) entered into between the transferor and the transferee companies specifying, amongst others, -

See Annexure 5

7.1 the parties.

7.2 that short-term business is transferred.

7.3 the Short-term Insurance Act.

7.4 the effective, closing and operative dates.

7.5 the conditions precedent.

7.6 the business that is transferred and the basis of the transaction.

7.7 the valuation basis of assets, which must be the same for all the parties concerned.

7.8 whether all the liabilities/commitments and assets/privileges relating to the business carried on by the transferor are being transferred, and if not, specify which assets and liabilities are excluded.

7.9 the consideration that will be received.

7.10 the maintenance of all rights and benefits to policyholders. Present policyholders must be given an undertaking, protecting their rights, etc.

7.11 indemnification by the transferee of other parties.

7.12 who will conduct the business during each stage of the transfer. Determine whether the transferee will manage the business on behalf of the transferor and if so the period.

- 7.13 the currency in which payments will be made.
- 7.14 that the parties will undertake to do everything in their power to implement the scheme fully and expeditiously. Provision must be made for the operative date to be amended with the prior written consent of all parties concerned and the Registrar.
- 7.15 what the position will be should the transfer not take place due to one or more of the conditions precedent not being fulfilled.
- 7.16 should the business be transferred to a company to be incorporated and registered for the purpose of taking over the business, that the effective date is after the date of incorporation and registration of the new insurance company (transferee) authorising the said company to conduct that specific class of insurance business.
- 7.17 the title to assets.
- 7.18 the governing law.
- 7.19 any restraints or restrictions (e.g. on the use of a name).
- 7.20 the costs to be borne by each of the parties, whether the transfer is successful or unsuccessful.
- 7.21 the authorisation for signatures where applicable.
- 7.22 for the registration to conduct insurance business to be withdrawn, where applicable.
- 7.23 any non-relaxation (e.g. of payment where it is not made).
- 7.24 any non-variation (e.g. of contract where it is changed).
- 7.25 severability (in respect of remaining terms and provisions).
- 7.26 the domicilium of the parties.

8. Attach audited statements in the form of Statements E9 (Assets and liabilities: Comparison of statutory to shareholder's value) and Statement F1 (Surplus assets, Net Asset ratio and Solvency Margin) as prescribed by the Registrar relating to both the transferor and the transferee on the day immediately preceding the effective date of transfer. Note that -
- statements marked as confidential will not be made available for inspection by the public.
 - the Registrar will indicate which statements must be submitted in the case of a scheme of arrangement.
9. Attach a completed draft (pro forma) Statement G1 (Management Questionnaire) as prescribed by the Registrar, setting out the position on the effective date of the transfer
- (a) by the transferee company; and
 - (b) by the transferor company (only in the case where a part of and not all of the insurance liabilities are being transferred).
10. Attach draft (pro forma) statements of those statements mentioned in question 8 of Part D showing what the financial position of the both transferor and transferee insurers will be immediately after the transfer of the business. Should the entire business of the transferor company be transferred these statements must still be submitted to show the remaining shareholders' interest in that company and that no liabilities remain. The public officer must sign all these statements.

11. Attach a confirmation by the auditor(s) that the technical reserves of the transferor and transferee insurers are calculated on the same basis or, where the Registrar has indicated that different bases will produce a more appropriate value on the liabilities concerned, on those different bases.

12. Attach a list of the assets other than cash to be transferred.

No assets other than cash is to be transferred.

Staff will be moved over to the Transferee.

13. Did the transferee insurer perform a due diligence on the business to be transferred?

Yes ³	
No ⁴	x

13.1 ³ If the answer is "Yes" kindly attach a copy of the report or a copy of the executive summary of the due diligence report prepared for the Board of Directors of the applicant if such a report exist. Note that the report will not be made available for inspection by the public.

13.2 ⁴ If the answer is "No" kindly explain and give reasons why you deemed that not necessary.

Lombard has been intimately involved with the Relyant Insurance operation over the past year, with a number of services outsourced by Relyant Insurance to Lombard. Lombard has a strong understanding of the Relyant Insurance business. Relyant Insurance operates from Lombard's premises. Dominique Donaldson, a Lombard Executive, serves on the Relyant Insurance Company Board.

14. Attach a copy of a realistic timetable setting out when the necessary actions or procedures must be instituted or take place, when documents must be finalised or submitted or processed, etc. The timetable must include the effective date and/or implementation date of transfer. The Registrar will indicate whether the timetable is acceptable.

Annexure 6

15. Attach a written statement by the transferor and transferee declaring the remuneration or fees charged by any of the persons/bodies in question 1 of Part D.

Table of Budgeted Professional Fees	
Attorney Fees	R 100 000, 00
External Audit Fees	R 300 000, 00
Internal Audit Fees	R 90 000, 00

16. The transferor must express the business to be transferred out as a percentage of its total assets and total liabilities respectively. Indicate the date at which the assets and liabilities were taken.

Total assets	49.08%
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APPLICATION FOR APPROVAL OF THE TRANSFER OF THE BUSINESS OF A SHORT-TERM INSURER IN TERMS OF SECTION 37 OF THE SHORT-TERM INSURANCE ACT

Total liabilities	82.01%
Date at which assets and liabilities were taken	30 June 2016

17. The transferee must express the business to be transferred in as a percentage of its total assets and total liabilities respectively. Indicate the date at which the assets and liabilities were taken.

Total assets	2.5 %
Total liabilities	4.1 %
Date at which assets and liabilities were taken	30 June 2016

18. Did the insurer inform its auditor(s) and statutory actuary of this application?

Yes	X
No⁵	

⁵ If the answer is "No" kindly explain.

19. Are there any other information or documents that are relevant to this application?

Yes⁶	
No	x

⁶ If the answer is "Yes" kindly specify the information or documents.

20. We hereby enclose -

20.1 the payment or proof of payment of the fee prescribed by the Registrar by notice in the Government Gazette (the latest fee schedule as prescribed is available on the FSB's website).

Annexure 1

20.2 copies of the notices and resolutions in questions 6.1 and 6.2 of Part D.

Annexure 3

Annexure 4A & B

20.3 a copy of the draft agreement in question 7 of Part D.

Annexure 6

20.4 copies of the audited statements in question 8 of Part D.

Annexure 7A – Relyant Insurance Company

Annexure 7 B – Lombard Insurance Company

20.5 copies of the draft statements in question 9 of Part D.

20.6 copies of the draft statements in question 10 of Part D.

Annexure 8A – Relyant Insurance Company

Annexure 8B – Lombard Insurance Company

20.7 the confirmation in question 11 of Part D.

Annexure 9 (to be submitted at a later date after the audit has been conducted)

20.8 the list of assets in question 12 of Part D.

20.9 a copy of the report, if any, in question 13 of Part D.

20.10 the copy of the timetable in question 14 of Part D.

Annexure 6

20.11 the written statement in question 15 of Part D.

20.12 all relevant documents required in terms of the Companies Act for a Chapter 12 transaction, when applicable.

20.13 the other documents, if any, mentioned in the Part D of this form in support of the application.

21. We certify, to the best of our knowledge, that the information given in the answers to the above questions are complete, accurate and true and not misleading in any respect.

Full forename(s) and surname of the public officer of the transferor.

Nischal Ramcharan



17-10-2016

SIGNATURE OF PUBLIC OFFICER

DATE

Full forename(s) and surname of the public officer of the transferee.

Stephen Vivian

**APPLICATION FOR APPROVAL OF THE TRANSFER OF THE BUSINESS OF A SHORT-TERM INSURER IN
TERMS OF SECTION 37 OF THE SHORT-TERM INSURANCE ACT**

A. V. V. V.

SIGNATURE OF PUBLIC OFFICER

17 October 2016.

DATE