

**BOARD NOTICE 61 OF 2007****FINANCIAL SERVICES BOARD****LONG-TERM INSURANCE ACT, 1998 (ACT NO. 52 OF 1998): RETURNS BY LONG-TERM INSURERS TO REGISTRAR**

I, Robert James Gourlay Barrow, Registrar of Long-term Insurance, hereby notify, in terms of section 36 of the Long-term Insurance Act, 1998, that every long-term insurer shall furnish the Registrar, -

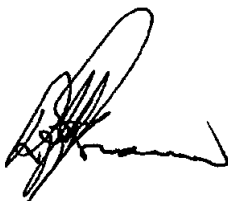
- (a) within a period of four months after the expiration of each financial year with an audited return relating to its business;
- (b) within a period of one month after the expiration of each quarter of its financial year with a return relating to its business; and
- (c) within a period of six months of the expiration of each financial year, with a copy of any duly audited account or balance sheet or any other statement or report relating to its finances which it is in terms of the Companies Act, 1973 (Act No. 61 of 1973) or any other law under which it is incorporated, required to submit to an annual general meeting of shareholders or policyholders, whether or not such insurer has complied with the requirements of the said Act or such other law.

This Board Notice is applicable to all registered long-term insurers with financial years ending on or after 1 January 2007 and relates to the financial year under review in its entirety.

The returns must be submitted on A4 paper and also electronically.

The returns referred to in paragraphs (a) and (b) above must contain the following information and be submitted in the following form:

- 1. Annual Statutory Return (Refer Annexure A)
- 2. Quarterly Return (Refer Annexure B)



**RJG BARROW**  
**REGISTRAR OF LONG-TERM INSURANCE**

## FINANCIAL SERVICES BOARD - REGISTRAR OF LONG-TERM INSURANCE

**LONG-TERM INSURANCE QUARTERLY RETURN IN TERMS OF SECTION 36 OF THE LONG-TERM INSURANCE ACT, 1998**

THE PRESCRIBED RETURN MUST BE SUBMITTED BY ALL INSURERS REGISTERED TO TRANSACT LONG-TERM INSURANCE BUSINESS IN TERMS OF THE LONG-TERM INSURANCE ACT, 1998.

FOR THE SAKE OF CONSISTENCY AND COMPLETENESS OF STATISTICAL INFORMATION COMPILED FROM THE RETURNS, IT IS ESSENTIAL THAT INSURERS COMPLETE ALL ITEMS WHICH ARE APPLICABLE. NO ITEMS MAY BE DELETED AND OTHER ITEMS INSERTED IN THE PLACE THEREOF.

**DISCLAIMER:**

This spreadsheet was designed by the Financial Services Board and it may be copied. However, the Financial Services Board accepts no responsibility for any loss or damage arising from its use, nor for any decision made by the insurer or any other person based on information or calculations made by, or obtained from the spreadsheet.

**INFORMATION REGARDING THE QUARTERLY RETURN**

This return does not have to be audited.

This return will not be available for public inspection. However, this does not prevent the Financial Services Board from making available the aggregate figures for the industry in its entirety. This return must be submitted within 30 days of the end of the quarter to which it relates.

**HOW TO COMPLETE AND SUBMIT THE QUARTERLY SPREADSHEET:**

1. The spreadsheet must be completed in Excel.
2. The return is cumulative from the start of the insurer's financial year to the latest quarter end. This will include the section on movement statistics as well.
3. The return must be submitted for the last quarter of the insurer's financial year end as well.
4. This return consists of four sheets with "Prudential" relating to financial matters, "Spreading of assets" relating to the kind and spread of assets as contemplated in Section 31 of the Act and "Directors, Officers and Auditors" to the statutory information on the directors, executive management, public officer and the auditors.
4. Income and expenditure figures should exclude value added tax (VAT).
5. All figures should be rounded off to the nearest thousand rand.
6. An originally signed copy of the return must be submitted and the electronic return must be e-mailed to the Financial Services Board.
7. This information page need not be printed.

**GUIDANCE REGARDING THE INFORMATION REQUESTED**

1. Financial position statement:
  - \* Non-linked business includes market-related business
  - \* For policyholder purposes the deferred taxation asset can be deducted from the policyholder liabilities
  - \* For shareholders purposes deferred taxation asset cannot be reflected as an insurance asset.
  - \* Paragraph 7 to Schedule 3 to the long-term insurance act, regarding the valuation of other liabilities, indicates that for Section 30 and 31 other liabilities shall be determined in accordance with Generally Accepted Accounting Practice ("GAAP").
  - \* In the case where a deferred tax liability is created it should be valued according to GAAP.

**DEFINITIONS**

- Assets:** To be reflected at fair value.
- Fund:** Means "fund policy" as defined in section 1 of the Act.
- Group business:** Means insurance where a long-term policy is issued to a policyholder other than an individual, that covers a group of persons identified by reference to their relationship to the entity buying the contract, provided that this excludes grouped individual business.
- Grouped individual business:** Means insurance where a long-term policy is issued to a policyholder other than an individual, under which an identifiable individual or member is the life insured and the policy is entered into by the policyholder for the purpose of providing benefits to the individual or the individual's dependants.
- Individual business:** Means insurance where a policy is issued to an individual.
- Market Related:** Means a "market related policy" as defined in paragraph 1 of Schedule 1 to the Act and includes a "linked policy" as defined in paragraph 1 of Schedule 1 to the Act and a long-term policy where the amount of policy benefits is guaranteed and is to be determined in whole or in part by reference to the value of particular assets or categories of assets but where the portion of the guarantee to the value of the assets is not material.
- Minimum CAR:** Minimum Capital Adequacy Requirement as referred to in Section 31 of the Act. Also, refer to Notice 38 of 2004 and Directive 140 A.I (LT).
- Non-recurring:** Means all business which is purchased with a single premium or business where the payment of a series of premiums is not obligatory.
- Policy expiring:** This refers to credit life policies, term assurance policies etc that reached the end of their terms without any claim being paid. The policy is also not continued or renewed by an additional premium.
- Policies lapsed:** A policy is said to "lapse" when the premiums are not paid within the required period of grace and the policy has no cash value the debt against the policy exceeds the cash value.
- Policy matured:** Maturity relates to a specified date in the policy contract where the policy comes to an end and on which date the benefits / proceeds of the policy are paid out to the policyholder. This refers mostly to endowment policies where the benefit is paid out on a specified date (the maturity date) on the survival of the life insured, or his/her death if earlier.
- Policy liabilities:** Estimated liabilities calculated in accordance with the financial soundness valuation basis excluding capital adequacy requirements.
- Recurring:** Means business where the policyholder is obliged to pay a series of fixed or pre-determined premiums to the long-term insurer to keep the policy in force.

**NOTE:**

ONLY SHADED AREAS, e.g.

REQUIRE FIGURES OR INFORMATION TO BE ENTERED

AREAS (CELLS).  
THE RETURN MUST BE PRINTED AND SUBMITTED,  
EVEN IF NIL.

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SPREAD OF ASSETS IN OR DEEMED TO BE IN THE RSA AAA Long-term Insurer										
DESCRIPTION 1	Total assets R'000 2	Linked assets R'000 3	Non-linked assets R'000 4	ADD: Assets of asset-holding intermediaries & investments in linked products R'000 5	LESS: Individual excesses e.g. banks, debtors, investments & properties R'000 6	SUBTOTALS Assets held, less individual excesses R'000 7	Maximum admissible for each item of this statement		Total non-linked liabilities x greater of column (8) or column (9) R'000 10	Admitted for each item (the lesser of column (10) or column (7)) R'000 11
							per Regulation 2 to the Act %	Dispensation given %		
1 Mortgage bonds	0	0	0	0	0	0	-	-	-	-
2 Non-convertible debentures	0	0	0	0	0	0	-	-	-	-
3 Any other debtors	0	0	0	0	0	0	-	-	-	-
SUBTOTAL	0	0	0	0	0	0	25%	0%	0	0
4 Shares - listed ordinary, convertible debentures & unit trusts - Domestic	0	0	0	0	0	0	-	-	-	-
5 Shares - unlisted - Domestic	0	0	0	0	0	0	5%	0%	0	0
SUBTOTAL	0	0	0	0	0	0	75%	0%	0	0
6 Listed securities & shares - Foreign, deemed to be domestic	0	0	0	0	0	0	15%	0%	0	0
7 Policyholders' loans	0	0	0	0	0	0	95%	0%	0	0
8 Policies with other long-term insurers	0	0	0	0	0	0	20%	0%	0	0
9 Property investments	0	0	0	0	0	0	25%	0%	0	0
10 Related parties & associated companies	0	0	0	0	0	0	5%	0%	0	0
11 Computer equipment	0	0	0	0	0	0	5%	0%	0	0
12 Other equipment & motor vehicles	0	0	0	0	0	0	2.5%	0%	0	0
SUBTOTAL OF ITEMS 1 to 12	0	0	0	0	0	0	95%	0%	0	0
13 Margin deposits - Domestic	0	0	0	0	0	0	2.5%	0%	0	0
14 Margin deposits - Foreign, deemed to be domestic	0	0	0	0	0	0	2.5%	0%	0	0
SUBTOTAL	0	0	0	0	0	0	2.5%	0%	0	0
15 Cash	0	0	0	0	0	0	100%	-	0	0
16 Kruggerands	0	0	0	0	0	0	10%	0%	0	0
17 Bank balances & deposits - Domestic	0	0	0	0	0	0	100%	-	0	0
18 Bank balances & deposits - Foreign, deemed to be domestic	0	0	0	0	0	0	15%	0%	0	0
19 Government & semi-government securities - Domestic	0	0	0	0	0	0	100%	-	0	0
20 Government securities - Foreign, deemed to be domestic	0	0	0	0	0	0	15%	0%	0	0
SUBTOTAL OF ITEMS 13 to 20	0	0	0	0	0	0				0
TOTAL	0	0	0	0	0	0				0

## DOMESTIC ASSETS MUST EXCEED THE FOLLOWING:

Total Liabilities  
 Less: Linked liabilities  
 Plus: Minimum CAR  
 Plus: Asset-holding intermediaries' liabilities  
 Total Non-linked Liabilities

0  
 0  
 0  
 0  
 0

NOTE - ITEMS 13 + 14  
Admitted values are the lesser of the individual, or the total amounts in the previous column.

Items 13+14: Individual: 0  
 Total: 0  
 Admitted: 0

## CALCULATION OF FURTHER EXCESSES AND FINAL ADMITTED VALUES

R'000

1. If Items 4+5+6+9+10+11+12 exceed 90% of the non-linked liabilities, the excess is: 0

2. If Items 6+14+18+20 exceed 15% of the non-linked liabilities, the excess is: 0

3. If the admitted value of Items 1 to 12 exceeds: 95% of the total non-linked liabilities, the excess is: 0

4. Overall admitted assets:  
Total of column (11) less 1, 2 & 3 above: 0

5. Surplus of overall admitted assets over total non-linked liabilities: 0

PUBLIC OFFICER \_\_\_\_\_

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