

## RESOLUTION OF THE BOARD OF DIRECTORS

The Board of Directors hereby adopt and approve the following resolution at its meeting held on the 17<sup>th</sup> day of August 2017.

### RESOLUTION:

The Board of Directors approve the submission of the attached report to the Minister of Finance on behalf of the Board of Directors by the Management of the Corporation, which records the following:

1. Proposals from the Board of Directors to the Minister of Finance on the cession percentage to be implemented in terms of Section 39:
  - a. **For short-term insurance business:**
    - i. With respect to the policy level cession (Pillar I) in terms of Section 39 (1-3), the Board proposes that the Pillar I cession be implemented at 12.5% for a 17-year (17) period, to be revised downwards after said period, and
    - ii. With respect to the reinsurance cession (Pillar II) in terms of Section 39 (4-6), the Board proposes that the cession be implemented at 20% for an indefinite period of time.
  - b. **For long-term insurance business:**
    - i. With respect to the policy level cession (Pillar I) in terms of Section 39 (1-3), the Board proposes that business ceded to the Corporation be limited to 12.5% of the risk premium only for a 17-year period, to be revised downwards after said period, and
    - ii. With respect to the reinsurance cession (Pillar II) in terms of Section 39 (4-6), the Board proposes a twenty percent (20%) of the risk premium be set, with no fixed term applicable, i.e. this cession should remain in place indefinitely.
2. Recommendations from the Board of Directors to the Minister of Finance with respect to the exclusion of certain classes of business from the cession to be implemented in terms of Section 39 (8), being that the following classes of business be excluded from the Section 39(1-3) (Pillar I) cession:

- a. Micro-insurance business as defined in the attached document, and
- b. Fund Insurance Business and Sinking Fund Insurance Business is defined in Section 1 of the Long-Term Insurance Act, 1998 (Act No. 5 of 1998), and
3. Recommendations from the Board of Directors to the Minister of Finance with respect to the **payment of commission** in terms of Section 43(2):
- a. **For short-term insurance business:**
- i. With respect to the policy level cession (Pillar I) in terms of Section 39 (1-3), the Board recommends that:
1. Origination commission be paid at the lesser of the amount of commission paid by the registered insurer and registered reinsurer; and the maximum amount of commission specified in Regulation 6 to the Short-Term Insurance Act, 1998 (Act No. 4 of 1998); and
  2. Over-rider commission be paid at five (5) percent of the premium so ceded in order to compensate the insurer for the administrative costs related to the ceded policy.
- ii. With respect to the reinsurance cession in terms of Section 39(4-6) (Pillar II) and Section 40 (Pillar III), that:
1. Origination commission be paid at the lesser of the amount of commission paid by the registered insurer and registered reinsurer; and the maximum amount of commission specified in Regulation 6 to the Short-Term Insurance Act, 1998 (Act No. 4 of 1998), and that;
  2. Over-rider commission be paid at different rates based on the types of business being:
    - a. On treaty business per the detailed table provided in the attached document; and
    - b. On facultative business at five (5%) percent of the premium so ceded; and
    - c. On non-proportional business no over-rider commission to be paid.
- b. **For long-term insurance business:**
- i. With respect to the policy level cession (Pillar I) in terms of Section 39 (1-3), the Board recommends that no commission be paid as only risk premium will be ceded to the Corporation; and
- ii. With respect to the reinsurance cession in terms of Section 39(4-6) (Pillar II) and Section 40 (Pillar III) no commission be paid as only risk premium will be ceded to the Corporation.
4. Recommendations from the Board of Directors to the Minister of Finance with respect to the **regulations** in terms of Section 47(1), being a detailed set of regulations provided in the attached document.

DIRECTOR NAME	DIRECTOR SIGNATURE
1. L. KAPERRE	 18/09/17
2. T. SAUNDERSON	
3. N.J. TSHITAYI	
4. A. BEUKES	 19.09.2017

Secret and Privileged