



"FA5.1"

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24 March 2021

The Director: Legal
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Dear Madam,

FIRST REPORT: REPORTABLE IRREGULARITY

Name of entity audited: 3Sixty Life Limited
Registration number of entity: 1935/007508/06

My firm has been engaged by 3Sixty Life Limited to:

1. Audit the company's annual financial statements.

I have reason to believe that reportable irregularities, as defined in the APA, have taken, or are taking place. I am not able to make a legal determination in respect of the suspected unlawful acts or omissions, but have exercised professional judgement, based on the evidence or information which has come to my attention, including undertaking further investigations of information as were considered necessary in the circumstances.

Particulars of the reportable irregularities are:

Victor Sekese (Chief Executive)
A comprehensive list of all
Directors is available at the
company offices or registered office

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SizweNtsalubaGobodo Grant Thornton Incorporated Registration Number: 2005/034639/21

1. *Failure to maintain financially sound condition (Insurance Act 18 of 2017) and reckless trading (Companies Act 71 Of 2008)*

3Sixty Life failed to maintain its business in a financially sound condition. S36(1) of the Insurance Act 18 of 2017 requires that an insurer must at all times maintain its business in a financially sound condition, by holding eligible own funds that are at least equal to the minimum capital requirement or solvency capital requirement, as prescribed, whichever is the greater. The SCR was at times during the financial year ended 31 December 2020 below the required level.

The company is at risk of reckless trading (at 31.01.2021 the company was trading under insolvent circumstances, in contravention of 22(1)(b) of the Companies Act as its liabilities fairly valued exceeded its assets). There is a risk that the company will be unable to settle its obligations, as they become due and payable in the normal course of business.

2. *Reduction of capital, in contravention of section 38 and 39 of the Insurance Act 18 of 2017*

3Sixty Life reduced its share capital without the prior approval of the Prudential Authority (PA), in contravention of S38 of the Insurance Act 18 of 2017. S38(1) requires that an insurer or controlling company that is a profit company, or an insurer that is a co-operative whose constitution provides for membership shares to be issued to members, may not, without the approval of the Prudential Authority (c) reduce its share capital. 3Sixty Life was unable to provide evidence of the required PA approval in connection with the reduction of share capital.

3. *Joining fee charge to policyholders, in contravention of Rule 6 of the Policyholders Protection Rules*

3Sixty Life charged a joining fee of R50 to policyholders, who joined funeral policies underwritten by 3Sixty Life. This is in contravention of Rule 6 of the Policyholders Protection Rules, which states that an insurer may not charge a policyholder or member any fee or charge in addition to the premium payable under the policy.

Please acknowledge receipt of this report.

Yours faithfully



Pravesh Hiralall
Registered Auditor

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