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3SIXTY LIFE LIMITED

Reg No 1935/007508/06 FSP 15107

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Date: 04 October 2021

The Prudential Authority
South African Reserve Bank
370 Helen Joseph Street
Pretoria
0002

Re: Notification for failure to meet the minimum solvency and capital requirement as required in terms of section 39(3) of the Insurance Act No. 18 of 2017 (Insurance Act)

Dear Suzette Vogelsang

We are in receipt of a letter sent by the Deputy Governor and CEO: Prudential Authority (PA), Mr. Kuben Naidoo, in the letter the PA directs us to respond to you. I am thankful for the cooperation that we are receiving from the PA in these difficult times, and I hope that you too are enjoying working with the 3Sixty Life team. My responses in the letter for simplicity of language will be written as if you are the author of the letter, I request that you bear with me in this regard.

1. Various matters under item 1.1 to 1.5 of this letter indicate the extent of the cooperation between the PA and 3Sixty Life, 3Sixty Life has been transparent to the PA and even the reportable irregularities reported by our external auditors were induced by 3Sixty Life.

- 1.6 We presented to the PA our efforts to turnaround 3Sixty Life and recapitalize it. 3Sixty Life has implemented the premium increase in February of 2021 as was committed to the PA, the PA is aware that the FSCA is attacking the premium increase, but we are confident that this will be maintained as we have complied with all regulations that govern premium increase. Furthermore, we also committed to a reduction of overheads, this objective has been achieved as well, a combination of the premium increase and lower overheads have enabled us to weather the 3rd wave more successfully than the 2nd wave.

Our strategy for capitalization is dependent on the successful disposal of our Group's 74,9% interest in Salt EB, sadly the FSCA has taken actions that have delayed the conclusion of the transaction. We were expecting that the Twin Peak effect would enable us to resolve this matter sooner given that it has a direct bearing on 3Sixty Life. We remain hopeful that this matter will be resolved soon.

- 1.7 I would like to remind the PA that Peter Whitley retrospectively approved our withdrawal of the R70M. A letter was sent to the PA to the extent that this withdrawal did not pose a risk to policyholders.
2. We understand the PA considering taking regulatory action in this environment, however, we believe in all environment the substance (context) should count more than form (the Regulation). Afterall, we run a Human system that is not blind to the changing circumstances in our environment. We therefore argue that the Regulator has no need to take Regulatory action because:

Directors: Ms Neo Bodibe (Chairman), Mr Khandani Msibi (Acting Chief Executive Officer), Mr Malebo Chadi (Chief Financial Officer), Mr Dr Osborn Mahanjana (Non-Executive Director), Ms Olu Luthanga (Non-Executive Director), Mr Oupa Ralake (Non-Executive Director), Mr Robert Shaw (Non-Executive Director), Mr Bheki Mthethwa (Independent Non-Executive Director) Ms Gugu Ngcobo (Independent Non-Executive Director) Mr Leo Mlambo (Independent Non-Executive Director) Ms Karen Smith (Independent Non-Executive Director)

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2.1 The 3Sixty Life solvency is as a result of Covid-19, an insurance event that has had devastating impact on our business. Under these circumstances, we expect to be assisted and supported as the PA has been doing over the past 8 months.

2.2 3Sixty Life is giving the PA full cooperation and can be nudged towards certain directions without the PA taking regulatory actions.

2.3 3Sixty Life has made remarkable progress towards stabilizing itself as indicated by the out of Covid wave financial results. We further note that the reduced losses experienced during Covid waves are commendable.

2.4 We are concerned that Regulatory Action will introduce instability in the 3Sixty Life universe, employees and current clients will be rattled by any adverse public communication from the PA.

2.5 We have so far been able to pay claims, other than the pressure created by the FSCA insistence on us paying Dignity Financial Services less than due claims.

2.6. 3Sixty Life's performance will improve and the company will generate sufficient cash flows required to meet obligations now that South Africa is at the tail end of the 3rd wave. We expect there to be further waves in the near future but we do not expect the coming waves to be as severe as the last 3 waves encountered by South Africa,

2.7 The plan to recapitalize the business is delayed but is inevitable despite the recently encountered delays as a result of unforeseen actions taken by the FSCA.

2.8 The adverse effects of the Covid 19 pandemic have reached its peak and the company is now on its way to recovery. Management is confident that the Company, from here onwards, is set for an upward trajectory.

2.9 Management's priority in the Group remains recapitalizing 3Sixty Life. Regulatory action taken at this time will only slow down the progress that the company is showing as per the reasons listed above.

3. As indicated 3Sixty Life is nudge-able to certain directions and indeed we took the decision to terminate certain books of business, this action will have an impact of reducing the revenue, complexity and claims risk to 3Sixty Life. However, any blanket embargo on new business will have the adverse effect of worsening our position. At the reduced revenue 3Sixty Life should be allowed to continue getting new business from the 3Sixty Groups' internal channels to replace lapses, otherwise we run the risk of eroding the business irreparably.

To demonstrate that 3Sixty Life manages its risks, the Board of 3Sixty Life, other than approving the termination of certain schemes, also placed a moratorium on new business from funeral undertakers. We can request the Board to extend this to other risk businesses as well.

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4. We accept that we should not seek growth under these circumstances, but we plead that we should be allowed to accept new business from internal channels to the extent it does not result in additional risk as it comes with 6 months waiting period. The objective of this exemption is to ensure that 3Sixty Life maintains its current (reduced) revenues and does not suffer a loss of operating leverage.
5. This letter refers.
6. We do not disagree with the PA, we have already taken such actions ourselves but noting that there are monthly lapses, 3Sixty Life should be allowed to maintain the replacement new business from internal channels.

Yours faithfully,

Khandani Msibi

Acting CEO: 3Sixty Life Limited

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