



"FA5.3"

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6 April 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:

1. *Drawdown (of R70m) to pay claims in respect of policyholders for whom these funds are not earmarked for*

The with profit (WP) policyholder funds are administered by 3Sixty Life Limited on behalf of policyholders, for purposes of improving their sum assureds over time to preserve the real value of sum assureds.

The funds, therefore, need to be managed with due care and diligence as policyholder reasonable expectations are dependent on the performance of those funds.

Subsequent to 31 December 2020 there was a drawdown (of R70m) to pay claims in respect of policyholders for whom these funds are not earmarked for. The drawdown amounts to a loan from the WP policyholder funds to the shareholder.

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

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

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This matter needs to be viewed in conjunction with the reportable irregularities reported on 24 March 2021, in terms of which we reported that:

1. 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.
2. 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.

The WP policyholders are potentially prejudiced as the drawdown was utilized for purposes other than policyholders for whom those funds were earmarked. This together with the current financial position of the insurer makes it unlikely that the WP policyholders will be put back in the position that they would have been in, before the drawdown (of R70m), and is potentially prejudicial to the WP policyholders.

Please acknowledge receipt of this report.

Yours faithfully



Pravesh Hiralall
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