

In the matter between:

THE FINANCIAL SECTOR CONDUCT AUTHORITY

and

BRYTE LIFE COMPANY LIMITED

**ENFORCEABLE UNDERTAKING IN TERMS OF SECTION 151(1) OF THE FINANCIAL
SECTOR REGULATION ACT NO.9 OF 2017**

The commitments in this enforceable undertaking are offered by Bryte Life Company Ltd to the Financial Sector Conduct Authority.

INTRODUCTION

1. The Financial Sector Conduct Authority (“the FSCA”), established in terms of Section 56 of the Financial Sector Regulation Act, No.9 of 2017 (“the FSR Act”), is a financial sector regulator as defined in the FSR Act, whose objectives are to enhance and support the efficiency and integrity of the financial markets; protect financial customers and assist in maintaining financial stability.
2. Bryte Life Company Limited (Bryte Life) is a licensed insurer in terms of the Insurance Act 18 of 2017 (Insurance Act) and a subsidiary of Bryte Holdings South Africa.

BACKGROUND FACTS

3. The FSCA, pursuant to a supervisory enquiry, made the following findings:
 - 3.1 Bryte Life concluded an intermediary agreement with a certain intermediary to underwrite its book of policies with the understanding that its book of policies will be moved from another insurer to Bryte Life, (hereafter referred to as the intermediary book). These policies commenced on **1 May 2019**.
 - 3.2 The initial policy pricing for these policies applied unusually substantial discounts in the anticipation and hope that the intermediary would within approximately a year move a

further two books of business which would stabilise the loss experience. Bryte Life's pricing was based on an average overall risk pool of its on-boarded intermediary policies and the other two books that it had not yet acquired. In other words, Bryte Life underpriced the intermediary's book of policies.

3.3 When on-boarding the book of policies, Bryte Life did not utilise the pricing tool that Bryte Life implemented, which was available to determine an appropriate premium, but instead entered into these policies without any appropriate actuarial assessment as to the appropriateness of the policy premiums. This conduct was a breach of Bryte Life's internal control systems and policies that were designed to prevent such occurrence.

3.4 Further, Bryte Life did not document the deviation from the pricing tool nor was any sign-off obtained from a responsible executive consenting to the deviation in breach of its internal control systems.

3.5 The intermediary did not move the two books of policies as promised. The premiums of the intermediary's on-boarded policies could not be sustained. Bryte Life was required to either increase the premiums or terminate the policies. Bryte Life and the intermediary could not reach an agreement on the repricing. Consequently, Bryte Life terminated 20 688 policies on **18 November 2020**.

4. The conduct of Bryte Life discussed above constitutes a breach of the following:

4.1 Rule 6(1) of the Policyholder Protection Rules issued under section 62 of the Long-Term Insurance Act 52 of 1998 (LTIA) because the original premiums were not based on assumptions that were realistic, nor did Bryte Life have reason to believe that they were likely to be met over the term of the policy; and

4.2 Section 46(1)(a) of the LTIA because when Bryte Life entered into these funeral policies, it failed to ensure that the premiums, benefits and other values were actuarially sound. Furthermore, these premiums were determined without the consultation and approval of the Statutory Actuary.

ADMISSIONS

5. Bryte Life admits that it has contravened the above-mentioned provisions.

ENFORCEABLE UNDERTAKING:

6. As a result of the above, Bryte Life gives the following Enforceable Undertaking to the FSCA in terms of section 151(1) of the FSR Act. Bryte Life undertakes to:

- 6.1 Implement an efficient internal risk control procedure to ensure that it prevents, deters, and detects the opportunity for manual intervention or any deviation of the pricing tool. However, if any manual override is lawfully warranted, it is approved by the Head of the Actuarial Control Function and notified to the Board of Directors of Bryte Life.

- 6.2 Ensure that the automated risk internal control system that is designed to calculate premiums enables the insurer to satisfy itself that the premiums are actuarially sound.

- 6.3 Implement a control environment that:

- 6.3.1 enforces written internal risk control policies and procedures;

- 6.3.2 appropriately monitors internal risk controls;

- 6.3.3 provides reporting of deviation of policy; and

- 6.3.4 educates employees about the consequences of not complying with internal risk control systems.

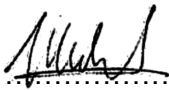
7. The above undertaking must be completed within one month from the date the FSCA accepts the Enforceable Undertaking provided by Bryte Life.

8. Upon the immediate completion of strengthening and implementation of the risk internal control procedures referred to above, provide the FSCA in writing with the details of the risk internal control procedures.

9. Bryte Life acknowledges that it is aware of the provisions of section 151(4) of the FSR Act.

10. Bryte Life acknowledges that this enforceable undertaking has no force or effect until accepted in writing by the FSCA and that the date of this undertaking is the date on which it is accepted by the FSCA.

DATED AT Rosebank..... ON THIS 30th DAY OF June..... 2025



On behalf of Bryte Life Company Limited (Bryte Life)

The aforesaid Enforceable Undertaking is accepted by the Financial Sector Conduct Authority in terms of Section 151(1) of the FSR Act.

DATED AT PRETORIA.ON THIS 30 DAY OF JUNE 2025



K.S Dikokwe
Divisional Executive
Financial Sector Conduct Authority