



**MINISTRY: FINANCE
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INSURANCE LAWS AMENDMENT BILL,

ADDRESS TO THE NATIONAL ASSEMBLY BY THE HONOURABLE

MINISTER OF FINANCE,

TREVOR A MANUEL, MP

24 JUNE 2008

The Insurance Laws Amendment Bill, 2008, being debated in this House today similarly to the Financial Services Laws General Amendment Bill addresses urgent technical and regulatory issues in both the Long-term and Short-term Insurance Acts. The amendments are contained in one amendment Bill as many of the provisions appear in both Acts and are therefore being effected essentially for the same reasons.

Madam Speaker, in broad terms the proposed amendments to the Long-term and Short-term Insurance Acts are required in order to close regulatory gaps identified in

existing statutes, to effect improvements to certain provisions of existing legislation, and to update outdated references. The amendments:

- Expand the rights and reporting obligations of independent risk assessors such as auditors and statutory actuaries, to enhance transparency and corporate governance of client funds, thereby strengthening consumer protection and industry oversight;
- Improve risk management rules for insurers in a move towards risk based supervision, with the main objective of promoting a more stable financial system, particularly relevant against the backdrop of recent financial market turmoil, as well as an improved allocation of regulatory resources in the esteemed Financial Services Board, the FSB, allowing for more effective supervision of our financial services sector;
- Protect consumers by regularising and clarifying the relationship between an insurer on the one hand, and an outsourced person on the other, who provides service functions between insurer and client in the instance where the insurer's liability may be varied by the insurer giving authority to the third party to take on (or manage) their insurance business with a client on their, the insurer's, behalf;
- Provide additional regulatory protection for consumers of assistance business policies; and lastly
- Clarify the regulatory demarcation of products between health and financial services to ensure alignment between health and financial sector policy.

Madam Speaker, in closing, I would like to remind this House that the proposed amendments are crucial to strengthening consumer protection, enhancing financial stability and removing legal uncertainty across the Acts.

I would like to convey my special thanks to the Portfolio Committee on Finance, under the chairmanship and steady hand of Mr Nhlanhla Nene. The Committee consistently provides an insightful review of legislation placed before it for consideration.

I hereby request that the House pass the Insurance Laws Amendment Bill, 2008.