



SAIA

SOUTH AFRICAN INSURANCE ASSOCIATION

Financial Services Laws General Amendment Bill

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SAIA

Introduction

- The SAIA represents the short-term insurance industry in South Africa
- The SAIA is made up of 60 members
- Representing 93% of the short term insurance market measured by premium income
- SAIA 105 years old



Introduction

Our vision

To promote and represent the interests of the short-term insurance industry, while leading and enhancing the efforts of the industry to become recognized and trusted as an important contributor to the SA economy and society



Introduction

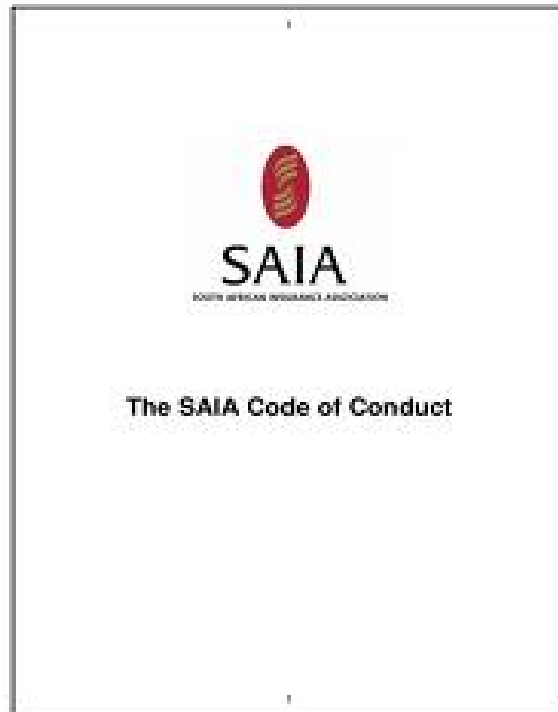
Our mission

- *To encourage fair and ethical treatment of consumers*
- *To promote understanding of short-term insurance*
- *To promote awareness of industry and its contribution*



Introduction

- Committed to self-regulation
- SAIA Code of Conduct



Introduction

- Alternative dispute resolution scheme
- Alternative dispute resolution mechanism – OSTI



THE OMBUDSMAN
FOR SHORT TERM INSURANCE



SAIA

Introduction

- Collaboration and cooperation with Government and the Financial Services Board
- More than R60 million spend on consumer financial literacy education



Introduction

Our objectives

- Fight against crime
- Green geysers
- Agricultural insurance



Introduction

Transformation

- Committed
- Financial Sector Charter - SAIA Chair first FSC Council

Financial Sector
Charter Council



SAIA

Introduction

Motor insurance

- Premiums related to risk and cost
- 3rd party compulsory motor property insurance
- Insures around 35% of vehicles
- Motor insurance struggles to remain affordable and viable
- Represents 40% of short-term insurance



Introduction

Access to short-term insurance

- Constraints re distribution and premium collection, short term insurance low priority



Introduction

- Short-term insurance industry important role to play in SA economy
 - Individuals losses covered
 - Provides jobs
 - Provides work for service providers
 - Oils the economy:
 - Motor insurance (motor manufacturers, financing)
 - Businesses



Specific comments on the Bill

Support objectives of the Bill

Commitment

- Enhanced consumer protection
- Highest standards in market conduct practices
- Treating Customers Fairly project



Provisions welcomed

- Advisory Committees
 - Repealed in the Omnibus Bill
- Code of Engagement
 - Clause 56 - amends S3 of the FSB Act
 - “The Minister **may** prescribe a code of engagement, consultation and communication for the board”*
- Phased in approach
- Annual report
- Role of compliance officers



Limitation of liability

- ICP 2.9

“The supervisor and its staff have the necessary legal protection against lawsuits for action taken in good faith while discharging their duties, provided they have not acted illegally. They are adequately protected against the costs of defending their actions while discharging their duties.”

- Clause 67 amending S23 of the FSB Act

*“No person shall be liable for any loss sustained by, or damage caused to, any other person as a result of anything done or omitted by that person in the bona fide (**,but not grossly negligent,**) exercise of any power or carrying out of any duty or the performance of any function under or in terms of this Act...”*



Publication

- Clause 140 amending S55 of the STIA

*“(5) The **Registrar** may, if circumstances necessitate the immediate publication of a rule, publish that rule without complying with subsection (4)(a), but the notice of publication of that rule must-*

(a) set out the reason why circumstances necessitated the publication of the rule without giving notice.....

(b) invite any person who is aggrieved by the rule to make representations to the Registrar within a period stated in the notice, which period may not be less than 30 days....

(6) If the Registrar published a rule... the notice ... must be tabled in Parliament, and the National Assembly may instruct the Registrar to repeal or amend the rule.”



Publication

- Clause 201 inserting S38C of the FAIS Act

“In the event of a departure from section 3(2) or (4)(1),(2) or (3) of the Promotion of Administrative Justice Act, ...the directive must include a statement to that effect and the reasons for the departure.”

- Publishing on website www.fsb.co.za



Publication on website

- Legislation and Regulation will continue to be gazetted
- Additional definition of “*official website*”
- Substituting the definition of “*prescribe*” to facilitate a process of publishing the FSB’s actions on its website
- Result - Directives, exemption notices published - FSB website only
- Where a directive or exemption has been issued in the interests of consumer protection - the Registrar may consider gazetting.
- Directive is an instruction to do something/ to desist from doing something
- Contravention / failure to comply with a directive - offence
- Referred to the Enforcement Committee / criminal prosecution



Medical Schemes Act

Clause 257 S1 of the Medical Schemes Act amending definition of “*business of a medical scheme*”

“means the business of undertaking liability in return for a premium or contribution—

(a) to make provision for the obtaining of any relevant health service;

(b) to grant assistance in defraying expenditure incurred in connection with the rendering of any relevant health service; and

(c) where applicable, to render a relevant health service, either by the medical scheme itself, or by any supplier or group of suppliers of a relevant health service or by any person, in association with or in terms of an agreement with a medical scheme;” or

(d) to undertake two or more of the activities referred to under paragraphs (a) to (c)”



Medical Schemes Act

- Guardrisk Insurance Co Ltd v Registrar of Medical Schemes and Another 2008 (4) SA 620 (SCA)
- *“practical reality has shown that there exists a need for this type of insurance and there seems to be no reason why it should not be permitted.”*



Summary

Insurance industry plays vital role in economy...





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Thank you!