



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



FSCA

Financial Sector
Conduct Authority

MEDIA STATEMENT

JOINT PUBLICATION OF AMENDMENTS TO THE REGULATIONS AND POLICYHOLDER PROTECTION RULES

National Treasury has today, in terms of the Long-term Insurance (LTI) Act and Short-term Insurance (STI) Act, published amendments to the Regulations made under the LTI Act and STI Act. The Financial Sector Conduct Authority (FSCA) has published related amendments to the Policyholder Protection Rules (PPRs) made under the LTI Act and STI Act.

The Insurance Act 18 of 2017 (Insurance Act) was enacted on 18 January 2018. The Insurance Act repealed all prudential requirements that were provided for in the LTI Act and STI Act. The remaining sections in the LTI Act and the STI Act will remain in force in order to provide for an interim conduct of business legislative framework for insurers, pending phase two of the implementation of the 'Twin Peaks' model of regulation and the envisaged Conduct of Financial Institutions Act.

The Insurance Act provides for a two-year transitional period for insurers to migrate from the existing to the new regulatory framework. As the Insurance Act defines various concepts differently from the LTI Act and the STI Act, it was important to ensure that, over this two-year transitional period, the prudential and conduct of business regulatory frameworks for insurance remain aligned in order to ensure regulatory certainty for regulated entities.

The amendments to the Regulations and PPRs aim to –

- align terminology and concepts contained in the PPRs and Regulations to terminology and concepts provided for in the Insurance Act;
- provide for various requirements that have been repealed from the LTI Act and STI Act through Schedule 1 of the Insurance Act, with the intention of transitioning those requirements into subordinate legislation. The repeal of these sections were made effective on 1 October 2018 through Government Notice No. 41947 published in the Government Gazette of 28 September 2018;
- provide for Microinsurance Product Standards to support, from a conduct of business perspective, the Microinsurance licensing and prudential framework created through the Insurance Act. The Microinsurance Product Standards, in conjunction with the Microinsurance licensing and prudential framework, gives effect to the National Treasury's Microinsurance Policy Document released in July 2011. The integrated prudential and conduct Microinsurance framework is

intended to, in a proportional manner, promote financial inclusion by ensuring that low-income households have access to simple and appropriate insurance products;

- strengthen policyholder protection by providing for more robust legislative requirements pertaining to the collection of premiums by intermediaries; and
- amend the binder regulations to provide for certain transformation requirements relating to procurement. This amendment is intended to promote the transformation of the insurance sector and assist insurers in meeting their obligations in terms of the Financial Sector Code.

Financial Sector Regulation Act

The National Treasury has also Gazetted the “Financial Sector Regulation Act: Amendments of Notice of Commencement and commencement of certain provisions”. The amendments aim to amongst others, amend the effective date of implementation of Chapter 14 of the Act to 1 April 2019, and bring specified other provisions into effect on date of publication.

Amendments and supporting documents

The amendments to the Regulations and PPRs, and the Commencement Notice, together with supporting documents are available on the National Treasury’s website at www.treasury.gov.za/twinpeaks and the Financial Sector Conduct Authority website at www.fsca.co.za

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