



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



MEDIA STATEMENT

INSURANCE BILL - RELEASE OF SCHEDULES 1 AND 3 FOR PUBLIC COMMENT

On 5 October, 2017, the Standing Committee on Finance (SCOF) requested the National Treasury to invite written submissions on the latest versions of Schedules 1 and 3 of the Insurance Bill (the Bill). Written submissions can be emailed to Mr Allen Wicomb, at awicomb@parliament.gov.za, by no later than 12:00 on Monday, 23 October 2017.

Summary of amendments proposed to Schedule 1 and 3

The latest versions of Schedules 1 and 3 propose amendments that are in addition to amendments mooted in the version of the Bill tabled in the Committee on 10 May 2017 (the 10 May 2017 version of the Schedules incorporated public comments received during the Parliamentary process for comment on the Bill).

- The amendments to Schedule 1 seek to further support the conduct mandate of the Financial Sector Conduct Authority, as well as certain corrections.
- The amendments to Schedule 3 seek to clarify the approach to transitioning the registration of insurers under the existing Long-term Insurance Act and Short-term Insurance Act to licences under the Bill (once enacted).

Background to the Insurance Bill

The Bill provides a consolidated legal framework for the prudential supervision of the insurance sector, that is consistent with international standards for insurance regulation and supervision to the extent practicable, and with due consideration to the South African context. It also seeks to replace and consolidate substantial parts of the Long-term Insurance Act and the Short-term Insurance Act, relating to prudential supervision.

The Bill seeks to promote the maintenance of a fair, safe and stable insurance market by establishing a legal framework for insurers that –

- enhances financial soundness and oversight through higher prudential standards, group supervision and stronger reinsurance arrangements;
- increases access to insurance through a dedicated micro-insurance framework;

- strengthens the regulatory requirements in respect of governance, risk management and internal controls for insurers; and
- aligns with international standards and in accordance with South Africa's G20 commitments.

The Bill will give effect to the outcomes of a number of policy projects undertaken over the past few years, in particular, the Solvency Assessment and Management (SAM) framework. SAM is a risk-based prudential supervisory framework which seeks to improve policyholder protection, and contribute to financial stability through aligning insurers' regulatory capital requirements with the underlying risks of the insurer. The Bill will also give effect to the National Treasury's Micro-insurance Policy Document.

The Process

The Bill was first approved by the Cabinet, and released for public comment on 17 April 2015. The Minister of Finance tabled the Bill in Parliament on 28 January 2016. The SCOF released the Bill for further public comments on 15 December 2016, followed by public hearings on the Bill on 07 February 2017. On 10 May 2017, the National Treasury provided responses to public comment and certain amendments to the Bill. SCOF hosted further deliberations on the Bill on 22 August 2017, 12 September 2017 and 4 October 2017.

Available Documents

The following documents are available on the National Treasury www.treasury.gov.za and Financial Services Board's www.fsb.co.za websites.

- Schedule 1 of the Insurance Bill (**Annexure A**);
- Schedule 3 of the Insurance Bill (**Annexure B**); and
- 10 May 2017 version of the Bill as amended to take into account public comments received during the Parliamentary process (**Annexure C**).

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