

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 106

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Dr D T George (DA) to ask the Minister of Finance:

Whether the Financial Services Board (FSB) is supervising the Road Accident Fund; if not, what is the position in this regard; if so, (a) what is the nature of the supervision and (b) what role will the FSB perform in the Road Accident Fund reform process?
NW119E

Reply:

The Financial Supervision of the Road Accident Fund Act, 1993, provides that the provisions of the Short-term Insurance Act, 1998, shall apply to the Road Accident Fund ("RAF"), subject to any directions of the Executive Officer of the Financial Services Board ("FSB").

- (a) Following deliberations by the Parliamentary Portfolio Committee on Transport on 18 March 2008 and subsequent discussions with National Treasury, the Executive Officer of the FSB is invoking the powers conferred on him in the Financial Supervision of the Road Accident Fund Act to strengthen the FSB's oversight and supervision of the RAF. Internally, the Insurance division of the FSB has identified those sections in the Short-term Insurance Act which in a modified format may apply to the RAF. The provisions will be in the form of regulations to be issued under the Financial Supervision of the Road Accident Fund Act. The proposed regulations will be discussed with the National Treasury, the RAF and its Board and Ministry of Transport.

The nature of the FSB's supervision of the RAF currently consists of identifying and reporting of relevant trends and information to the Minister of Finance and the Board of the RAF. It is envisaged that the supervision will be expanded to also cover the monitoring of insurance risks and performance, as well as enforcing compliance with the revised legislative provisions.

- (b) The Department of Transport and the National Treasury lead on policy reforms regarding the RAF. The FSB will provide input on regulatory aspects.