



Financial Sector
Conduct Authority

FSCA INS Notice 8 of 2020

FINANCIAL SECTOR REGULATION ACT, 2017 (ACT NO. 9 OF 2017)

**EXEMPTION OF CERTAIN SHORT-TERM INSURERS AND INDEPENDENT
INTERMEDIARIES FROM REGULATIONS 5.2 AND 5.3(1) OF THE REGULATIONS
UNDER THE SHORT-TERM INSURANCE ACT, 1998**

The Financial Sector Conduct Authority hereby under section 281(1) of the Financial Sector Regulation Act, 2017 exempts certain short-term insurers and independent intermediaries from Regulations 5.2 and 5.3(1) of the Regulations under the Short-term Insurance Act, 1998 (Act No. 53 of 1998), to the extent set out in the Schedule.

A handwritten signature in black ink, appearing to be 'CD DA SILVA', is written over a light blue circular watermark.

CD DA SILVA
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY
Date of Publication: 23 April 2020

SCHEDULE

EXEMPTION OF CERTAIN SHORT-TERM INSURERS AND INDEPENDENT INTERMEDIARIES FROM REGULATIONS 5.2 AND 5.3(1) OF THE REGULATIONS UNDER THE SHORT-TERM INSURANCE ACT, 1998

Definitions

1. In this Schedule “the Act” means the Short-term Insurance Act, 1998 (Act No. 53 of 1998), and any word or expression to which a meaning is assigned in the Act bears, subject to context, that meaning unless otherwise defined, and –

“**certain independent intermediaries**” means any independent intermediary, as defined in the Regulations, that render services as intermediary in respect of policies that are subject to premium relief;

“**certain short-term insurers**” means short-term insurers that provide premium relief to one or more policyholders due to the national state of disaster brought on by the COVID-19 outbreak;

“**COVID-19**” has the meaning assigned to it in the Regulations made under section 27(2) of the Disaster Management Act, 2002 (Act No. 57 of 2002) as published in Government Notice No. R. 318 of 18 March 2020 of *Government Gazette* No. 43107 of 18 March 2020 and as amended from time to time;

“**existing policy**” means a policy entered into before the date on which this Notice is published;

“**national state of disaster**” means the national state of disaster declared by the Minister of Cooperative Governance and Traditional Affairs in Government Notice No. R. 313 of 15 March 2020;

“**premium relief**” means a temporary release from the obligation to pay the premium payable under an existing policy in whole or in part, either by –
(a) allowing the non-payment of premium for a limited amount of time;
(b) allowing for an extended period of grace for the payment of premium; or
(c) a reduction in the amount of premium payable for a limited amount of time; without reducing or limiting any policy benefits under the policy;

“**policy**” has the meaning assigned to it in Part 1 of the Regulations;

“**Regulations**” means the Regulations made under section 70 of the Act promulgated by GN R.1493 in *Government Gazette* 19495 of 27 November 1998 and amended from time to time; and

“**services as intermediary**” has the meaning assigned to it in Part 1 of the Regulations.

Extent and Conditions of Exemption

2. Certain short-term insurers and independent intermediaries are hereby exempted from Regulations 5.2 and 5.3(1) of the Regulations in respect of policies that are subject to premium relief.
3. The exemption referred to in paragraph 2 is subject to the following conditions:

- (a) the premium relief is granted in relation to an existing policy of which the policyholder is in good standing with the insurer; and
 - (b) any commission paid in respect of a policy that is subject to premium relief does not exceed the maximum allowable commission referred to in Regulation 5.3(1), whereas a reference to “premium” in Regulation 5.3(1) must be read as the premium that would have been paid payable had it not been for the premium relief.
4. Failure by a short-term insurer to comply with the conditions referred to in paragraph 3 will result in the exemption no longer being applicable to that short-term insurer.

Amendment and withdrawal of Exemption

5. This Exemption is subject to –
- (a) amendment thereof published by the Authority by notice on the website of the Authority; and
 - (b) withdrawal in a like manner.

Repeal

6. FSCA INS Notice 6 of 2020, the Exemption of certain short-term insurers and independent intermediaries from Regulations 5.2, 2020, is hereby withdrawn and substituted with this Notice.

Short title, commencement and duration of the Exemption

7. This Notice is called the Exemption of certain short-term insurers and independent intermediaries from Regulations 5.2 and 5.3(1), 2020 and takes effect on the date of publication thereof.