



Financial Sector
Conduct Authority

FSCA INS Notice 7 of 2020

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

EXEMPTION OF LONG-TERM INSURERS PROVIDING PREMIUM RELIEF FROM REGULATIONS 3.5, 3.17 AND 4.2(1) OF THE REGULATIONS UNDER THE LONG-TERM INSURANCE ACT, 1998 (ACT NO.52 OF 1998)

The Financial Sector Conduct Authority under section 281(1) of the Financial Sector Regulation Act, 2017 hereby exempt certain long-term insurers from Regulations 3.5, 3.17 and 4.2(1) of the Regulations under the Long-term Insurance Act, 1998, to the extent set out in the Schedule.

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

CD DA SILVA
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY
Date of Publication: 15 April 2020

SCHEDULE

EXEMPTION FOR LONG-TERM INSURERS PROVIDING PREMIUM RELIEF FROM REGULATION 3.5, 3.17 AND 4.2(1) OF THE REGULATIONS UNDER THE LONG-TERM INSURANCE ACT, 1998

Definitions

1. In this Schedule “the Act” means the Long-term Insurance Act, 1998 (Act No. 52 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 –

“**causal event charge**” has the meaning assigned to it in Part 5B of the Regulations;

“**certain long-term insurers**” means long-term insurers that provide premium relief to one or more policyholder 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 amended from time to time;

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

“**extended restriction period**” has the meaning assigned to it in Part 4 of the Regulations;

“**excess premium**” has the meaning assigned to it in Part 4 of the Regulations;

“**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 72 of the Act promulgated by GN R.1492 in *Government Gazette* 19495 of 27 November 1998 and amended from time to time; and

“**restriction period**” has the meaning assigned to it in Part 4 of the Regulations.

Extent of Exemption and conditions for adjustment and refund of commission

2. Certain long-term insurers are exempted from Regulations 3.5 and 3.17 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 that long-term insurer; and
 - (b) if the premium, in terms of which the premium relief is granted, remains unpaid for a period of 12 months, the exemption referred to in paragraph 2 automatically expires and, as a result of the unpaid premium, any commission that was paid in respect of such a policy must be adjusted (recalculated) by the relevant long-term insurer and refunded by the relevant independent intermediary to the relevant long-term insurer in accordance with Regulation 3.5.

Extent of Exemption and conditions for exemption from limitations related to extended restriction period

4. Certain long-term insurers are exempted from Regulation 4.2(1) of the Regulations insofar as it relates to premiums being repaid to that long-term insurer to compensate for the premium relief so granted, which premium repayments constitute excess premium and consequently triggers an extended restriction period.
5. The exemption referred to in paragraph 4 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;
 - (b) the long-term insurer does not impose additional causal event charges because of the premium relief granted; and
 - (c) the long-term insurer clearly discloses any implications of the premium relief to the policyholder, including any impact on the investment value (where relevant) prior to granting the premium relief.

Failure to comply with conditions

6. Failure by a long-term insurer to comply with the conditions referred to in paragraph 3 and 5 will result in the relevant exemption no longer being applicable to that long-term insurer.

Amendment and withdrawal of Exemption

7. 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.

Short title, commencement and duration of the Exemption

8. This Notice is called the Exemption of certain long-term insurers providing premium relief, 2020 and takes effect on date of publication thereof.