

FSRA EXEMPTION NOTICE [redacted] OF 2019 (LTIA)

**EXEMPTION OF CERTAIN MICROINSURERS FROM RULE 2A.10.1 OF THE
POLICYHOLDER PROTECTION RULES (LONG-TERM INSURANCE)**

The Financial Sector Conduct Authority, under section 281(1) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), hereby exempts microinsurers that offer credit life microinsurance policies from the requirements of Rule 2A.10.1 of the Policyholder Protection Rules (Long-Term Insurance), to the extent set out in the Schedule.

**CD DA SILVA
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY**

Date of publication: [redacted] July 2019

SCHEDULE

EXEMPTION OF CERTAIN INSURERS FROM RULE 2A.10.1 OF THE POLICYHOLDER PROTECTION RULES (LONG-TERM INSURANCE)

1. Definitions

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 has been assigned in the Act bears, subject to context, that meaning unless otherwise defined, and –

“**credit life microinsurance policy**” means a microinsurance policy underwritten under the credit life class of life insurance business as set out in Table 1 of Schedule 2 to the Insurance Act;

“**Insurance Act**” means the Insurance Act, 2017 (Act no. 18 of 2017);

“**microinsurance policy**” has the meaning assigned to it in Rule 2A of the Policyholder Protection Rules;

“**microinsurer**” has the meaning assigned to it in section 1 of the Insurance Act; and

“**Policyholder Protection Rules**” means the Policyholder Protection Rules (Long-Term Insurance) made under section 62 of the Act promulgated by GN. 1407 and amended from time to time.

2. Extent of exemption and conditions

- (1) Subject to subsection (2), a microinsurer that offers credit life microinsurance policies is hereby exempted from Rule 2A.10.1 of the Policyholder Protection Rules insofar as it relates to such credit life microinsurance policies.
- (2) The exemption referred to in subsection (1) is subject thereto that a microinsurer referred to in subsection (1) -
 - (a) must, where a credit life microinsurance policy is structured to pay out to the credit provider, before entering into such credit life microinsurance policy, disclose to the policyholder in writing that the policy will not pay out to that policyholder but to the credit provider, which information must be provided prominently as contemplated in rule 10.15 of the Policyholder Protection Rules; and
 - (b) may not advertise, market or sell a credit life microinsurance policy as part of any policy with complex or bundled features which are likely to be difficult for a policyholder to understand.
- (3) Failure to comply with the conditions referred to in subsection (2) will automatically disqualify the microinsurer from being subject to the exemption.

3. Amendment and withdrawal of Exemption

(1) This Exemption is subject to –

- (a) amendment thereof published by the Authority by notice on the web site of the Authority;
- (b) withdrawal in a like manner.

4. Short title and commencement

This Notice is called the Exemption of certain microinsurers from Rule 2A.10.1 of the Policyholder Protection Rules (Long-term Insurance), and comes into operation on **[insert date of publication]** 2019.

DRAFT