

FINANCIAL SERVICES BOARD

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CIRCULAR NO. 30 - FRIENDLY SOCIETIES

(To all Friendly Societies)

INCREASE OF LIMITATION ON CERTAIN BENEFITS AND INCREASE OF EXEMPTION LIMIT

The Friendly Societies Amendment Act, No. 44 of 1988 and the Financial Institutions Second Amendment Act, No. 104 of 1993 came into operation on 1 July 1993.

The definition of "insurance business" in the Insurance Act, 1943 was amended to make provision for a maximum payment of R5 000,00 (inclusive of bonuses) in any form of endowment insurance on the life of a person or in the event of sickness or other infirmity, accident, death or other contingency which is, in the opinion of the Registrar of Insurance, insurance business as ordinarily understood. The maximum annuity remains at R144 per annum. In other words, if your society grants benefits above these levels, the society must apply for registration as an insurance company.

Your attention is also invited to section 3(2)(a) of Act 25 of 1956 which stipulates that if the aggregate value of the income likely to be received by a society will not in general exceed during any year an amount of R100 000,00, the Registrar may on certain conditions, specified by him, exempt a society from the operation of all or any provisions of the Act.

Yours faithfully

REGISTRAR OF FRIENDLY SOCIETIES

(Sien keersy vir Afrikaans)