

FSCA Communication 1 of 2020 (INS)

GENERAL EXTENSION OF THE PERIOD FOR COMPLIANCE WITH REGULATION 4.2(3) OF THE REGULATIONS UNDER THE SHORT-TERM INSURANCE ACT, 1998 (ACT NO. 53 OF 1998) AND REGULATION 8.2(2) OF THE REGULATIONS UNDER THE LONG-TERM INSURANCE ACT, 1998 (ACT NO. 52 OF 1998)

23 January 2020

1. PURPOSE

The purpose of this Communication is to inform stakeholders that the general extension of the period for compliance with Regulation 4.2(3) of the Regulations under the Short-term Insurance Act, 1998 (Act No. 53 of 1998) (Regulations under the STIA) and Regulation 8.2(2) of the Regulations under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) (Regulations under the LTIA), granted on 27 September 2019 (the General Extension), has been further extended by the Financial Sector Conduct Authority (the Authority) until **1 April 2020**.

2. REASONS FOR EXTENSIONS

- 2.1 As explained in FSCA Communication 7 of 2019 (Insurance), the General Extension was granted to allow the Authority time to consider various applications for exemption received from independent intermediaries operating in the retail space, which related to the inability of those intermediaries to comply with Regulation 4.2(3) of the Regulations under the STIA and Regulation 8.2(2) of the Regulations under the LTIA (relevant regulations). The General Extension to comply with the relevant regulations was granted until 1 February 2020.

- 2.2 In considering the exemption applications, the Authority identified that the issues raised throughout the exemption applications were similar, and that the same practical challenges existed. As a result, the Authority was of the view that it will be more practical to deal with these various exemption applications through a single general exemption instead of issuing individual exemptions.
- 2.3 As a result, the Authority took a decision to publish draft Exemption Notices that propose to exempt certain independent intermediaries from compliance with the relevant regulations. The draft Exemption Notices were published for public comment on 19 December 2019 until **24 January 2020** (submission date). The reason why the submission date was set as 24 January 2020 was because the Authority was of the view that the draft Exemption Notices are of a simplistic nature, have limited application and will allow the Authority time to finalise the Exemption Notices before 1 February 2020, i.e. the date on which the General Extension expires.
- 2.4 However, after the publication of the draft Exemption Notices the Authority received several requests for an extension of the submission date. After consideration of these requests and the circumstances set out therein, the Authority agreed to extend the submission dates for these commentators to 7 February 2020.
- 2.5 However, the extension of the submission date means that it will not be possible to publish the final Exemption Notices by 31 January 2020 as initially planned. It also means that the General Extension will have to be extended further to allow time to finalise the consultation process relating to the Exemption Notices.
- 2.6 In light of the above, the Authority has, in terms of section 279(1) of the FSR Act, further extended the period of time to comply with the relevant regulations until **1 April 2020**.

3. CONTACT

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