

FSCA COMMUNICATION 1 OF 2024 (INS)

Submission to Parliament of draft Joint Standard – Outsourcing by Insurers

1. The purpose of this Communication is to inform stakeholders that on 8 December 2023, the following draft Joint Standard and supporting documents were submitted to Parliament in terms of section 103(1) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act):
 - 1.1 Joint Standard – Outsourcing by Insurers (Joint Standard);
 - 1.2 Statement supporting the Joint Standard; and
 - 1.3 Consultation Report on the Joint Standard.
2. The Joint Standard sets out the out the principles for outsourcing that insurers must comply with and at a high-level includes the following requirements –
 - 1.1 outsourcing of material functions;
 - 1.2 concept of “materiality” in the business of the insurer;
 - 1.3 outsourcing arrangements that require prior regulatory notification;
 - 1.4 due diligence and legal provisions that must be included in any outsourcing contract;
 - 1.5 the management and review of outsourcing arrangements; and
 - 1.6 a board-approved policy and related procedures for assessing the risks involved with outsourcing.

The documents referred to in paragraph 1 are available on the FSCA’s website at www.fsca.co.za.

3. For more information regarding the draft Joint Standard and/or this Communication, please contact the Regulatory Frameworks Department of the Authority by emailing andile.mjadu@fsca.co.za.



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