

FSCA COMMUNICATION 8 OF 2021 (INS)

New version of the Insurance Conduct of Business Returns (CBRs) determined on the FSCA website

1. PURPOSE

The purpose of this Communication is to:

- 1.1 Notify insurers that the Financial Sector Conduct Authority (FSCA) today published, on its website, FSCA INS Notice 3 of 2021 and FSCA INS Notice 4 of 2021 replacing FSCA INS Notice 10 of 2020 and FSCA INS Notice 11 of 2020. These notices determine the revised form of, and information that must be contained in the CBRs to be submitted to the FSCA by short - and long-term insurers, and the frequency of such submissions; and
- 1.2 Confirm to insurers that the new version of the CBRs will take effect from 1 May 2021 with the first submission on the new version due on 30 July 2021 for the reporting period April 2021 – June 2021.

2. BACKGROUND

- 2.1 The Insurance CBRs is a living document that is reviewed and refined by the FSCA on an annual basis. The changes to the CBRs which resulted in the updated version of the CBRs (CBR 2021-V1) are informed by changes in practices of the insurance industry and supervisory needs been identified from individual workshops with various insurers during the course of 2019 and 2020.

3. CHANGES THAT INFORMED THE 2021 VERSION OF THE CBR

The following changes have been implemented in the CBR 2021-V1:

3.1. Terminology:

The following terms were changed or added in the terminology sheet:

- The term “cancelled” has been replaced with “terminated” to align to the terminology used in the Policyholder Protection Rules (Short-term Insurance), 2017 and Policyholder Protection Rules (Long-term Insurance), 2017;
- The terminology for cover types and benefits was improved as per various comments received from the industry to make it clearer on what is expected under this reporting;
- Terminology for “Claims accepted” was added to provide context to the additional questions added in relation to claims management;
- Terminology for “Claims paid” was amended to make provision for the new concept of “Claims accepted”; and
- Terminology for “Claims repudiated” was amended to make provision for the new questions regarding “Claims accepted”.

3.2. *Business Composition:*

The following questions were changed or added in the business composition section on the Policy Level sheet:

- The options of 'automated advice' and 'USSD' was added as distribution channels under questions relating to distribution channels ; and
- a question was added to identify 'term policies' that reached their full term.

3.3. *Commission, Binder Fees and Other Payments:*

The following questions were changed or added in the Commission, Binder Fees and Other Payments section on the Policy Level sheet:

- A question on the number of binder agreements was added;
- a question on the number of outsourcing agreements was added;
- a question on the number of cell captive arrangements was added; and
- section 2 was aligned between the CBRs for non-life (short-term) insurance and life (long-term) insurance to include the question on additional fees that are being paid. This question was previously not in the CBRs for non-life (short-term) insurance.

3.4. *Add-on Benefits in the CBRs for non-life (short-term insurance)*

The following option was added in the Add-on Benefits sheet:

- Sasria cover is now indicated separately, as some insurers provide riot and strike cover for other countries in Africa.

3.5. *Claims Management*

The following questions were added in the Claims Management section on the Benefit Level sheets:

- Questions to separate "accepted" claims from "paid" claims;
- questions regarding the number and value of withdrawn claims; and
- questions on the value and number of claims moved to unclaimed benefits in the CBRs for life (long-term) insurance.

4. **CONFIRMATION OF REPORTING REQUIREMENTS**

4.1 All insurers that are currently required to submit CBRs, must submit their completed CBRs as follows:

For the reporting period **January 2021 – March 2021:**

The CBR must be completed on the version of *CBR 2019 - V1*

For the reporting period **April 2021 – June 2021:**

The CBR must be completed on the version of *CBR 2021-V1*

This means that the use of the new format CBR 2021-V1 only takes effect from 1 May 2021.

4.2 All CBR submissions must be done via the Conduct of Business – Data Upload Facility on the FSCA website.

- 4.3 It should also be noted that the phase-in period for the submission of the CBRs ended in February 2020 and the FSCA may impose administrative penalties for late or incomplete submissions going forward.

5. POSTPONEMENT OF THE MOVE TO AN EXTENSIBLE MARKUP LANGUAGE (XML) - FORMAT OF SUBMISSION OF THE CBRs

- 5.1 In the FSCA Communication 24 of 2020 (INS) an update was provided on the developments related to a 'Extensible Markup Language' (XML) format for submission of the Insurance CBRs. Due to these requests, the FSCA had originally planned that the new version of the insurance CBRs would be in XML format, but it has since taken a strategic decision to postpone the development of the XML format submission to align with the development of the broader, cross-sectoral CBR intended to harmonise reporting to the FSCA by regulated entities (commonly referred to as the "Omni-CBR").

It is envisaged that this Omni-CBR will facilitate streamlined reporting by a number of the sectors regulated by the FSCA, including insurance, banking, financial advisors, section 13B pension fund administrators, pension funds and investment providers. The developments in relation to this return will be communicated to the relevant sectors in due course and consulted on during the course of 2022.

6. ENQUIRIES

Any queries relating to this Communication and the Insurance CBRs must be sent to the following e-mail address: FSCA.INSCBRComments@FSCA.co.za



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