

MEDIA STATEMENT

PARLIAMENT'S STANDING COMMITTEE ON FINANCE CALLS FOR PUBLIC SUBMISSIONS ON THE INSURANCE BILL, 2016

National Treasury would like to alert interested persons that Parliament's Standing Committee on Finance (SCOF) has invited the public to make written submissions on the Insurance Bill, 2016 (the Bill). Submissions and indications to make oral presentation must be sent to Parliament by 3 February 2017. It is expected that the SCOF will convene public hearings in early February 2017, probably 7 February 2017 (subject to confirmation by SCOF).

Background to the Bill

The Minister of Finance tabled the Bill in Parliament on 28 January 2016, after Cabinet approved the Bill at its meeting of 4 November 2015.

The Bill forms part of the Twin Peaks reforms, which seeks to significantly enhance South Africa's financial regulatory and supervisory framework. The Bill provides a consolidated legal framework for the prudential supervision of the insurance sector that is consistent with international standards for insurance regulation and supervision. It also seeks to replace and consolidate substantial parts of the Long-term Insurance Act, No. 52 of 1998 and the Short-term Insurance Act, No. 53 of 1998 relating to prudential supervision.

The Bill seeks to promote the maintenance of a fair, safe and stable insurance market by establishing a legal framework for insurers that –

- enhances financial soundness and oversight through higher prudential standards, insurance group supervision and stronger reinsurance arrangements;
- increases access to insurance through a dedicated micro-insurance framework;
- strengthens the regulatory requirements in respect of governance, risk management and internal controls for insurers; and
- aligns with international standards.

The Bill will give effect to the outcomes of a number of policy projects undertaken over the past few years, in particular the Solvency Assessment and Management ("SAM") framework. SAM is a risk-based prudential supervisory framework which seeks to improve policyholder protection and contribute to financial stability through aligning insurers' regulatory capital requirements with the underlying risks of the insurer.

The Bill will also give effect to the National Treasury's (NT) Micro-insurance Policy Document.

The Bill was first approved by Cabinet on 15 April 2015 and published for public comment on 17 April 2015. A total of 32 comments were received during this public consultation period process. As a result, a number of changes were made to the Bill as tabled.

Available documents

The tabled Bill is available on the NT (www.treasury.gov.za) and Financial Services Board (www.fsb.co.za) websites.

Process

Public hearings are expected to be convened by SCOF in Parliament in the first week of February 2017 (subject to confirmation by the SCOF). Submissions and indications to make oral presentation must be emailed to Mr Allen Wicomb at awicomb@parliament.gov.za by no later than 12:00 on Friday, 3 February 2017.

Enquiries can be directed to Mr Allen Wicomb on tel. (021) 403-3759.

Parliament's call for comment on the Bill is available at <https://pmg.org.za/call-for-comment/502/>

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