



Parliament: Standing Committee on Finance
 Email: awicomb@parliament.gov.za
 Attention: Mr Allen Wicomb

27 January 2017

Dear Mr Wicomb

RE: Comment on Insurance Bill [B1-2016]

The Unlimited Group (Pty) Limited ("**The Unlimited**") is an authorised financial services provider and provides, amongst other things, intermediary services in relation to long and short-term insurance policies. The Unlimited has read the Insurance Bill [B1-2016] and comments as follows:

Discussion Document Reference	Comment
Definitions	<p>"non-life insurance policy" means any arrangement under which a person ... other than —</p> <p>(a) a life event; or</p> <p>(b) a death event or disability event not resulting from an accident, ...</p> <p>What is the rationale for restricting death cover (other than accidental death) to long-term insurers only? We refer in this regard to our previous submission to Treasury in May 2015.</p> <p>What is proposed should happen to the hundreds of thousands (if not millions) of lives currently covered by short-term insurers under death policies? The implications for migrating all of these policies across to life insurers are not, in our respectful submission, in the interests of policyholders. The costs alone would be exorbitant in effecting a transfer. Furthermore, the fees earned by brokers will be adversely impacted. We accordingly propose that:</p> <ul style="list-style-type: none"> • Short-term insurers be allowed to continue offering death policies to the public; alternatively • That existing death policies at the time of commencement of the Act:

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	<ul style="list-style-type: none"> ○ be allowed to remain under a short-term license, including for purposes of renewal (many of them are month-to-month), and that such policies be allowed to run off over time; and ○ that fees payable to brokers writing such (new) business to a life license should be commensurate with the fees they could earn under a short-term license. In this regard the premiums payable in respect of such products are often relatively small.
Schedule 2, Tables 1 and 2 – Risk – Individual Health and Individual – Personal Lines	<p>The descriptions of Individual Health (life business) and Individual – Personal Lines (non-life business) differ in the following respects (our emphasis added):</p> <ul style="list-style-type: none"> • Individual Health: "... which sum is not linked to the costs or services regulated under the Medical Schemes Act ... <u>but includes</u> any kind, type or category of contract identified by the Minister ..."; • Individual – Personal Lines: "Covers costs or loss of income resulting from - * a health event, other than costs or services regulated under the Medical Schemes Act ... <u>including</u> any kind, type or category of contract identified by the Minister ...". <p>We interpret the word "<i>including</i>" in the description of 'Individual – Personal Lines' to mean that:</p> <ul style="list-style-type: none"> • any kind, type or category of contract identified by the Minister in regulations as an insurance policy is NOT exhaustive; and accordingly • that other types of policies which provide benefits on the happening of a health event, but which: <ul style="list-style-type: none"> ○ do not amount to costs or services regulated under the Medical Schemes Act; and ○ have not been identified by the Minister in regulations (the so-called Demarcation Regulations), still constitute insurance policies and accordingly fall to be regulated under the Bill. In this regard we strongly propose that the wording in the description of 'Individual Health' be changed to "<i>including</i>" (instead of "<i>but includes</i>") – which is a lot more certain.
Micro-Insurance	How does Treasury envisage Micro-insurers will be regulated? There does not appear to be any further clarity on this important initiative.

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We would be happy to discuss any aspect of this correspondence with you and make an oral submission. In this regard we are particularly concerned about the implications of having to change insurers in relation to our existing book of death business, which we do not believe is in the interests of policyholders. Please accept our sincere thanks for the opportunity to comment.

Yours Sincerely



Wayne Mann

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