

Insurance Act No. 18 of 2017

Important dates

The Insurance Act was assented to by the President on 18 January 2018 and became effective on 1 July 2018. The Commencement Notice was gazetted in the Government Gazette on 27 June 2018.

Implementation of the Insurance Act

The Prudential Authority (PA) has communicated to the industry regarding its approach to the implementation of the Insurance Act. The salient points of this communication are summarised below:

Schedule 3 to the Insurance Act sets out the transitional arrangements for implementation of the Insurance Act and the Prudential Standards.



Item 13 of Schedule 3 facilitates the incremental implementation of the Act. It allows the PA to delay the implementation of a provision of the Act for a transitional period not exceeding two years from the effective date of that section or where practicalities require the progressive or incremental application of a specific provision of the Act, to exempt any insurer, controlling company, key person or significant owner from that provision for a period as determined in the gazetted notice.



Insurers that are not able to comply with the Act or Prudential Standards on Day 1, must within 60 days of Day 1, engage with the PA.



Every insurer that was registered under the Long Term Insurance Act (LTIA) or Short Term Insurance Act (STIA) continues to exist as an insurer, as if it had been licensed under the Insurance Act and may continue to conduct insurance business for which it was registered under the STI Act and LTI Act subject to and in accordance with the governance, financial soundness, security, reporting and public disclosure obligations imposed under the Insurance Act.



The PA, within a period of two years must convert the registrations of all insurers to licences in accordance with the Insurance Act. The conversion process for a specific insurer will commence once the PA requests as such in writing from that insurer.



Any reinsurance arrangement entered into with an insurer or reinsurer located in a foreign jurisdiction may continue until the insurer's registration under the LTI Act and STI Act is converted to a license under the Insurance Act.



An insurer whose financial year end falls before 1 July 2018, must despite the effective date, comply with reporting obligations imposed under the Insurance Act, in respect of that financial year.



Any person appointed as a key person and any significant owner of an insurer, currently deemed to be fit and proper, is deemed to meet the fit and proper requirements of the Act, pending the conversion of the Insurer, subject to the requirements of the Act.



An insurer that is part of a group of companies must, by 1 September 2018, notify the PA thereof and provide the PA with detailed information on the structure of the group of companies, its holding company and intra-group transactions.

Next steps

The PA has published its implementation process in respect of conversions on their website – [Communication 2](#).

The conversion process for a specific insurer will commence once the PA requests in writing the insurer to submit the necessary information.

The PA has published a [Notice on the determination of certain jurisdictions as equivalent foreign jurisdictions](#).

For more information and to monitor future communications to industry on matters relating to the Insurance Act and related Prudential Standards, the Prudential Authority and Financial Sector Conduct Authority websites are listed below.



www.fsc.co.za



www.prudentialauthority.co.za