2017 Implementation

Presentation for:

2016 SAM Workshop

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Agenda

- Application processes:
  - Licensing solo and controlling companies
  - Other
- Reporting requirements
- Transitional arrangements

Application processes

Licensing solo

Continuation of insurers & relicensing

- Insurer registered under LTIA/STIA continues to exist as an insurer, as if it were licensed under Insurance Act

- may continue to conduct the insurance business for which it was so registered until a licence is granted or not granted during 2 year relicensing period

- subject to and in accordance with the governance, financial soundness, security, reporting and public disclosure obligations imposed under the Insurance Act

Licensing solo insurers

PA must –

- within 2 years direct all previously registered insurers to apply for a licence
- within 2 months of effective date issue guidance on the process PA will implement to address relicensing
- If PA does not grant a licence / does not grant a licence for all the classes or sub-classes that are similar to the business conducted on the effective date, PA must direct insurer to make arrangements to—
    - discharge its obligations under all insurance policies entered into in respect of that classes or sub-classes before the relicensing;
    - ensure the orderly resolution of that insurance business; or
    - transfer that insurance business to another insurer in accordance with Insurance Act

Licensing controlling company

Insurance groups

- Insurer that is part of a group of companies must within 2 months notify PA & provide information on the structure of the group of companies, its holding company and intra-group transactions
- The holding company of an insurance group which is located in the Republic must, within 30 days of the designation, apply to be licensed as a controlling company of that insurance group

Licensing process

Phase-in approach

- Staggered to deal with volume
- Comprehensive process
- All new licence applications for registration continue irrespective of relicensing process
- PA to advise each insurer including its controlling company individually of the latest date for submission
- For first phase insurers (including their controlling companies) - letters to be issued prior to effective date of Insurance Act

Licensing process

Proposed Phase 1: 1 to 6 months

- Dormant insurers
- Conversions
- Subsidiaries to foreign branches of reinsurers
- Insurers to microinsurers
- Cell captive insurers

Licensing process

Proposed Phase 2: 6 to 12 months

- Captive insurers
- Linked insurers
- Reinsurers
- Assistance insurers

Licensing process

Proposed Phase 3: 18 to 24 months

- Niche insurers
- Small to medium typical insurers
- Large typical insurers

Other new applications

- Financial Soundness Standards introduce a number of new areas that might require an application
- For areas requiring approval, this will be granted/declined prior to SAM implementation
- Examples:
    - Use of swap curve
    - Iterative approach

Other new applications

- Open application process between enactment & implementation date of Insurance Bill
- Will take a phased approach
- Consider all applications of the same nature in one go
- Where approval is given it will be done for a limited period up to finalisation of “new” licence

General

- Development of all application/notification forms
- Consultation on forms during Q1 2017
- Open the process for applications in Q2 2017

Reporting requirements

Reporting requirements

Reporting on current statutory basis

- Status quo
- Reduced returns
- Until SAM implementation

Reporting requirements

SAM – before implementation

- Quarterly returns – submit 2 months after quarter end
- Annual returns – submit 5 months after year end
- Audited annual returns
- Group returns – submit 3 months after due date
- Enhanced Mock ORSA

Reporting requirements

Requirements

- Comply with Financial Soundness Standards
- Tech Specs replaced, comply from:
    - 2016Q3 – with extension (end Jan. 2017)
    - September 2016 solo (no extension)
    - September groups reporting – with extension (end Feb. 2017)

Reporting requirements

Requirements

- Update Enhanced Mock ORSA requirements
- Revised CPR Quarterly Return (January 2017)
- Revised CPR Solo Quantitative and Qualitative Annual Return (November 2016)
- Revised CPR Group Quantitative and Qualitative Annual Return (December 2016)

Reporting requirements

SAM – after implementation

- Quarterly returns – submit 1 months after quarter end
- Annual returns – submit 4 months after year end
- Audited annual returns
- Group returns – submit 3 months after due date
- ORSA – any date but at least annually

Note: We are considering this and discussing internally and with the SARB

Other transitional arrangements

Transitional arrangements

7 specific matters provided for:

- Continuation of insurers & relicensing
- Maintenance of financial soundness
- Reporting
- Key persons & significant owners
- Conducting other business in & outside RSA
- Lloyd’s
- Insurance groups

Transitional arrangements

- Pending matters
- Continuation of court proceedings and court orders
- Continuation of investigations and enforcement actions
- Other applications approved under the LTIA or STIA – on application for licence during 2 year transitional period all existing approvals will need to be assessed
- Insurers will be requested to submit details of any existing approvals

Questions?