

ANNEXURE B

INSTRUCTIONS

1. All licensed insurers must submit the completed declaration attached to the Request for Information as Annexure A to the Authority by uploading the signed declaration in .pdf format via the Conduct of Business Data Upload Facility on the FSCA website, regardless of whether they offer add-on insurance policies or not.
2. All licensed insurers that confirm via the declaration that they offer add-on insurance policies must complete the online information request via Conduct of Business – Data Upload Facility on the FSCA website:
<https://www.fsc.co.za/Regulated%20Entities/Pages/ES-Insurer-Micro-Insurer.aspx>
3. The questions have been kept short and insurers are asked to keep their responses brief but complete to facilitate easy analysis. If necessary, the insurer will be provided with an opportunity to explain their responses after the analysis of the submitted information has been completed.
4. All financial information expressed as a number or numbers must be rounded off to the nearest thousand rand.
5. Under the general section of the Conduct of Business – Data Upload Facility, click on the **“Submissions”** link to view a list of current live submissions.
6. To begin a submission, or edit a submission in process, click on the dropdown box, and select **“Add-on Insurance Policies 2020”**; then click on **“Select”** to proceed to the screen where you will be required to capture or edit the policy description, benefits and distribution information. To ensure that the information captured is saved, please regularly click on **“Save”** button.
7. Once the policy description, benefits and distribution information has been captured click on the **“Next”** button at the bottom of the page to proceed to the supporting documents screen. On this screen please upload a sample of the following documents relating to the add-on insurance policy:
 - Marketing material and precontractual disclosures;
 - Policy contract and schedules thereto;
 - Result of any Root Cause Analysis (RCA) done on claims repudiated;
 - Result of any RCA done on complaints received; and
 - Other relevant supporting documents that you wish to submit.
8. After uploading all documents required, click on the **“Next”** button at the bottom of the page to proceed to the dealership information screen. On the dealership information and remuneration screen, capture the information of all dealerships that distribute the add-on insurance policy. After capturing the information of one dealership, click on the **“Add**

dealership” button to add another dealership’s information if there are more than one dealership that distribute the policy. After capturing the information of all the dealerships that distribute the add-insurance policy, click on the **“Next”** button; you will be directed to the first (welcome) screen.

9. On this screen you should now be able to see the name of the policy you have captured the information for, and the names of all the dealerships that have been captured. If you want to edit or view the policy information or dealership information you have captured, you can click on the **“Edit/View”** button. Don't forget to click on the **“Save”** button to save any changes you have made.
10. If you want to add dealership information for the policy whose information has already been captured click on the **“Add”** button under Add Dealership.
11. If the insurer has another policy to capture click on **“Capture”** button to capture information relating to the new policy.
12. Please note that if you do not have enough time to complete all the information required, you can click on **“Save”** and return to the form at a later stage.
13. After capturing all the information of all the add-on insurance policies sold by the insurer through motor dealerships at a point of sale, the insurer must complete and sign the Declaration form in **Annexure A**.

For enquiries please contact Tendani Mathobo at FSCA.research@fsca.co.za

TERMINOLOGY

In this Information Request any word or expression to which a meaning has been assigned in the Insurance Act, 2017 (Act No. 18 of 2017), Long-Term Insurance Act, 1998 (Act No. 52 of 1998) (“LTIA”), Short-Term Insurance Act, 1998 (Act No. 53 of 1998) (“STIA”) and the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) bears, subject to context, that meaning unless otherwise defined.

These guidelines reflect the way the Authority will interpret the Information Request, and to clarify to the person completing the information required. The intention of this guideline is not to be a legalistic list of definitions, but rather descriptions to qualify the terms used in the Information Request to create an understanding of the type and extent of the information required, in order to ensure consistency in the information provided by all insurers.

Advice

Means advice as defined in section 1 of the Financial Advisory and Intermediary Services Act 37 of 2002.

Binder fees

Fees payable by or on behalf of an insurer to a binder holder as remuneration for performing binder functions under a binder agreement in accordance with section 49A and section 48A of the LTIA and STIA, respectively and Part 6 of the Regulations made under the LTIA and STIA.

Binder agreement A binder agreement is a written agreement concluded in accordance with section 49A of the LTIA or section 48A of the STIA, as the case may be and Part 6 of the Regulations made under the LTIA and STIA.
Cancelled - Policies Cancellation of all benefits under an insurance policy at the request of a policyholder or by the insurer. The insurer has no insurance obligations in respect of benefits after the date of cancellation. The insurance policy is terminated in totality.
Cell captive arrangement Means a cell structure as defined in the Insurance Act, 2017.
Cooling off As provided for in the Policyholder Protection Rules issued under section 62 of the LTIA or section 55 of the STIA, respectively or a longer period as provided for in the policy contract, whether the first premium was paid or not.
Claims outstanding Claims outstanding are claims reported to the insurer at any time during the financial year that have not been paid/settled or repudiated as at the end of the financial year.
Claims repudiated Claims repudiated include all claims declined under a policy, in terms of which the insurer has refused to pay the claim or any part of the claim. This includes claims repudiated or rejected for any reason, including but not limited to instances where policyholders lodge claims but have no cover for the particular risk or incident and claims not honoured due to premiums not paid.
Commission Commission in respect of a life insurance policy, as contemplated in Part 3 of the Regulations under the LTIA or commission in respect of a non-life insurance policy, as contemplated in Part 5 of the Regulations under the STIA, as the case may be.
Complaint An expression of dissatisfaction by a person to an insurer or to the knowledge of the insurer, to the insurer's service provider relating to a policy or service provided or offered by that insurer, which indicates, regardless of whether such an expression of dissatisfaction is submitted together with or in relation to a policyholder query, that – a) the insurer or its service provider has contravened or failed to comply with an agreement, a law, a rule, or a code of conduct which is binding on the insurer or to which it subscribes; b) the insurer or its service provider's maladministration or wilful or negligent action or failure to act, has caused the person harm, prejudice, distress or substantial inconvenience; or c) the insurer or its service provider has treated the person unfairly.

Dealership

A dealership is a business that sells new or used motor vehicles at the retail level, based on a dealership contract with a motor vehicle manufacturer or its sales subsidiary or on the sale of preowned vehicles. It includes franchises of motor manufacturers and independent companies.

Dealership group

A dealership group is a company that owns more than one dealership. If the insurer has an arrangement with the dealership group and the add-on insurance policy is distributed by dealerships within the group, the insurer must provide the information at a group level and not per individual dealership within the group.

Gross written premium (“GWP”)

Gross written premium on policies relates to the full premium, including full premium for “annualised new business”, received in respect of the relevant policies during the calendar year before deductions for reinsurance.

Intermediary agreement

Intermediary agreement means an agreement entered into between an insurer and an intermediary setting out the terms under which the intermediary will render services as intermediary in respect of the policies of the insurer.

In force

In force means that the premium has been paid in respect of a life insurance policy or non-life insurance policy, as the case may be, and that the policy benefits have not been cancelled or expired and therefore the cover remains active.

Net underwriting result

Net underwriting result is the profit or loss that the life or non-life insurer makes from its earned premiums, after the various associated expenses have been paid.

Net written premium

Net written premium is the total insurance premiums received by an insurer during a specified period after the deduction of the portion of the premiums allocated to reinsurance.

Number of policies

When calculating the number of policies for the Information Request purposes, each policy in terms of which a liability exists should be counted.

Mandatory

Section 106 of the National Credit Act 34 of 2005 provides that a credit provider may require that a consumer maintain consumer credit insurance cover during the term of the credit agreement as a pre-condition for granting credit to consumers. This is therefore a “mandatory” requirement imposed on the consumer.

Outsourcing fees

Fees payable by an insurer to another person as remuneration for a function or service payable in terms of an outsourcing arrangement, as defined in section 1 of the Financial Sector Regulation Act, but excludes binder fees as defined, and fees for rendering services as intermediary (commission).

Optional

In addition to mandatory insurance allowed for in Section 106 of the National Credit Act 34 of 2005, Section 106(3) of that Act provides that credit provider may offer a consumer optional insurance in relation to the obligations of the consumer under the credit agreement or relating to the possession, use, ownership or benefits of the goods or services supplied in terms of the credit agreement.

Policies lapsed

A policy in respect of which benefits are cancelled due to:

- a) non-payment of premiums as stipulated in the policy wording; or
- b) non-payment of premiums as required within the applicable grace period and the policy has no cash value.

A policy will count as a “lapse” if it lapsed during the financial year without being reinstated during the same financial year. Conversely, if a policy lapsed and is reinstated during the same financial year, that policy should not be reflected as a lapse.

A policy that lapsed and reported as such during the financial year, which is reinstated during the next financial year, must be reflected as a new policy in that financial year.

Remuneration

Any consideration offered or provided by a licensed life or non-life insurer to any person arising or relating to the sale, distribution and servicing of insurance policies of that insurer.

Representative

Representative means a person employed or mandated by the insurer for the purposes of rendering services as intermediary in relation to the policies entered into or to be entered into by that insurer only.