



Financial Sector
Conduct Authority

FSCA INFORMATION REQUEST 4 of 2020 (INS)

FINANCIAL SECTOR REGULATION ACT, 2017 (ACT NO. 9 of 2017)

REQUEST FOR INFORMATION ON ADD-ON INSURANCE POLICIES SOLD AT POINT OF SALE THROUGH MOTOR DEALERSHIPS OR AS PART OF VEHICLE FINANCING ARRANGEMENTS

1. REQUEST FOR INFORMATION

The Financial Sector Conduct Authority (“FSCA”), under section 131 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (“FSRA”), requests all licensed insurers¹ to furnish information to the FSCA on add-on insurance policies² sold to customers at point of sale through motor dealerships or as part of vehicle financing arrangements, for the calendar years 2017, 2018 and 2019, as set out in this Notice.

2. BACKGROUND

Due to increasing concerns that consumers are potentially experiencing poor outcomes emanating from the sale of add-on insurance policies at point of sale through motor dealerships or as part of vehicle financing arrangements, the FSCA initiated a project focusing on the sale of these policies. This Information Request therefore focuses on add-on insurance policies sold to customers when they purchase a new or used vehicle, which policy is meant to cover risks relating to the vehicle or to the financing of the vehicle. The information requested is intended to assist the FSCA in obtaining better insights into the current processes and practices used to market and sell add-on insurance policies at motor dealerships to customers.

3. TYPE AND FORMAT OF INFORMATION REQUESTED

The declaration attached to this Request for Information (Annexure A) must be completed by all licensed insurers and uploaded via the Conduct of Business Data Upload Facility on the FSCA website, regardless of whether they offer add-on insurance policies or not.

All licensed insurers that confirm via the declaration that they offer add-on insurance products as referred to in this information request, must provide the FSCA with the requested information for all add-on insurance policies sold during the period 1 January 2017 - 31 December 2019 (inclusive). The information must be provided via the Conduct of Business Data Upload Facility on the FSCA website available at the following link: – <https://www.fsc.co.za/Regulated%20Entities/Pages/ES-Insurer-Micro-Insurer.aspx>.

¹ Means a “licensed insurer” as defined in the Long-term Insurance Act, 1998 and Short-term Insurance Act, 1998 respectively as the case may be.

² Add-on insurance policy means a life insurance policy or non-life insurance policy forming part of a specific product line that are sold alongside or as an add-on to the sale of a motor vehicle. “Product line” in this context means life insurance policies or non-life insurance policies, respectively, that have the same or closely related contractual terms.

The instructions for submission are set out in Annexure B.

4. TIMELINE FOR AND SUBMISSION OF INFORMATION

All relevant insurers must submit the information referred to in paragraph 3 by no later than 30 November 2020.

5. FAILURE TO COMPLY WITH REQUEST

In terms of section 267(1) of the FSRA, a supervised entity that fails to comply with the requirements contained in a notice under section 131(1) commits an offence and is liable on conviction to a fine not exceeding R1,000 for each day during which the offence continues.

6. CONTACT

This Information Request is available on the FSCA's website (www.fsca.co.za) under Regulatory Frameworks < Notices < Insurer / Micro insurer < 2020.

For more information regarding this Information Request please send an e-mail to: FSCA.research@fsca.co.za

**CAROLINE DA SILVA
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY
19 OCTOBER 2020**

