

# Gordhan dumps Insurance Laws Amendment Bill

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The Insurance Laws Amendment Bill, which was tabled nearly a year ago but has never been passed, was effectively binned by Finance Minister Pravin Gordhan, who aims to include important changes to the insurance sector in new "twin peaks" legislation.



Finance Minister Pravin Gordhan has dumped the Insurance Laws Amendment Bill. Image: GCS

The amendment bill was not passed because of the busy workload of the standing committee on finance in Parliament. Lapsed bills are generally required to be revived by a motion of Parliament once the new Parliament convenes after the elections, but Minister Gordhan confirmed he had requested that the bill be withdrawn.

The National Treasury and Financial Services Board (FSB) said they were considering alternative interim measures via notice or other bills to give effect to the intention of the lapsed insurance proposals.

The bill had proposed amendments to the Long-term Insurance Act and the Short-term Insurance Act to address regulatory gaps relating to new international regulations like the International Monetary Fund and World Bank's new financial sector assessment programme to improve stability and reduce risks of another crisis in the sector. It aimed to strengthen the governance, risk management and internal controls of insurers.

Changes to the way the insurance sector is supervised will now take place through a "twin peaks" process that gives the central bank oversight of stability for banks and financial services companies and the FSB over market conduct. A revised second draft "twin peaks" bill will be published after the elections after the first draft of the Financial Sector Regulation Bill was published for comment in December last year.

Enhanced governance and risk management framework requirements will be introduced through a board notice to be issued by the registrar of insurance, Treasury said

Enhanced licensing requirements will now take place in the new twin peaks laws and a separate financial services "omnibus bill" could even be on the cards in order to regulate products supplied by intermediaries.

However, Treasury said these changes could also be given effect through either a consequential amendment in a schedule to be published in the revised second draft twin peaks bill.

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