



FSCA INS NOTICE 3 OF 2025

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

**EXEMPTION OF LLOYD'S OPEN MARKET CORRESPONDENTS FROM SECTION 8(2)(d) OF
THE SHORT-TERM INSURANCE ACT, 1998**

The Financial Sector Conduct Authority (the Authority), under section 281(1) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), hereby exempts Lloyd's open market correspondents from section 8(2)(d) of the Short-term Insurance Act, 1998 (Act No. 53 of 1998), to the extent set out in the Schedule.

**FARZANA BADAT
DEPUTY COMMISSIONER
FINANCIAL SECTOR CONDUCT AUTHORITY**

Date of publication: 25 April 2025

SCHEDULE

EXEMPTION OF LLOYD'S OPEN MARKET CORRESPONDENTS FROM SECTION 8(2)(d) OF THE SHORT-TERM INSURANCE ACT, 1998

1. Definitions

In this Schedule “**the Act**” means the Short-term Insurance Act, 1998 (Act No. 53 of 1998), and any word or expression to which a meaning has been assigned in the Act bears, subject to context, that meaning unless otherwise defined, and –

“**FAIS Act**” means the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002);

“**Lloyd’s**” has the meaning assigned to it in the Insurance Act;

“**Lloyd’s broker**” means a person who is listed in the register of Lloyd's brokers and permitted by the Lloyd’s Council to describe itself as a Lloyd’s broker in terms of the Lloyd's Act 1982;

“**Lloyd’s Council**” means the council constituted by section 3 of the Lloyd's Act 1982 passed by the Parliament of the United Kingdom of Great Britain and Northern Ireland;

“**Lloyd’s open market correspondent**” means a person who is approved by Lloyd’s to introduce business to a Lloyd’s broker or Lloyd’s underwriter for placement in the Lloyd’s market on an open market basis; and

“**Lloyd’s underwriter**” has the meaning assigned to it in the Insurance Act.

2. Extent and conditions of the Exemption

(1) Lloyd’s open market correspondents are hereby exempted from section 8(2)(d) of the Act.

(2) The Exemption referred to in subparagraph (1) is subject to the following conditions:

- (a) Lloyd’s must expeditiously inform the Authority in the event of any material changes to the circumstances upon which the Exemption was based;
- (b) Lloyd’s must at all times have appropriate governance, control and oversight measures in place to minimise the risk of possible unfair outcomes to financial customers impacted by the Exemption;
- (c) Lloyd’s must, prior to approving any Lloyd’s open market correspondent in South Africa, undertake a due diligence in respect of the open market correspondent ensuring that the open market correspondent:
 - (i) is a licensed Financial Services Provider as required by section 7(1) of the FAIS Act;
 - (ii) is able to comply with all the applicable requirements of the FAIS Act; and
 - (iii) has the necessary operational procedures in place to comply with requirements related to premium collection as set out in Part 4 of the Regulations under the Act, where applicable.
- (d) Lloyd’s must, annually, on or before 1 July of each year, submit a report to the Authority setting out the value and type of insurance business placed by the open market correspondents out of the South African market during the period 1

January to 31 December of the preceding year. This reporting must commence on 1 July 2025.

3. Amendment and withdrawal of Exemption

This Exemption is subject to –

- (1) amendment thereof, published by the Authority by notice on the website; and
- (2) withdrawal in a like manner.

4. Short title and commencement

This Notice is called the Exemption of Lloyd’s open market correspondents from section 8(2)(d) of the Short-term Insurance Act, 2025 and comes into effect on the date of publication.