



## **FSCA INS Notice 4 OF 2024**

### **LONG-TERM INSURANCE ACT, 1998 (ACT NO. 52 OF 1998)**

#### **EXEMPTION OF FLASH MOBILE VENDING (PTY) LTD FROM CERTAIN PROVISIONS OF THE LONG-TERM INSURANCE ACT, 1998**

The Financial Sector Conduct Authority (the Authority), in terms of regulation 8.4(1) of the Regulations under the Long-term Insurance Act, 1998 read with section 281(3) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), hereby exempts Flash Mobile Vending (Pty) Limited and its agents from certain provisions of the Long-term Insurance Act, 1998 and the Regulations under the Long-term Act, 1998, to the extent set out in the Schedule.

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

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## SCHEDULE

### EXEMPTION OF FLASH MOBILE VENDING (PTY) LTD FROM CERTAIN PROVISIONS OF THE LONG-TERM INSURANCE ACT, 1998

#### 1. Definitions

In this Schedule **“the Act”** means the Long-term Insurance Act, 1998 (Act No. 52 of 1998), and any word or expression to which a meaning is assigned in the Act bears, subject to context, that meaning unless otherwise defined, and—

**“agent”** means an informal trader or a retailer to whom Flash Mobile intends to or has sub-delegated the authority granted to it by Nyaradzo in accordance with section 47A(1) of the Act;

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

**“Flash Mobile”** means Flash Mobile Vending (Pty) Limited, a wholly owned subsidiary of Pepkor Holdings Limited with company registration number 2010/000777/07;

**“FSP”** means a financial services provider, as defined in section 1(1) of the FAIS Act;

**“FSR Act”** means the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017);

**“LTIA Regulations”** means the Regulations under the Long-term Insurance Act, 1998, published under Government Notice R1492 in Government Gazette of 27 November 1998 and amended from time to time;

**“Nyaradzo”** means Nyaradzo Financial Services (Pty) Ltd, a licensed microinsurer with insurer number IN0224, on whose behalf Flash Mobile collects premiums;

**“pre-payment”** means an advanced payment of an amount of money by the agent, which is reflected against the agent's account, whereby such payment is an amount equal to or greater than the amount payable by the policyholder for the premium; and

**“TPPP”** means a third-party payment provider, i.e. a "beneficiary service provider" or "payer service provider", as defined in paragraphs 2.1 and 2.2 of the Directive for Conduct within the National Payment System in respect of Payments to Third Persons, as published in Notice 1110 of 2007 in Government Gazette No. 30261 on 6 September 2007.

#### 2. Extent, conditions and duration of exemption

- (1) Flash Mobile and its agents are hereby exempted from sections 47(2)(a) and 47A(1) of the Act and regulations 8.1(4), 8.2(1) and 8.2(2) of the LTIA Regulations.
- (2) The exemption referred to in subparagraph (1) is subject to the following conditions:
  - (a) Flash Mobile may not receive a premium from a policyholder before satisfying itself that the agent has made the necessary pre-payment;
  - (b) the pre-payment referred to in subparagraph (a) must remain with, and in the control of, Flash Mobile in a designated TPPP account;
  - (c) all premiums received by Flash Mobile and its agents must be deposited into Nyaradzo's bank account in accordance with the payment terms between Flash Mobile and Nyaradzo and no later than 1 (one) business day after a premium is received;

- (d) Flash Mobile must at all times be registered as a TPPP with the Payment Association of South Africa and be able to demonstrate compliance with the regulatory requirements applicable to a TPPP;
- (e) Flash Mobile must not become the subject of a decision, order or directive as contemplated in sections 9 and 14(1) of the FAIS Act and sections 144, 153 and 167 of the FSR Act, whereby –
  - (i) Flash Mobile's FSP licence is suspended or withdrawn (either provisionally or finally); and/or
  - (ii) an administrative penalty or other regulatory sanction is imposed on Flash Mobile;
- (f) Flash Mobile must enter into an agreement with Nyaradzo, which agreement must-
  - (i) allow for the delegation of its authorisation or part thereof that has been granted by Nyaradzo to Flash Mobile;
  - (ii) approve the agents to whom such authority, or part thereof, will be delegated;
  - (iii) confirm that the period of the agreement is limited to the period of this exemption;
  - (iv) include a confirmation by Nyaradzo that payment of a premium to an agent is deemed to be a payment to Flash Mobile and accordingly is deemed to be a payment to Nyaradzo under the policy concerned; and
  - (v) include a confirmation by Nyaradzo that it has the necessary mechanisms in place that will enable the policyholder to monitor their transactions, including premium payable and confirmation of payment, via mobile text messages from the insurer;
- (g) Flash Mobile may not delegate its authorisation or any part thereof, that has been granted to it by Nyaradzo, to an agent without the approval as referred to in subparagraph (f)(i) above;
- (h) Flash Mobile must provide a copy of the signed agreement between itself and Nyaradzo to the Authority within 15 days of the agreement being concluded;
- (i) Flash Mobile must ensure that it has the necessary systems to enable the policyholder to, once the policyholder has provided the agent with the policyholder's identity number and/or the policy number of the policy concerned, immediately verify that the agent has called up the correct payment details and amount due, which will be displayed on the relevant point of sale device, and which must include-
  - (i) the details of Nyaradzo;
  - (ii) the relevant policy number; and
  - (iii) the amount due by the policyholder at that time;
- (j) Flash Mobile must take steps to satisfy itself that, when an agent receives a premium in cash, that agent provides the policyholder, immediately after receiving the premium, with a receipt for the premium containing at least the following details:
  - (i) name and telephone number of Nyaradzo;
  - (ii) the policy number;
  - (iii) the name and FSP number of Flash Mobile; and
  - (iv) the date, time and amount of the payment;
- (k) Flash Mobile must, once an agent records a premium as received, immediately account for its indebtedness towards Nyaradzo in Flash Mobile's accounting records;
- (l) Flash Mobile must, where applicable, supply agents with cash register rolls for their devices on which receipts must be printed, and Flash Mobile must control the content of the receipt to be printed or displayed by agents in respect of transactions for the acceptance of premiums;
- (m) Flash Mobile must, where applicable, develop and approve all template receipts which an agent issues for premium transactions;

- (n) Flash Mobile must enter into an agreement with each agent and ensure that they are made aware of their obligations with regard to the acceptance of premium payments;
  - (o) Flash Mobile must, on an ongoing basis, monitor the agents' use of Flash Mobile's system through appropriate and robust oversight processes, which must at a minimum include effective complaints tracking and mystery shopping activities;
  - (p) the agreement between Flash Mobile and the agents must include Flash Mobile's right to terminate or suspend an agent's use of the Flash Mobile system or Flash Mobile's mobile application or device without cause and immediately if–
    - (i) Flash Mobile has reason to believe that its system or mobile application or device has been or is likely to be misused;
    - (ii) Flash Mobile suspects illegal use of its system, mobile application or device;
    - (iii) Flash Mobile is required by law to terminate the arrangements;
    - (iv) the agent gives false or inaccurate information to Flash Mobile;
    - (v) the agent fails and/or refuses to follow Flash Mobile's user guides or other instructions;
    - (vi) the agent is in breach of any of the provisions of its agreement with Flash Mobile; and
    - (vii) Flash Mobile has reason to believe that the agent's conduct may result in adverse outcomes for policyholders;
  - (q) all transactions concluded through Flash Mobile's application or system, as well as all information sent through them, must be protected by encryption at international standards, and only Flash Mobile must be able to access such information;
  - (r) Flash Mobile must implement advanced data integration with Nyaradzo to ensure that Nyaradzo is able to access any relevant data in respect of premium payments owed by Flash Mobile to the insurer at any given time;
  - (s) Flash Mobile must implement, and regularly test, appropriate business continuity and disaster recovery plans to mitigate risks arising from potential failures in its payments and administration infrastructure;
  - (t) Flash Mobile must maintain robust record keeping procedures to document and retain the details of every premium payment processed;
  - (u) Flash Mobile must implement clearly defined segregation and access controls between functions related to the provision of third-party payment services for multiple insurers and policyholders;
  - (v) Flash Mobile must, on a monthly basis (commencing a month after the date referred to in paragraph 4) and in the form and manner required by the Authority, submit the following information to the Authority:
    - (i) a report detailing steps taken by Flash Mobile to ensure ongoing compliance with the conditions of this exemption, which report must be signed off by Flash Mobile's internal governance structures;
    - (ii) a detailed action plan on how any material or significant issues identified in the monthly report will be rectified (subject to subparagraph (3) below); and
    - (iii) an update on progress made to rectify any material or significant issues identified in the report, referred to in item (v)(ii) above.
- (3) Failure by Flash Mobile to comply with any of the conditions referred to in subparagraph (2) will result in the automatic lapsing of the exemption.
- (4) The exemption may be withdrawn or limited by the Authority at any time in accordance with paragraph 3, particularly in instances where the Authority believes that continuing the exemption is, or may be:

- (a) resulting in adverse outcomes for policyholders; or
- (b) otherwise contrary to the public interest.

(5) This exemption shall, subject to paragraph 3, be valid until **15 January 2025**.

### **3. Amendment and withdrawal of Exemption**

The exemption and conditions referred to in paragraph 2 are subject to—

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

### **4. Short title and commencement**

This Notice is called the Exemption of Flash Mobile Vending (Pty) Ltd from certain provisions of the LTIA and comes into effect on 5 July 2024.