



FSCA COMMUNICATION 14 OF 2020 (INS) - Conduct of Business Supervision

IMPACT OF COVID-19: EXPECTATIONS ON INSURERS AND FSPs REGARDING PREMIUM COLLECTION IN RESPECT OF ASSISTANCE BUSINESS POLICIES (FUNERAL POLICIES)

1. Background

- 1.1 The Financial Sector Conduct Authority (the Authority) has issued several communications to regulated entities and customers subsequent to the lockdown as a result of the COVID-19 crisis.
- 1.2 The Authority is aware of the impact of COVID-19 on policyholders and the uncertainty that this pandemic is creating, which might impact on the ability of policyholders to pay premiums.
- 1.3 The Authority further wishes to emphasise that insurers and financial services providers should bear in mind the current circumstances and treat policyholders with empathy, flexibility and understanding during these difficult times. Insurers are advised to ensure that all customers are treated fairly during the entire product cycle, from advertising to sales, **premium collection**, claims, renewals and complaints.
- 1.4 The below outlines the expectations of the Authority regarding the culture and responsibilities of insurers and financial services providers in respect of premium collection of funeral policies during this crisis.

2. Premium collection

- 2.1 It has been brought to the attention of the Authority that certain funeral parlours who are also carrying on business as authorised financial services providers are conducting business in a manner that may compromise the safety of clients and not in the spirit of the Regulations issued by Government, which seek to contain and minimise the spread of COVID-19. It is alleged that clients are requested to visit the parlours' offices to make premium payments and waiting in long queues with close proximity to each other, thus posing a risk to all nearby. The FSCA acknowledges the importance of premium payments by customers and implore funeral parlours that collect cash from clients to do so in

compliance with the Regulation, particularly social distancing, and where possible clients must be encouraged to make payments electronically.

- 2.2 Insurers are advised to take into consideration that the Policyholder Protection Rules issued in terms of the Long-term Insurance Act, 1998 provide for a grace period in instances where a premium has not been paid on its due date. It is expected that insurers will notify policyholders accordingly in this regard.

3. Contact

For more information regarding this Communication please send an e-mail to Jacky Huma at Jacky.Huma@fsca.co.za or Manasse Malimabe at Thabang.Malimabe@fsca.co.za.