

The non-life insurance industry not included within the FIC Act

The South African Insurance Association (SAIA) has welcomed the decision by the Financial Intelligence Centre (FIC) to not include the non-life insurance industry as accountable institutions under the FIC Act.



Source: Supplied. [Consultation photo created by mindandi - www.freepik.com](https://www.freepik.com)

In terms of Schedule 1 to the Financial Intelligence Centre Act, accountable institutions have particular obligations in terms of combating money laundering.

Accountable institutions include banks, attorneys, estate agents, long-term insurers, dealers in foreign exchange, and many others.

SAIA's general manager: insurance risks, Pamela Ramagaga, says the non-life insurance industry stakeholders, which include SAIA; the Financial Intermediaries Association (FIA); the South African Underwriting Managers Association (SAUMA), and the FIC have been engaging over a considerable period on the potential inclusion of the non-life insurance industry as accountable institutions.

"SAIA and its member insurance companies did not believe that there could be ways in which money laundering could be accomplished on a large scale within the non-life insurance industry," she said.

Consulting firm Deloitte was briefed to undertake an assessment of this risk within the non-life insurance industry and that included benchmarking what other jurisdictions were doing in this space. At the end of the risk assessment, Deloitte prepared a report on the potential for money laundering through non-life insurance policies on behalf of SAIA, the FIA and SAUMA.



Reserve Bank changes its stance on crypto regulation

Katja Hamilton 15 Jul 2022



“We asked Deloitte to work on a number of scenarios to establish the extent to which it may be possible to launder money through taking out a non-life insurance policy. The research confirmed that the risk of money laundering through non-life policies is exceptionally low,” said Ramagaga.

Titled *Risk Assessment of the Non-Life Insurance Sector to Financial Crime*, the report was submitted to the FIC in December 2021.

The FIC has now informed SAIA that, based on the findings of the risk assessment report, the FIC is of the opinion that, at this stage, there is no need to include the non-life insurance industry as accountable institutions under the FIC Act.

However, the FIC indicated that it would continue to engage with the role-players in the industry to create awareness of current obligations, applicable to all businesses, relating to the reporting of suspicious and unusual transactions under section 29 of the FIC Act and complying with financial sanctions requirements in Part 2A of the FIC Act.

The exemption means that the non-life insurance industry is not required to submit reports to the FIC on money laundering. However, they are still under obligation to report suspicious and unusual transactions activities to the FIC.

Ramagaga said SAIA particularly appreciated the constructive approach that the FIC, Financial Sector Conduct Authority (FSCA), the Prudential Authority (PA) and the National Treasury took in their participation throughout the risk assessment and reporting process.

“SAIA will continue to offer its support and co-operation to the FIC, the FSCA and PA in terms of creating industry awareness of the broader requirements of the FIC Act,” said Ramagaga.

For more, visit: <https://www.bizcommunity.com>