



**Insurance Act, 2017**

**Communication 1 of 2020**

**TEMPORARY SUSPENSION OF THE ISSUANCE OF NEW INSURANCE LICENCES**

The current global COVID 19 pandemic has resulted in fundamental changes, volatility and uncertainty in the economic environment in South Africa and internationally.

The Prudential Authority (PA), in assessing applications for licences, must have regard to its objective to promote and enhance the safety and soundness of financial institutions, protect financial customers against the risk that those financial institutions may fail to meet their obligations and assist in maintaining financial stability.

With due regard to its objectives and the relevant criteria considered in issuing a licence, including the additional challenges that the current economic environment would inevitably pose for new entrants, the PA has deemed it prudent to temporarily suspend the issuance of all new insurance licences for a period of six months, other than in exceptional circumstances as may be determined by the PA.

The temporary suspension does not apply to the licensing of controlling companies of insurance groups as contemplated in terms of section 10(3), the variation of existing licence conditions as contemplated in terms of section 26 and the conversion of previously registered insurers as contemplated in terms of Item 6 of Schedule 3 to the Insurance Act, 2017 (Act No. 18 of 2017)

The PA will continue to monitor global and domestic economic developments in this regard and review its approach to the extent relevant and necessary.

A handwritten signature in black ink, appearing to read "Kuben Naidoo". The signature is fluid and cursive, with the first letter 'K' being particularly large and stylized.

**Kuben Naidoo**  
**Deputy Governor and CEO: Prudential Authority**

**Date: 2020-06-10**