

PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

NO. 4245

12 January 2024

MR NQABAYOMZI KWANKWA, MP**NOTICE OF INTENTION TO INTRODUCE A PRIVATE MEMBER'S BILL
AND INVITATION FOR COMMENT ON THE DRAFT, NAMELY THE
LONG-TERM INSURANCE AMENDMENT BILL, 2024**

Mr Nqabayomzi Kwankwa, MP acting in accordance with section 73(2) of the Constitution of the Republic of South Africa, 1996, intends to introduce the Long-Term Insurance Amendment Bill, 2024, in Parliament. An explanatory summary of the Bill is hereby published in accordance with Rule 276(1)(c) of the Rules of the National Assembly (9th Edition).

The Long-Term Insurance Act, 1998 (Act No. 52 of 1998) (“the principal Act”), does not provide for a due diligence exercise to be conducted by a long-term insurer offering a funeral policy product, to determine whether the policyholder or prospective policyholder already holds a funeral policy for the same life event. This prejudices policyholders as they are only made aware of the implications of holding multiple funeral policies issued by the same long-term insurer, at the claims stage. This results in some of the funeral policies not paying out because of the benefits implications of holding multiple funeral policies. The long-term insurers’ failure to make policyholders aware of the benefits implications, results in policyholders paying a lot of money on premiums for funeral policies that come to naught.

To avert this prejudice suffered by policyholders of, and beneficiaries under, a funeral policy, the Long-Term Insurance Amendment Bill, 2024 (“draft Bill”), intends to amend the principal Act, so as to—

- require the Authority to prescribe rules related to protecting a policyholder of multiple funeral policies for the beneficiaries, and to require a long-term insurer to offer advice within

a certain period to existing policyholders related to the consequences of holding multiple funeral policies for the same beneficiaries;

- provide that non-disclosure of a funeral policy for the beneficiary does not affect the validity of an affected funeral policy and that a policyholder of a funeral policy is entitled to cancel any of the multiple funeral policies held for the same life event after being advised of the benefits implications thereof; and
- provide for a sanction in the event of a failure of a long-term insurer to comply with certain rules and disclosure obligations.

Interested parties and institutions are invited to submit written representations on the proposed content of the draft Bill to the Speaker of the National Assembly within 30 days of the publication of this notice. Representations can be delivered to the Speaker, New Assembly Building, Parliament Street, Cape Town; mailed to the Speaker, P O Box 15 Cape Town 8000, or emailed to speaker@parliament.gov.za and copied to nkwankwa@parliament.gov.za.

Copies of the Long-Term Insurance Amendment Bill, 2024 may, after introduction, be obtained from:

United Democratic Movement
PO Box 15, Cape Town, 8000
Attention: Mr Nqabayomzi Kwankwa
Telephone: 021 403 3071
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