

BOARD NOTICE 28 OF 2010**FINANCIAL SERVICES BOARD
REGISTRAR OF SHORT-TERM INSURANCE****SHORT-TERM INSURANCE ACT, 1998
(ACT NO. 53 OF 1998)****Prescribed requirements for the minimum amount of the security to be provided by
or on behalf of a Lloyd's underwriter**

1. I, Dube Phineas Tshidi, Registrar of Short-term Insurance, hereby prescribe, under paragraph 4 of Schedule 3 of the Short-term Insurance Act, 1998 (Act No. 53 of 1998), the requirements for the minimum amount of the security to be provided by or on behalf of a Lloyd's underwriter, as set out in the Schedule hereto.
2. This Board Notice will come into effect on 28 February 2010.


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**DP TSHIDI,
Registrar of Short-term Insurance**

SCHEDULE

**Prescribed requirements for the minimum amount of the security to be provided by
or on behalf of a Lloyd's underwriter
(Paragraph 4 of Schedule 3 of the Short-term Insurance Act, 1998)**

1. The value of the minimum amount of the security to be provided by or on behalf of a Lloyd's underwriter is an amount equivalent to –

- (a) the estimated amount payable by the underwriter in respect of claims which have been incurred under South African short-term insurance policies and reported but not yet paid; less
- (b) an allowance in respect of reinsurance cover held, which allowance shall be a percentage of the amount contemplated in item (a), calculated by the formula-

$$\frac{A - B}{A} * 100$$

in which formula-

A represents the premium income received by all Lloyd's underwriters under all short-term insurance policies underwritten by them less brokerage and commission; and

B represents the amount of A less all premiums paid for reinsurance cover held by those underwriters,

during, in the case of both A and B, the latest calendar year prior to the calculation as reported in the most recent published Global Results of Lloyd's available at the time and approved by the Registrar; plus

- (c) a provision for claims incurred but not yet reported equal to 7% of the total net amount of the premiums under South African short-term insurance policies received by or on behalf of the underwriter at Lloyd's Policy Signing Office during the year ended on the last day of the quarter concerned.
2. For the purpose of item (c) of paragraph (1) "net amount" means the net amount after deduction of the aggregate of-
- (a) the same percentage of such total premiums as the percentage contemplated in item (b) of paragraph (1), in respect of reinsurance cover held;

- (b) the aggregate of the refunds made by or on behalf of the underwriter during the year in respect of premiums under South African short-term insurance policies;
- (c) brokerage and commissions in respect of the premiums concerned; and
- (d) any tax payable on the premiums concerned, other than taxes payable on net income.

Provided that only premiums received and refunds made on or after the date of commencement of section 60 of the Short-term Insurance Act shall be taken into account for that purpose.

3. Short title - this Notice is called the Notice on the Prescribed Requirements for the minimum amount of the security to be provided by or on behalf of a Lloyd's underwriter, 2010.
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