



At the end of July this year, the Financial Services Board (FSB) published the latest version of the proposed amendments to the Regulations under the Short-Term Insurance Act with a call for further industry comments to be submitted on 4 August 2017.

The proposals followed from the process that began at the beginning of the year.

Of most significant interest to the Underwriting Manager (UMA) in the market today, is any anticipated changes to the UMA binder model that specifically relates to UMAs and the UMA model.

Much of the same

The amendments to the Binder Regulations from a UMA perspective continue with much of what is already in place for UMAs and the significant UMA specific issues they face.

The status quo also remains largely the same in terms of the following:

- A UMA may still not deal directly;
- It may only render its services on behalf of an insurer;
- The UMA may not conduct business with an intermediary that is an associate of the UMA;
- It may still only act for one insurer in a class of business unless all insurers have agreed to this in writing. This does not apply to run-off scenarios; and
- A UMA may still share in the result of the book it underwrites.

Biggest change

At this stage, I believe, one of the biggest changes we will see will pertain to the binder information that UMAs need to submit to their insurers.

As things currently stand, insurers need to receive binder data from UMAs within a maximum period of 60 days. Having said that, changes to the regulations would require UMAs to submit binder data to their insurers at least every 24 hours.

The request for binder information follows the current requirement where the information that is submitted by the UMA enables the insurer to identify and contact policyholders as well as assess its liability under the policies concerned.

Hard work ahead

My sense is that this requirement will require much work by those affected before it is implemented. There is no doubt that the current state of play in the market implies that:

- Not everybody is up to speed in terms of supplying the data required; and
- Most insurers get their data in various forms of quality, ranging from good to downright bad. This depends on the UMA concerned and the level of their technology and their system's capabilities.

The regulator has made it clear that they – for good reason in a lot of circumstances – believe that conduct standards for binder type arrangements require significant strengthening. Further, the FSB is particularly concerned about the inadequate level of ongoing oversight exercised by insurers over binder holders as well as the poor quality of data currently being accessed by insurers from binder holders.

Quality is key

There can be little doubt that regardless of whatever minor tweaks are made to the current regulations, data (quality as well as accessibility) is going to be a given where there probably will not be any latitude for not doing things by the book.

If not already the case, the abovementioned scenario should be a top priority on UMA agendas. Forward thinking UMAs that want to be assured of a future in their space should ensure that they comply with this requirement as soon as possible.



Martin Le Roux
Managing Executive
Centriq Insurance