

**Questionnaire**

**Assessment of the expected impact of the draft Joint Standard on Outsourcing by Insurers**

The Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA) are in the process of revising the requirements for outsourcing by insurers as a Joint Standard to be issued jointly. These requirements are already contained in *Prudential Standard GOI 5: Outsourcing by Insurers* made in terms of the Insurance Act, 2017 (Act No.18 of 2017), and it is proposed that they be contained in a single Joint Standard that will serve as the authoritative source.

The Joint Standard applies to all insurers (including microinsurers), except Lloyd’s and branches of foreign reinsurers, and will be overseen by both the PA and the FSCA in pursuit of their respective objectives.

As part of the process for making Standards in terms of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), the Authorities are expected to publish a Statement of the expected impact of the particular Joint Standard under consideration. Against this background, the information is being gathered in order to ascertain the expected impact of the outsourcing requirements on the industry.

The responses to the questionnaire will be anonymised and used to assess the expected impact of the proposed requirements for outsourcing by insurer. Information obtained will be treated as confidential and only utilised for the purpose indicated. When completing the questionnaire, please bear in mind that the draft Joint Standard is intended to address the following:

* Set out minimum requirements for the outsourcing of material business activities and functions;
* Set out the concept of “materiality” in the business of the insurer;
* Set out the conditions that determine when an outsourcing arrangement requires prior regulatory notification;
* Set out matters that an insurer must consider prior to an outsourcing decision and legal provisions that must be included in any outsourcing contract;
* Set out requirements for the management and review of outsourcing arrangements;
* Requires insurers to have a board-approved policy and related procedures for assessing the risks involved with outsourcing; and
* Repeal and replace *Prudential Standard GOI 5: Outsourcing by Insurers*.

Written submissions on the Questionnaire in accordance with the Notice of Invitation, may be sent via e-mail to PA-Standards@resbank.co.za

Information must please be provided for the period ending **June 2021**

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| **Information on responding institution** |
| **Name of institution**  | Click or tap here to enter text. |
| **Name and position of respondent**  | Click or tap here to enter text. |
| **Type of institution**for example: life insurer, non-life insurer, or reinsurer | Click or tap here to enter text. |
| **Size of institution:**please state total assets or other indicator(s) that describe the size of your institution, total assets, or other indicators (please specify)  | Click or tap here to enter text. |
| **Please state the main supervisor(s) of activities at your institution under financial sector legislation** | Click or tap here to enter text. |

**PART 1: GENERAL QUESTIONS**

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| * 1. **What are the types of activities or functions that your institution outsources?**
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| Click or tap here to enter text. |
| * 1. **What portion of the insurance business is outsourced to third-party service providers? What is the cost of the outsourcing arrangement as a share of the total cost base of the insurer?**
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| Click or tap here to enter text. |
| * 1. **Are the institutions to which functions or activities are outsourced to regulated institutions? e.g. FAIS FSPs, etc.**
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| Click or tap here to enter text. |
| * 1. **Please indicate whether any service providers are domiciled off-shore?**
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| Click or tap here to enter text. |
| * 1. **Is your institution in a position to quantify the significance of the impact of the Joint Standard to the third-party service providers? If not, please clarify**
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| Click or tap here to enter text. |
| * 1. **What are the insurers’ policies, procedures and controls to help identify, measure, monitor and manage the risks that arise out of outsourcing arrangements with third-party service providers?**
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| Click or tap here to enter text. |
| * 1. **What risk management systems are used by the insurer to identify, monitor and manage risks arising out of outsourcing arrangements?**
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| Click or tap here to enter text. |
| * 1. **How frequently are the risk management policies and procedures reviewed and updated by the board?**
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| Click or tap here to enter text. |
| * 1. **How does the insurer assess the effectiveness of the policies and related procedures for assessing the risks involved with outsourcing?**
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| Click or tap here to enter text. |

**PART 2: CURRENT AND EXPECTED CHANGES IN OVERALL COSTS**

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| * 1. **Given that insurers are already required to comply with, and implement outsourcing requirements in terms of *Prudential Standard GOI 5: Outsourcing by Insurers,* how will the proposed Joint Standard impact on your organisation or operations?**
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| Click or tap here to enter text. |
| * 1. **What do you see as the main costs or risks to the outsourcing requirements for the insurance sector in South Africa?**
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| Click or tap here to enter text. |
| * 1. **What particular aspects of the proposed framework will increase costs?**
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| Click or tap here to enter text. |
| * 1. **How will the costs or risks identified above be managed or minimised?**
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| Click or tap here to enter text. |
| * 1. **Overall, what is the expected change in managing outsourcing arrangements? What are the anticipated additional costs (e.g. staffing, systems, processes, contracts etc.) to implementing the outsourcing requirements in your organisation?**
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| Click or tap here to enter text. |

**PART 3: EXPECTED BENEFITS**

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| **3.1 What are the anticipated main benefits of the outsourcing requirements for your organisation and operations (including service providers)?** |
| Click or tap here to enter text. |
| **3.2 Do you anticipate that the compliance with the outsourcing requirements will have an impact on the institution’s ability to comply with other prudential or conduct requirements imposed on the institution?**  |
| Click or tap here to enter text. |

**PART 4: OTHER**

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| * 1. **Are there any other specific issues not addressed regarding the outsourcing of material functions or activities by insurers that you would like to bring to the attention of the PA and the FSCA?**
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| Click or tap here to enter text. |