

Insurance (Amendment) Regulations, 2023 (No. 26)

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IT is hereby notified that the Minister of Finance and Economic Development has, in terms of section 89 of the Insurance Act [Chapter 24:07], made the following regulations:—

1. These regulations may be cited as the Insurance (Amendment) Regulations, 2023 (No. 26).

2. The Insurance Regulations, 1989, published in Statutory Instrument 49 of 1989, are amended by the insertion of the following section after section 5A—

*“Insurance policy on credit*

5AA. (1) The receipt of an insurance premium shall be a condition for a valid contract of insurance and there shall be no cover in respect of an insurance risk unless the premium is paid in advance.

(2) Subsection (1) does not apply to the insurance of crops in terms of the Farmers Stop Order Act [Chapter 18:11].

(3) Subject to subsection (2), every insurer which issues an insurance policy on credit must record on the policy document that the policy is on credit.

(4) Every policy owner of an insurance policy issued on credit shall be entitled to the full value of the claim less premium due for the insurance policy on credit.

(5) Where a policy has been issued on credit in terms of these regulations, section 5B(b) of the principal regulations shall apply in relation to matters relating to settlement of insurance claims.

(6) The Commission shall suspend the licence of an insurer who contravenes subsection (1), for the lifting of which suspension, the insurer shall pay a penalty three times the licence fee and for a repeat of the offence the insurer shall be guilty of an offence and liable to a fine not exceeding level 5 or imprisonment for a period not exceeding six months or to both such fine and such imprisonment.”.

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### EXPLANATORY NOTE

*(This note does not form part of the statutory instrument but merely explains its contents)*

The objective of the statutory instrument is to restrict issuance of insurance policies on credit owing to the non-payment of premiums in the event of no claim thereby resulting in an increase in premium debtors which affects the financial standing of the industry and settlement of claims. Agricultural insurance is exempted from complying with this statutory instrument.