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THE PRESIDENCY

No. 600 29 June 2001

It is hereby notified that the Acting President has assented to the following Act, which is hereby published for general information:—

No. 9 of 2001: Export Credit and Foreign Investments Re-Insurance Amendment Act, 2001



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Amendment of section 2 of Act 78 of 1957, as substituted by section 2 of Act 81 of 1981 and amended by section 2 of Act 27 of 1988

2. Section 2 of the principal Act is hereby amended—

(a) by the substitution for the words preceding paragraph (a) of the following words:

“The Minister **[may]** shall enter into an agreement with **[any person who is a registered insurer as defined in section 1 of the Insurance Act, 1943 (Act No. 27 of 1943),]** the Export Credit Agency with the object of **[re-insuring, against the payment of a premium and insuring on behalf of the Government on such [other] terms and conditions as may, in consultation with the Minister of Finance, be prescribed in such agreement, any contracts [of insurance] entered into by [such person with, or for the benefit of,] persons carrying on business in the Republic, being contracts [of insurance against] subject to risk of monetary loss or monetary detriment attributable to circumstances beyond the control of the person suffering the loss or detriment and arising out of or in connection with—**”;

(b) by the substitution for paragraph (ii) of the following paragraph:

“(ii) nationalization, expropriation or confiscation.”;

(c) by the substitution for paragraph (v) of the following paragraph:

“(v) such other causes as the **[Minister may in consultation with the Minister of Finance deem]** Export Credit Agency deems to arise from risks not normally insurable.”; and

(d) by the addition of the following subsections, the existing section becoming subsection (1):

“(2) The Export Credit Agency shall be registered as an insurer as contemplated in section 7(1)(a) of the Short-term Insurance Act, 1998 (Act No. 53 of 1998), and shall in its capacity as a registered insurer and juristic person be subject to the relevant insurance and company laws.

(3) Without detracting in any way from the Minister’s power to determine through the agreement contemplated in section 2 the terms and conditions in terms of which the Export Credit Agency shall conduct its business, the Minister may appoint members of the Board and the Chief Executive Officer of the Export Credit Agency.

(4) The members and Chief Executive Officer contemplated in subsection (3) shall be suitably qualified to perform the functions of the Export Credit Agency.”.

Substitution of section 3 of Act 78 of 1957, as amended by section 2 of Act 88 of 1962

3. The following section is hereby substituted for section 3 of the principal Act:

“Percentage cover

3. A contract of **[re-insurance]** insurance shall specify the maximum percentage of the loss, as defined in such contract, which is covered by the indemnity under such contract, and such percentage shall not exceed ninety **[per centum]** per cent of the loss as so defined **[: Provided that the Minister in consultation with the Minister of Finance may in any particular case approve of a higher percentage].**”.

Substitution of section 4 of Act 78 of 1957

4. The following section is hereby substituted for section 4 of the principal Act:

“Premiums

4. The rate of premium for any contract of **[re-insurance]** insurance shall be fixed by the **[Minister in consultation with the Minister of Finance]** Export Credit Agency, having regard to the various factors which have a bearing on the risks covered by the contract and to the cost of administering this Act.”.

Amendment of section 5 of Act 78 of 1957, as amended by section 3 of Act 88 of 1962, section 3 of Act 81 of 1981 and section 3 of Act 27 of 1988

5. Section 5 of the principal Act is hereby amended—

(a) by the substitution for subsection (1) of the following subsection:

“(1) The **[Minister] Export Credit Agency** shall establish a Reserve Fund **[, to be known as the Re-insurance Fund for Export Credit and Foreign Investments, under the control of the Director General: Trade and Industry,]** into which shall be paid moneys appropriated by Parliament for the purpose of this Act and premiums and other moneys accruing to the **[Minister] Export Credit Agency** under contracts of **[re-insurance] insurance.**”;

(b) by the substitution in subsection (2) for paragraphs (b) and (c) of the following paragraphs, respectively:

“(b) **[any fees referred to in section six and]** any remuneration and allowances referred to in sections **[seven] 7** and **[eight] 8**;

(c) such other costs of administering this Act as may be determined by the Minister in consultation with the **[Minister of Finance] Export Credit Agency.**”;

(c) by the substitution for subsection (3) of the following subsection:

“(3) The **[Minister in consultation with the Minister of Finance] Export Credit Agency** shall from time to time determine the amount in the Fund which shall be kept available for the payment of any claims, liabilities, fees and costs referred to in subsection (2), and the balance of the moneys in the Fund over and above the amount so determined shall be **[deemed to be deposits for the purposes of the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984), and shall be dealt with accordingly]** suitably invested by the **Export Credit Agency** in accordance with the requirements of the Short-term Insurance Act, 1998 (Act No. 53 of 1998).”;

(d) by the substitution in subsection (4) for paragraphs (a) and (b) of the following paragraphs, respectively:

“(a) The Export Credit Agency may from time to time obtain advances from the Minister in order to meet temporary deficits in the Fund.

(b) Any loss incurred by the Minister as a result of such advances shall be met out of moneys appropriated by Parliament for this purpose.”;

(e) by the deletion of paragraphs (c) and (d) of subsection (4).

Repeal of section 6 of Act 78 of 1957

6. Section 6 of the principal Act is hereby repealed.

Amendment of section 7 of Act 78 of 1957

7. Section 7 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) The **Export Credit Agency** shall establish, in consultation with the Minister, a committee which shall evaluate applications for contracts of insurance.”.

Amendment of section 10 of Act 78 of 1957

8. Section 10 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection:

“(1) Any person who wilfully makes a false or misleading statement in or in connection with a contract of insurance **[which forms the subject of a contract of re-insurance,]** shall be guilty of an offence and liable on conviction to a fine **[not exceeding two hundred pounds]** or to imprisonment for a period not exceeding one year, or to both such fine and such imprisonment.”.

Act No. 9, 2001

EXPORT CREDIT AND FOREIGN INVESTMENTS
RE-INSURANCE AMENDMENT ACT, 2001**Amendment of section 13 of Act 78 of 1957, as substituted by section 5 of Act 81 of 1981**

9. The following section is hereby substituted for section 13 of the principal Act:

“Short title

13. This Act shall be called the Export Credit and Foreign Investments [Re-insurance] Insurance Act, 1957.” 5

Substitution of word in Act 78 of 1957

10. The principal Act is hereby amended by the substitution for the word “re-insurance”, wherever it occurs, of the word “insurance”.

Transitional arrangements

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11. (1) The balance of the Re-insurance Fund for Export Credit and Foreign Investments, as it existed immediately before the commencement of this Act, shall on commencement of this Act be transferred to the Reserve Fund established under section 5 of the principal Act.

(2) The Export Credit Agency shall as from the date of its agreement with the Minister in terms of section 2, assume all rights and liabilities of Government that may exist in terms of contracts of re-insurance entered into before the commencement of this Act. 15

Amendment of long title of Act 78 of 1957

12. The following long title is hereby substituted for the long title of the principal Act:

“To promote trade with countries outside the Republic by providing for the [re-insurance with] insurance on behalf of the Government of the Republic of [insurance] contracts in connection with export transactions, investments and loans or similar facilities connected with such transactions; and to provide for matters connected therewith.” 20

Short title and commencement

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13. This Act shall be called the Export Credit and Foreign Investments Re-insurance Amendment Act, 2001, and shall come into operation on a date fixed by the President by proclamation in the *Gazette*.