

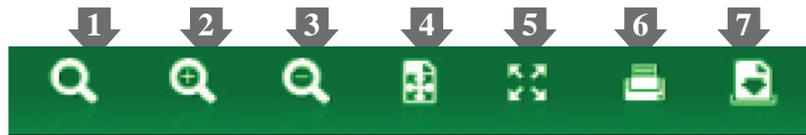


ASSOCIATED COMPLIANCE

FOR A COMMON PURPOSE

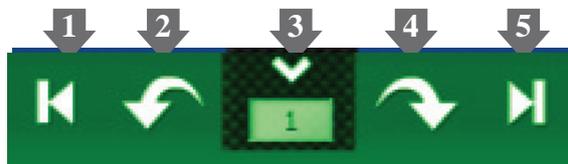
# Instructions

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## FROM AC

Our apologies; this Newsletter is, even by our standards, a heavy one. December saw the release of many documents that demanded attention. While we will be hosting a range of workshops during February, there can be no substitute for reading both this Newsletter and the published draft regulations. The planned implementation dates are looming and a mere awareness of the changes will not be enough to plan for their impact on your business. You will need to work both with us and on your own to achieve the maximum benefit. The key will be to not react until the final regulations are released as there will be transition periods applicable that will allow effective implementation.

So, let's have a look at what was released:

### **Treating Customers Fairly - Retail Distribution Review Status Update**

Published in December 2016 along with draft regulation changes, most of which support the Phase I proposal, namely:

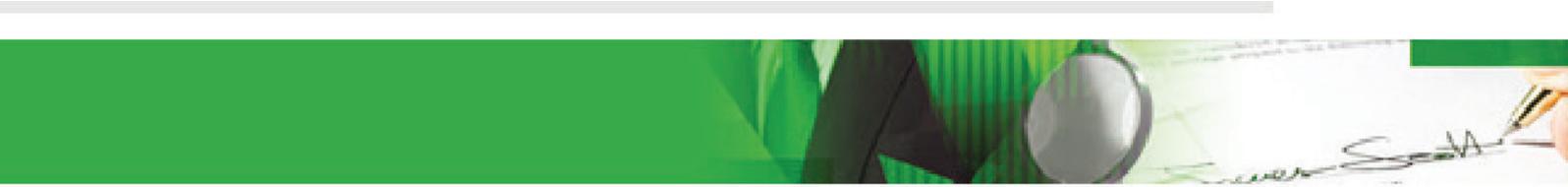
- Regulations under both the Long-term and Short-term Insurance Acts, and
- Policyholder Protection Rules amendments.

As mentioned, we are hosting a series of client workshops around the country over the next month and will, amongst other proposed regulatory changes, deal with the Phase I RDR proposals.



**ASSOCIATED COMPLIANCE**

FOR A COMMON PURPOSE



If there is a demand for more, we will provide them but the presentation itself will be released via the Associated Compliance February Newsletter.

Any of your comments at these workshops will be included in feedback to the FSB due by 22 February 2017.

A summary of the key aspects of the RDR Status Update and links to download the draft notices can be found in the “From the FSB” section of this Newsletter.

## **Proposed Fit and Proper amendments**

We provided details of these in our Special Newsletter in November 2016. Since this was issued, we have submitted our feedback to the FSB. [Click here](#) to download a copy.

We would also like to clarify two items contained in that Newsletter.

1. Under the CPD standards we incorrectly stated that if registered for commercial lines and personal lines then the required hour target would be 18 hours. The proposal places all the commercial and personal sub class e.g. motor, fire, engineering etc. sub classes within the class of “Short-term insurance” thus 12 hours would be the requirement if licenced for more than one of these.

For 18 hours to be needed, a person would need to be registered for more than one class of insurance e.g. short-term and one of the long-term and/or pension classes.

Having said this, there is a view that this is an error in drafting or should be amended as commercial and personal lines are seen as separate classes of insurance. If drafted correctly, then being licenced for commercial and personal lines would indeed require 18 hours of CPD.

- 
2. Under the Financial Soundness chapter, we stated that the new liquidity calculation would need to be provided with the annual financial statements for FSPs NOT handling clients' funds/premiums when it should have said this is only needed for FSPs that DO collect client funds/premiums.

Our apologies for these errors.

## **Conduct of Business Report 2017 – Draft 2**

We reported on the release of this second draft in our last Newsletter of 2017. Our assessment of the changes and feedback to the FSB was submitted, along with an offer of our assistance to the FSB on any further development or testing. [Click here](#) to download a copy of our submission. The tool we developed to assist clients to collate the additional information has also been updated. If anyone would like a copy please send a request to: [info@associatecompliance.co.za](mailto:info@associatecompliance.co.za).

We still hope to get clarity as to when this format will be introduced.

[Click here](#) to download Article 4 POPI.

## FROM AC HAS

Welcome to 2017! In one of the monthly distributed HR Newsletters that I receive, I came across an article describing the 10 Ds for a successful 2017\*. I would like to share these 10 Ds with you, however, I have adapted and changed them to incorporate the *amendments to the Fit and Proper requirements and how it impacts on your HR practices* that are going to form an important part of our 2017 year.



### 1. Desire

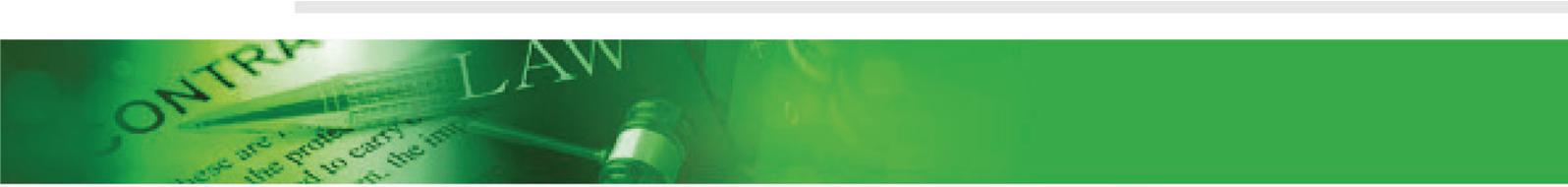
To have that strong feeling of motivation to make something happen. Take the Fit and Proper amendments by the horns and just do it! [Refer to the Associated Compliance's Special Newsletter sent out on 29 November 2016 for a summary on the proposed amendments.](#)

### 2. Direction

Give your leadership team and colleagues clear direction on what needs to be done by and when in terms of the amendments, and set up a detailed timeline that can be incorporated into your daily / monthly planning, therefore leaving no room for oversight. Work together with your HR department or with HAS to ensure that all HR actions are incorporated into your planning. [Find the HR to-do-list here.](#)

### 3. Differentiate

Remember that your company is competing with other capable companies in the market. Differentiate yourself by complying and adhering to the required amendments and therefore leading from the front. [Keep an eye out for the monthly HR Newsletter for updated HR material and alerts.](#)



#### 4. Dates

Make sure which amendments need to be done by when, diarise these clearly and communicate these deadlines with your colleagues/employees. Make sure that you incorporate new deadlines and dates into your documentation. Remember the '5-year rule' in terms of lapsing of experience – do you keep record of this?

#### 5. Dedication

With clear goals and timelines in place, you need to commit to reaching these goals even if you encounter obstacles. Stay in contact with your Compliance Officer and HAS and raise any anomalies/questions timeously.

#### 6. Digital

Leverage technology and streamline your processes and record keeping. Make use of electronic systems to update your Fit and Proper records with ease and via remote access, if necessary. Keep an eye out for the monthly HR Newsletter for electronic HR tools where Fit and Proper information can be documented and maintained.

#### 7. Development

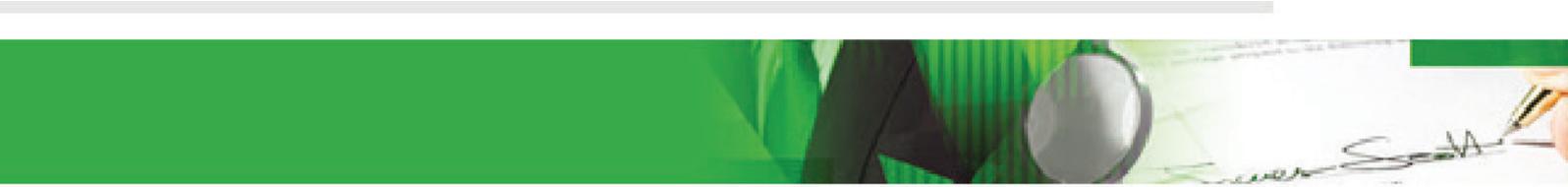
This year might require you to develop some new skills around the proposed requirements. Focus on developing your own skills as well as your employees' skills. Keep in mind the roll-out of CPD from 1 June 2017.

#### 8. Diversity

Think of the best ways in which you can use the diversity around you – your employees, colleagues and partners. Draw on the information that AC and HAS already have to walk this road with you.

#### 9. Diligence

Be meticulous and thorough. Go through the AC and HAS Newsletters to stay up-to-date with the amendments and implementation dates.



10. Do it!

Your plans, goals and strategies are now in place. **Work in a results-driven manner. Share your experiences and achievements with us!**

*\* The concept of the 10 Ds taken from an article in “HR Today” written by Marius Meyer (CEO of the SA Board for People Practices (SABPP)) dated January 2017.*

Should you have any specific questions or suggestions with regards to HR, please send these to [bronwynn@associatedcompliance.co.za](mailto:bronwynn@associatedcompliance.co.za) or [has@associatedcompliance.co.za](mailto:has@associatedcompliance.co.za).

## FROM AC-PROOFED

### The Consequences of Bad Writing

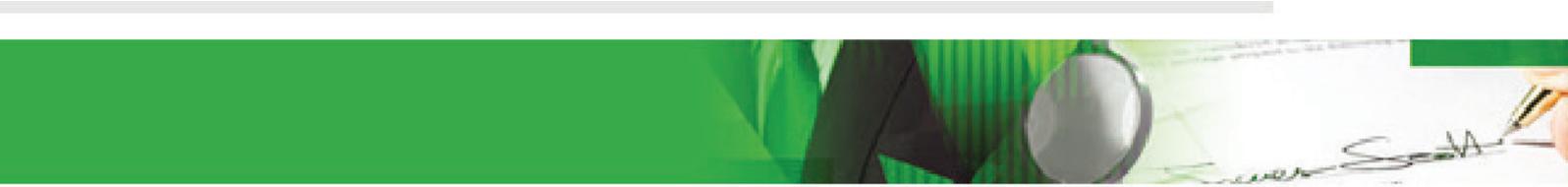
Imagine you were in the market for a new insurance policy for your brand spanking new Harley Davidson. For these types of purchases, it's so important to shop around for the best price, excess, cover, etc. If you have the time, you'll read through the policy wording to see what will happen in the event of a claim, how much you will need to pay and all the other important things that policy wordings should detail. Now while we're imagining things... what would you do if the policy wording had spelling and grammar mistakes, with incorrect punctuation (shock, horror), the page layout was all over the place and it was generally a really difficult document to read? You'd move on to the next insurer because you would think that any company that didn't proofread its own writing or employ someone to make the document look good couldn't be trusted to make a good product. You'd get your insurance cover elsewhere. I know I would!



**AC-PROOFED**

I can't say this often enough: I believe that good writing can make your instructions clearer, your emails easier to read, your marketing material more effective, and your internal communications more efficient.

Let's look at writing from the other direction: to examine how harmful bad writing can be. Because of careless and sloppy writing, the insurance company not only lost a client, but also damaged its general reputation. Chances are, if it was you, you wouldn't take out insurance with them ever again, and you'd tell all your friends. With that in mind, here are some of the ways poor writing can damage your company:



**Poor writing costs sales and business.** Whether you sell insurance, motorbikes, make-up, or even if you provide a service, if your writing is unclear, unconvincing, or careless, people won't buy your product or service. Sloppy, incomplete, or unpersuasive proposals, websites, and marketing materials will cost your business in so many ways.

**Poor writing causes frustration.** In your writing, if you are not clear about what you want to achieve, or what your client needs to understand, or how they should reply, the frustration can be intense. It will also save time (which we never have enough of) because there won't be any backwards and forwards when one email would do.

**Poor design causes frustration.** If you need your clients to fill in a form of some sort, it can be very frustrating for them if the form is difficult to complete with columns and fields that are too small and uncertainty as to what needs to go into which block. What would happen if your email address was *thisemailaddressistoolong@nevergoingtofitinthespace.com*?

**Poor writing costs time.** Any communication like reports, memos, and emails must be clear, relevant, and complete. If they're not, you are going to have to rewrite them, and you'll spend hours on the phone with your clients who will call you because they don't understand certain things or need things explained to them. You'd save yourself so much time if everything was clear and there was no need for the many support calls.

**Poor writing can have an effect in your office.** Poorly written communications to and between employees—training manuals, emails, and letters—can leave employees confused, angry, or insulted. A condescending tone, incomplete explanations of decisions, or biased language in a company-wide memo, for example, can annoy, worry, or even upset employees. When facts aren't clear, rumours can replace them, and rumours often make things look worse.

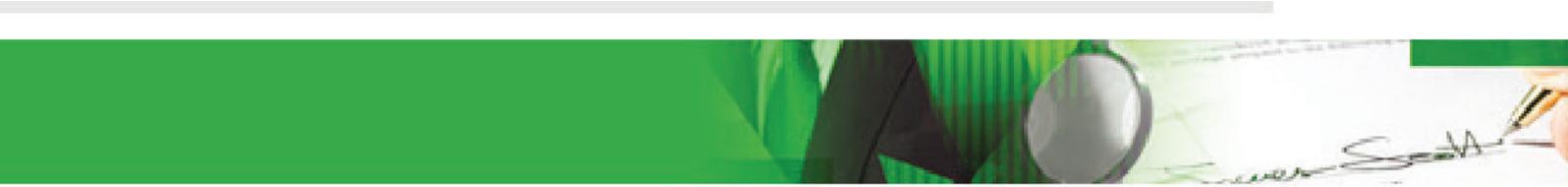


**Poor writing can hurt your company's brand.** Your brand is how the world sees you—the associations it makes with your name and the feelings it has about your products. Your brand is more than your logo, your tag line or the expensive website you had done. It's influenced by everything you put out to the public. When your brand is not professional, you'll lose more than just that one person who wouldn't take out your insurance because there was a spelling mistake in your policy wording; the damage will affect everything about your company because people will make the assumption that everything you do is of poor quality.

**Poor writing can be dangerous.** A set of policies in your company handbook that fails to clearly explain your company's rules regarding sick days and your leave policy may result in your workers becoming unnecessarily overworked, stressed, or depressed.

I'll conclude by reminding you that if you write well you'll have happier clients, greater productivity and higher profits.

There are many benefits of hiring a proofreader. When you're ready, AC-Proofed can assist. Contact us at [ac-proofed@associatedcompliance.co.za](mailto:ac-proofed@associatedcompliance.co.za).



## FROM THE FSB

### **Treating Customers Fairly - Retail Distribution Review Status Update**

In this article, we will focus on the proposed timelines and the methodology to be adopted by the FSB in implementing Phase I proposals.

Various current regulatory frameworks will be used to achieve the RDR implementation, which are summarised below:

#### **The General Code of Conduct of the FAIS Act**

##### **Proposal OO: Product supplier commission prohibited on replacement life products**

Definitions of “replacement” and “variation” will be provided and provide clarity as to what product variations will constitute a replacement. These will be backed up by increased reporting obligations being introduced under the Long-term Act regulations (See Proposal OO under Long-term Act Regulations below) as well as the PPR.

##### **Proposal QQ: Conflicted remuneration on RA transfers to be addressed**

The above changes will also support this proposal as the transfer of retirement or living annuities from one provider to another will constitute replacement.

The industry will be consulted in the early part of this year on these planned changes.



## **The FAIS Act Regulations**

### **Proposal Y: Advisors may not act as representatives of more than one juristic intermediary (adviser firm)**

The required changes to the Act to achieve this proposal will require consultation with the industry, which is planned for the early part of this year. It seems that the FSB are open to allowing a person to act on more than one FAIS licence but exactly what these circumstances will be is unclear.

### **The Fit and Proper requirements for FSPs**

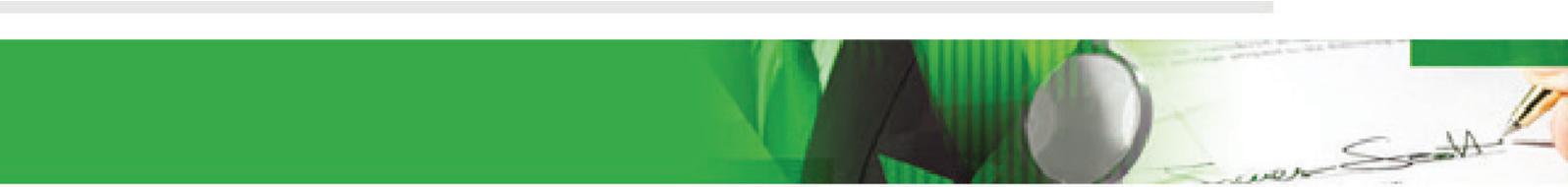
These changes support RDR proposals rather than implement any actual proposal and include:

#### **Proposal B: Standards for “low advice” distribution models**

The planned standards for “automated advice” will support this proposal.

#### **Proposal D: Standards for sales execution, particularly in non-advice distribution models**

Less onerous competency standards are proposed for the planned “execution of sales” definition which typically will be the call-centre ‘scripted’ sales process and we believe other related non-advice distribution methods.



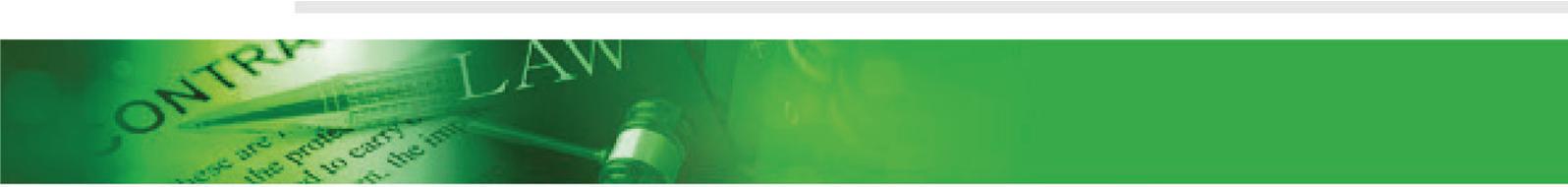
## **Proposals BB, CC, DD and EE: Various proposals relating to product supplier responsibility for advice and distribution**

Standards for “class of business training” and “product specific training” are proposed. The product supplier will require the FSP to prove that their reps meet the required standards. A PPR proposal will place an obligation on them to ensure this is in place – see PPR section and Proposal BB, CC, DD, EE below. Together these are likely to see the agency application and maintenance process change to reflect the status of the FSP as well as all representatives.

## **Regulations under both the Long-term and Short-term Insurance Acts that were published in December 2016**

### **Proposal V (long-term): Insurer tied advisers may no longer provide advice or services on another insurers’ products**

This proposes amending the current rules that allow a representative to act as an intermediary for another insurer by restricting this to a class of policies that are not available within the insurer group (as defined in the Companies Act). Existing arrangements will be allowed for existing business for a period of time.

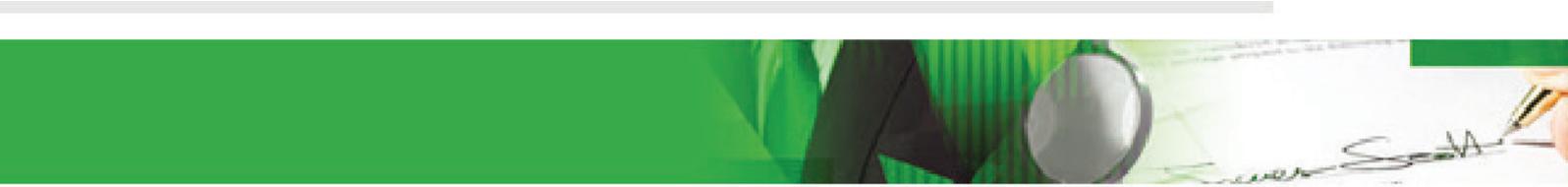


**Proposals J, Z, AA and ZZ (long-term and short-term): Various proposals relating to strengthened standards and remuneration caps for binder and outsourcing arrangements**

These proposals include:

- A definition of outsourcing.
- A definition of “policy data administration services” which in turn has a fee cap of 2% for said services.
- Clarity that fees cannot be paid to a binder holder that performs “enter into, vary or renew” activities for policy data admin services.
- Non-mandated intermediaries (or their associates) can receive a maximum of 2% of premium per type of binder activity, i.e. enter into being one, and claims the other.
- Further consultation has been promised on the fee caps.
- Non-mandated intermediaries licenced for Advice may only have a binder for life and personal lines business that allows for the “enter into, vary or renew or settling claims” functions.
- Non-mandated intermediaries licenced for Advice will not be allowed to have a binder for commercial lines business, although the FSB has stated that further analysis on the impact of this proposal is needed before finalising.

NB: The above two proposals will therefore allow the FSP operating in the short-term sector usually referred to as an “administrator” to escape this restriction provided they remove Advice from their licence profile. The fee cap will also not apply in these circumstances. It will however severely hamper their ability to charge policy fees (see later comment).



The draft also does not provide for a prohibition on an NMI (licenced for advice) that is prevented from holding a commercial binder, being an associate of another NMI (not licenced for advice) that has a commercial binder. In fact, the proposed cap on fees makes specific provision for a cap being applicable in such a relationship. If this is indeed the intention, then an NMI would have two FSPs, one licenced for advice with no binder and the other only licenced for intermediary services with a binder, however the binder fee cap of 2% per function would apply. It remains to be seen if this is indeed the intention.

- Insurer access to data to be at least every 24 hours.
- Governance, oversight and record keeping obligations for insurers over their binder holders.

Increased fees and the granting of binders to FSPs licenced for Advice will be considered upon application by the insurer to the FSB to do so. The criteria for such a dispensation are not known but would likely be for unusual circumstances being present.

- A new regulation will be added “General Principles for Determining Remuneration” which will seek to ensure intermediary remuneration must:
  - Be reasonably commensurate with the **actual** service, function or activity **performed** (our highlights);
  - Not result in any service, function or activity being remunerated again;
  - Not be structured in a way that may increase the risk of unfair outcomes for policyholders;
  - Not be linked to the monetary value of claims for policy benefits repudiated, paid, not paid or partially paid.

This remuneration includes commission as well as the so-called Section 8(5) fees and must be read in conjunction with Proposal UU below.



**Proposal OO (long-term): Product supplier commission prohibited on replacement life risk policies**

Forces the insurer to monitor replacement product activity including the non-payment of commissions where the required FAIS standards have not been met.

**Proposal PP (long-term): Commission regulation anomalies on “legacy” insurance policies to be addressed**

Restrictions on the payment of and level of casual event charges.

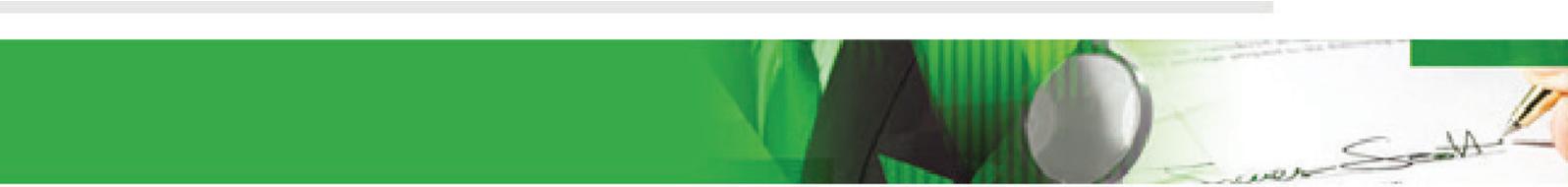
**Proposal RR (long-term): Equivalence of reward to be reviewed**

This is a longer-term proposal but this change is a stepping stone to this objective. It expands the current principle to apply to the insurer as well as the representative; thus, action would be possible against the insurer now for breaches of the current principle.

**Proposal UU (short-term): Remuneration for selling and servicing short-term insurance policies (as read with Proposals J, Z, AA and ZZ above)**

A proposed new section (5C) will replace the current Section 8(5). Subject to the new principles (see above) to be applied, “broker fees” will continue to be allowed. Clients will be required to provide explicit written agreement to such fees.

The need for a good client service level agreement that identifies these services and the ability to justify them to clients, insurers and regulators alike is almost upon the intermediary. How they will be policed and consistency achieved is a different issue!



## **Proposal AAA (long-term): Commission cap for credit life insurance schemes with “administrative work” to be removed**

The effect will be a reduction of the commission levels to 7.5%. Any fees for administration work will need to be provided for via a binder or outsource agreement, which will of course to be subject to the necessary caps for binders and fees being commensurate for the work done for outsource agreements.

See commentary on the full extent of these proposed changes, which go beyond RDR referred to in this article, later in this section of the Newsletter.

## **Policyholder Protection Rules amendments that were published on 15 December 2016**

**Proposals BB, CC, DD and EE (long-term and short-term): Various proposals relating to product supplier responsibility for advice and distribution (to be read in conjunction with the same proposals under the FAIS Fit & Proper standards above)**

In addition to the competency checks that an insurer will need to do referred to above there will be standards imposed on the insurer that:

- Ensure that any intermediary or third party that distributes or promotes its policies on its behalf has standards that ensure the brochures etc. are not misleading, contrary to public interest or contain an incorrect statement of fact and prominently include the name of the insurer.
- Its complaints management process must include standards relating to their service providers. Intermediaries can thus expect such standards to find their way into agency agreements and that the recording and reporting of complaints will need to meet insurers’ requirements. This may well lead to multiple reporting formats having to be used unless SAIA/FIA get together to agree a market norm for such reports.



**Proposal FF (long-term and short-term): General product supplier responsibilities in relation to receiving and providing customer related data**

This effectively sets standards that insurers must adhere to around the use of letters of authorisation by intermediaries when requesting client data from insurers. The requested data, the authorisation for which must be provided by the client, has to be provided by the insurer. They can elect to supply the data to the client rather than the broker but if they elect to do so they will need to provide an explanation as why they have elected not to provide it to the intermediary.

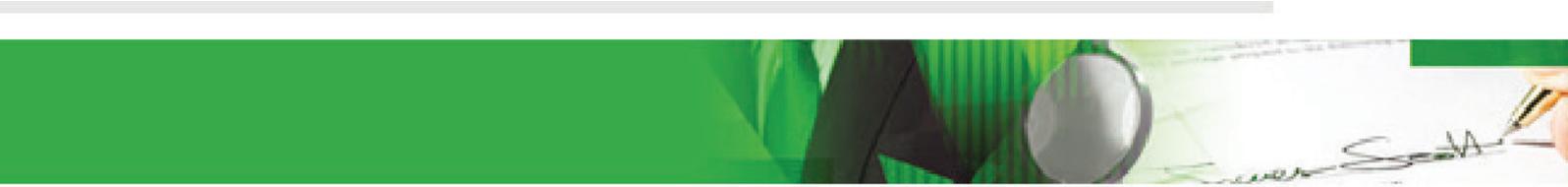
**Proposal OO (long-term): Product supplier commission prohibited on replacement life risk policies (to be read in conjunction with Proposal OO under The FAIS General Code and Long-term Regulations above)**

This proposal sets out the specific procedures to be followed by an insurer when faced with a replacement product and include:

- The intermediary advising if the new policy is a replacement one.
- A copy of the replacement advice record must be supplied to the insurer.
- The insurer must confirm that this record complies with the required FAIS standards.
- If an intermediary does not disclose that any specific policy is a replacement the matter will be referred to the regulator.
- Any such failure will require the insurer to allow a further cooling off period.

The FSB are considering developing an industry-standard replacement advice record.

It should be noted that these collective proposals are an interim measure pending finalisation of the decision on whether a commission prohibition on life replacement products will be introduced as originally envisaged by Proposal OO.



## **Proposal VV (long-term and short-term): Conditions for short-term insurance cover cancellations**

This proposal sets out standards that must apply with regard to the notice to the policyholder that are needed when an insurer wishes to cancel a policy other than for non-payment of premium or a change in risk profile.

See commentary on the full extent of these proposed changes, which go beyond RDR referred to in this article, later in this section of the Newsletter.

Given that the various Phase I changes are planned for implementation in the first half of 2017, consultation is still to be undertaken and comments have yet to be submitted; the timelines for feedback and interactions on the changes are tight to say the least. These proposals, in principal, have already been extensively discussed so the FSB are probably of the opinion that further debate is not needed (with the possible exception of the proposed limitation on the provision of commercial binders in the short-term sector) and any final discussion that is required will not delay implementation to any degree.

Having said this, the FIA has already started to consult with its members on the implications of the proposals within both the Long-term and Short-term Act regulations (see later article and link to download FIA communication) and PPR proposals. [Click here](#) to download the communication specifically on the RDR status report release.

RDR Phases 2 and 3: The issued update does deal with these proposal (see pages 16-42). It is stated that:

“additional technical work will be carried out to complete the detail of various Phase 2 and 3 RDR proposals...This technical work will be carried out in consultation and collaboration with industry representative bodies and relevant experts”



No specific timelines have been provided for this consultation, however a broad outline of timeframes and likely methodologies to be used has been provided:

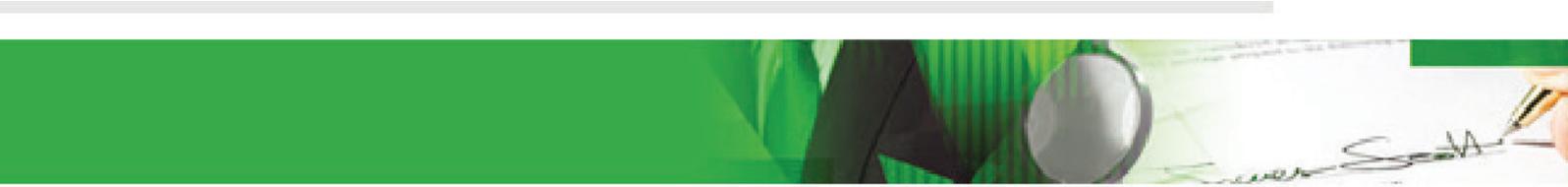
**Phase 2:** These are planned only once the Financial Sector Regulation Act is promulgated which we are told is still on track for the end of the first quarter 2017. It is likely that current laws will be used to implement many of the Phase 2 proposals, as is the case with the Phase 1 proposals outlined above. However certain proposals that “cut across” various financial sectors or where the current laws do not allow the changes to be implemented, the provisions of the new FSR Act will be used to create the required conduct standards. So, expect these to be proposed during 2017.

**Phase 3:** These are targeted for implementation once the all new Conduct of Financial Institutions Act is promulgated, which at this stage is expected “during 2018” so it seems likely that these proposals will be as well, which to a large extent relate to and are dependent on the new RDR adviser categorisation model.

For a high-level overview of the status of the full set of 55 RDR proposals, which is best read in conjunction with the full document issued as well as the previous updates issued in November and December 2015. (See AC Newsletter January 2016) refer to the document referred to as Appendix A which can be found in pages 46-58 of the attached status report. [Click here](#) to download.

## **What else do the proposed regulations deal with?**

In addition to the RDR focused aspects summarised above, both the Insurance Regulations and Policyholder Protection Rules drafts deal with other issues. While important in their own right, we will not deal with in this article save for a list of the aspects addressed:



## Insurance Regulations (Long-term)

- Special provisions concerning replacement risk policies.
- Replacement investment policies (RDR proposal OO).
- Maximum fees, penalties or any other charges on policy loans.
- General principles for the calculation of causal event charges.
- Amended definition of representatives to limit the ability of tied advisors to provide advice on another insurer's products, and
- Commission regulation on legacy policies to be aligned to that paid on new policies.

The full details can be obtained from the attached draft regulations. [Click here](#) to download.

## Policyholder Protection Rules

- Policies and procedures will be required regarding fair treatment of policyholders (which includes the potential policyholder). Essentially entrenches TCF principals in law.
- A range of rules around product and product design. In addition to those already addressed above these include:
  - Product design
  - Determining premiums
  - Void provisions
  - Waiver of rights
  - Signing blank or uncompleted forms, and
  - Consent required to insure life.
- Promotion, Marketing and Disclosure,
- Rules around product performance and acceptable service.



The majority of these additional proposals apply to all insurers (previously PPR had a set of standards for the direct marketer only). In our view these create some ‘grey areas’ have been created in that rules on communicating with the policyholder in Rule 12, Disclosure and Record Keeping, do not make it clear how these are to be practically implemented when:

- There is a broker involved in the delivery of the financial service to a policyholder, and
- There is a UMA involved in the distribution on behalf of the insurer.

This will be raised with the FSB and will hopefully lead to better clarity.

The full details can be obtained from the attached draft regulations. [Click here](#) to download Long-term PPRs.

[Click here](#) to download Short-term PPRs.

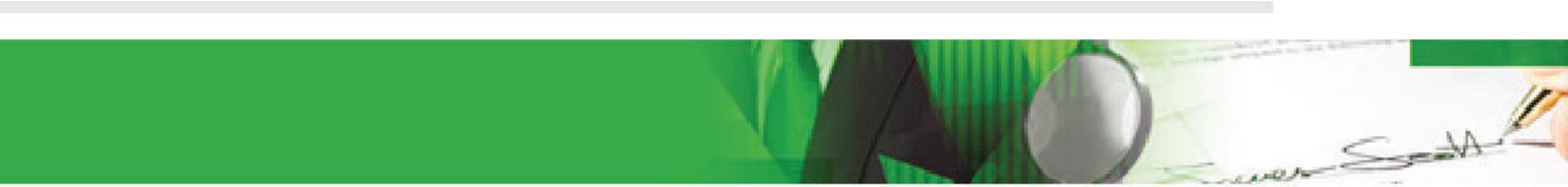
## And that’s not all...

What follows is a summary of the other important documents released:

**The Demarcation regulations:** the draft was only released in November 2016, Gazetted in December and summarised on our November/December Newsletter. [Click here](#) to download a copy.

We will be addressing the implications in our February workshops.

The proposal that Primary Healthcare products must be regulated under the Medical Schemes Act is not included in the Gazette as this deals with the amendments needed to the Short- and Long-term Acts. This change will need to be finalised by a combination of enacting the amended definition of a medical scheme in the as yet not triggered section of the Financial Services Laws General Amendment Act of 2014 along with the Registrar agreeing to a two-year transition period to allow any such scheme to implement changes.



New business must comply with the amendments from 1 April 2017 and existing business must fall in line by January 2018.

[Click here](#) to download the Short term Act Gazette and [here](#) for the Long Term Act version.

**Increased medical aid commission:** While not an FSB change, there was a Government Notice issued on 15 December that increases the fees payable to brokers by medical aids to R85 (was R80) plus VAT with effect from January 2017.

**And more:**

This time a delay in the implementation of previously released proposed amendments:

1. Exemption of Juristic Representatives from section 13(1)(c) of the Financial Advisory and Intermediary Services Act, 2002 (Act);
2. Exemption of Particular Financial Services Providers from section 19(3) of the Act and section 9(3)(b) and (c) of the Determination of Fit and Proper Requirements for Financial Services Providers, 2008;
3. Exemption of Particular Financial Services Providers from section 13 of the General Code of Conduct for Authorised Financial Services Providers and Representatives, 2003.

To quote the FSB release:

*“Please note that finalisation of the proposed exemptions are taking longer than expected due to the nature of comments received from industry. The Registrar endeavours to make a final decision regarding the exemptions by latest at the end of February 2017”*



**Fee–stive season cheer:** What would a New Year be without a fee increase (other than our own). The FSB released, on 23 December and after 16h30, details of their fee increases for various FAIS-related applications and profile changes. [Click here](#) to download the full schedule of fees effective 22 January 2017. The increases are relatively small – most less than 5% and is the first increase since 2015.

One fee dropped, which was never actually implemented, was the fee for renewal of the Phase I approval of a compliance officer.

The fee structure for CPD activities has been retained but we are not sure how these will practically be applied given that the proposal is that professional bodies will be managing the process and likely to charge their own fees. We will no doubt get clarity as we move to the CPD cycle.

**Conduct of Business Returns:** 15 December 2016 saw the release of the latest detail on this “project” which we have written on a number of times over the last year or so. While aimed at insurers and their reporting requirements, it will inevitably impact on binder holders as they are collecting and managing data on behalf of insurers. These requirements need to be read in conjunction with the draft Insurance Regulations that demand varying levels of insurer access to data because for an insurer to report they need access to the data and importantly the data needs to be there to report on!

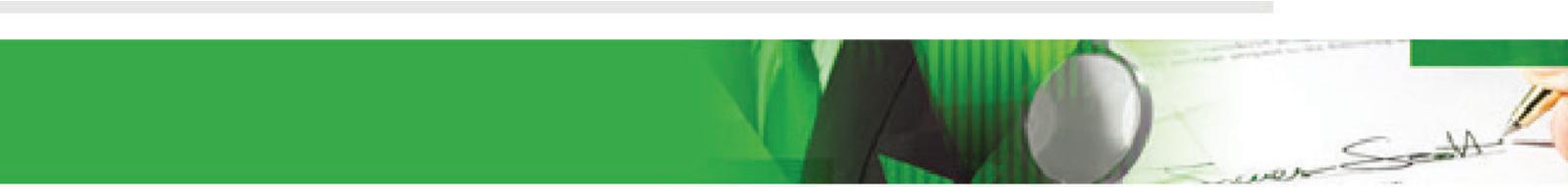
The timelines being followed for 2017 are:

First data return: 30 April 2017 for the reporting period January to June 2016

Second data return: 31 July 2017 for the reporting period July to December 2016

These returns will not include:

- Long-term group risk and fund member policies
- Long-term linked policies
- Short-term commercial polices



Third data return: 30 November 2017 for the reporting period January to June 2017

The first return will be accepted as being on a “best effort” basis based on insurers’ current data and system capabilities. This return has to include an action plan on how the insurer will achieve full implementation by the end of 2018. After March 2019, these reports will be need to be submitted on a quarterly basis, two months after the end of each quarter.

And the relevance? Well, if you manage data on behalf of an insurer, the quality and range of data will need to be available “real time” and your current IT platform provider will need to be able to deliver. Have you spoken to them about their level of capability? Are they aware of these standards? Who will pay for any required system upgrades? If you have not had that discussion as yet, we would recommend you do – sooner rather than later.

If you want to see what the detail looks like [click here](#) to see the guide to the questions just released.

## One last thing

**Click here to download a copy of the last FAIS Newsletter of the year.** We were disappointed that this did not include the promised article dealing with incentives (see various articles on the subject from AC over a number of editions of our Newsletters) but we have been assured that this will be included in the first FAIS Newsletter of 2017.

The most interesting article in this edition deals with whether or not Debarment leads to dismissal – worth a read.



## From the Financial Intelligence Centre

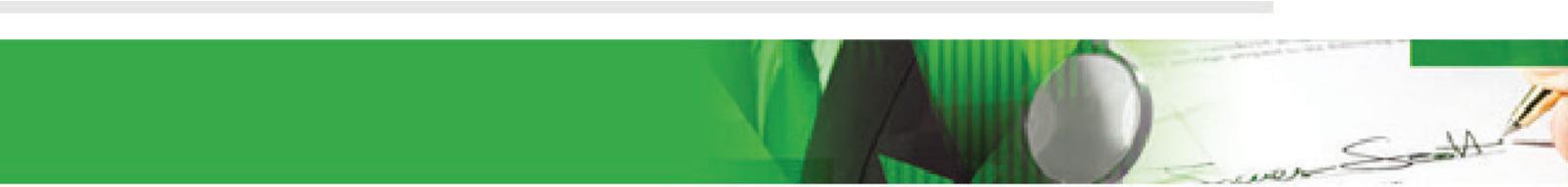
The FIC released feedback on the goAML registration on 14 December. [Click here](#) to download the full release but below are the salient points.

There are a series of reminders that:

- Registration is a legal requirement as well as detailing what information must be included in registration, but most importantly that this information must be kept up-to-date.
- Inactive user accounts must be deactivated.
- Log-in credentials cannot be shared.
- Training on reporting and goAML usage must be provided and regularly updated as part of the general FICA awareness training.
- To report on failures to report immediately upon the discovery of such failure (and we imagine submit such report).

Naturally, information submitted must be accurate and this must be done timeously – the feedback document confirms that entities must ensure that this is adequately provided for in their procedures and that this is tested. Some tips are also provided to ensure report submission is handled efficiently for both the reporting entities as well as the FIC.

Reviews of the quality of information submitted is encouraged. If requested, this can be conducted by Associated Compliance with the assistance of the Money Laundering Control Officer. Part of this is to ensure that the quality of information submitted (i.e. the person and transaction) is correct and complete. Various information verification providers are available and we recommend that their services are engaged to ensure compliance with this – contact us if interested.



Further guidance on information to be provided when reporting is given as well as the best practice guide to using the goAML web portal.

If you need assistance in reviewing and implementing your revised anti-money laundering procedures and controls, we urge you to contact us.

## INTERESTING THINGS WE HAVE READ

As always, it is worth having a look at Insurance Gateway as it provides access to a wide range of articles covering many different subject matters. Visit their website for all their recent articles: [www.insurancegateway.co.za](http://www.insurancegateway.co.za)



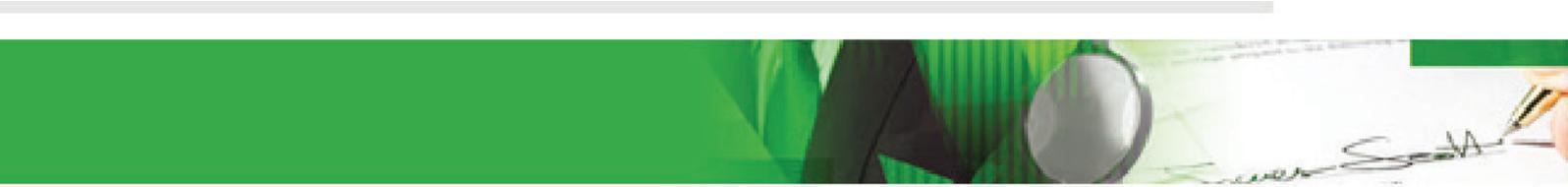
Here are the links to a couple of the articles by Moonstone from the Insurance Gateway January Newsletter:

### **FAIS Ombud rules against complainant in Sharemax case:**

[Click here](#) to read the article.

### **Important decision by FSB Appeal Boards:**

[Click here](#) to read the article.



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