

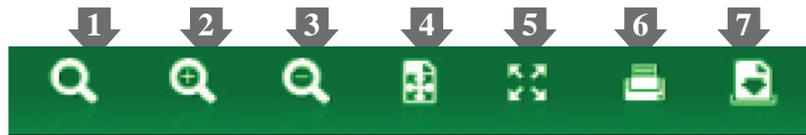


ASSOCIATED COMPLIANCE

FOR A COMMON PURPOSE

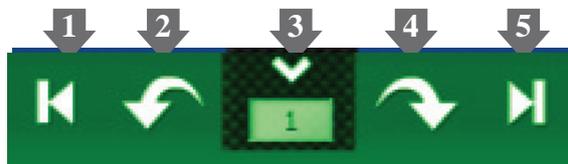
Instructions

All the text in red are links. Click on that text to go to the relevant page.



**Click on one of the above in the top menu
(numbered arrow pointing to the icon):**

- 1 = Zoom-in
- 2 = Zoom-out
- 3 = View actual size
- 4 = Fit to page
- 5 = View full screen
- 6 = Print
- 7 = Download newsletter



**Click on one of the above in the bottom menu
(numbered arrow pointing to the icon):**

- 1 = Go back to cover page
- 2 = Go back a page
- 3 = Insert page number to go to the specific page
- 4 = Go forward a page
- 5 = Skip to the last page

Alternatively, click and drag on any corner of the pages with your mouse cursor to turn over the pages (just like you would do if you were reading a printed magazine).



Contents

- Click on text to navigate to the page -

[From AC](#)

Page 4

[From the FIA](#)

Page 26

[From AC HAS](#)

Page 14

[Interesting things we
have read](#)

Page 28

[From AC Proofed](#)

Page 18

[From the FSB](#)

Page 21

[From the FIC](#)

Page 25

[From the IISA](#)

Page 26



From ASSOCIATED COMPLIANCE

Will AC be providing presentations on the draft Short- and Long-term Insurance Act Regulations and PPR?

We have been asked this following the release of the second drafts and the writing into law of the Financial Sector Regulatory Act (FSR). We have addressed some of the most important aspects in the Newsletter, but have decided that a further presentation on draft regulations would add no real value.



ASSOCIATED COMPLIANCE

FOR A COMMON PURPOSE

Watch this space for final versions but at this stage our best estimate of effective dates is late January/early February 2018. The FSB's December mailing season is almost upon us.

Conduct of Business Report 2018 (CoBR)

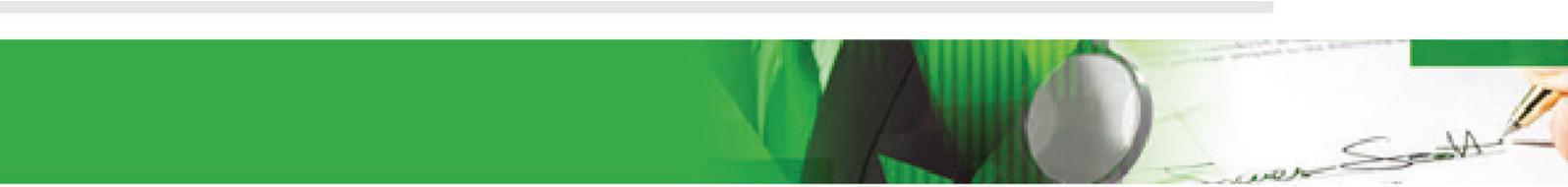
Here is the second of our series of guidance notes on this report format. [Click here](#) to download.

In this part, we address the information that will be requested in terms of the Intermediary's or UMA's business structure, governance and control functions.

PPR

The second draft of the amended regulations has been released. [Click here](#) to download a copy Proposed replacement of Policyholder Protection Rules under LTIA and STIA September 2017 2nd round of public consultation.

As usual, the comments paper provides the most insight into the changes – but at 337 pages it is quite a read!



Amended Compliance Officer Regulations

In 2010, the Regulator published Board Notice 127 which governed the services provided by Compliance Officers. Section 4.4 of that Board Notice demanded that in respect of category 1 FSPs, an external compliance officer must conduct regular visits to the FSP's business premises, business units and/or branches at least once a quarter, and in respect of the FSP's representatives, twice a year.

While we complied with the regulation, in some cases this was not economically viable, and often made no business sense. There were times when our compliance fees, which incorporated half-yearly visits to all representatives, were cost prohibitive and resulted in loss of business. In a number of these circumstances, we were surprised to learn that the fees charged by some competitors suggested that this aspect of regulation may have been disregarded.

As a professional practice with 14 experienced compliance officers, we have always felt that determining the frequency and necessity of visits as well as the extent of monitoring should be the compliance officer's responsibility based on the complexity and size of the FSP's business. The 'one sock fits all' approach demanded by the FSB has never made sense to us.

For this reason we have, for a number of years and together with other compliance practices that hold similar views, held discussions with the Regulator in an attempt to persuade them to revisit the regulation; but without success. In February this year, however, the Regulator published an invitation to comment on a proposal to remove the regulation demanding the frequency of visits, leaving this decision to the compliance practice. Their rationale supported our view entirely, and in their proposal they stated: "The Registrar supports the principle that regulatory requirements must be proportionate to the risks the requirements are meant to mitigate".

Having studied the comments received, the FSB has issued an exemption to Board Notice 127 enabling compliance officers to determine their own visitation frequencies. There are, of course, several conditions to which the compliance officer must comply, all of which relate to the nature, scale and complexity of the FSP's business as well as the nature and range of financial services they render.



This does not mean that the FSP can expect a reduction in compliance fees. On the contrary, the Regulator has made it clear, in writing, that if the compliance officer makes use of this to reduce fees through unwarranted reduced compliance activity, penalties will be imposed on the compliance officer. The following is a quotation from the FSB: “The Registrar will monitor the application of this Exemption by compliance officers and will take regulatory action against those compliance officers who do not meet the requirements or conditions of the Exemption”.

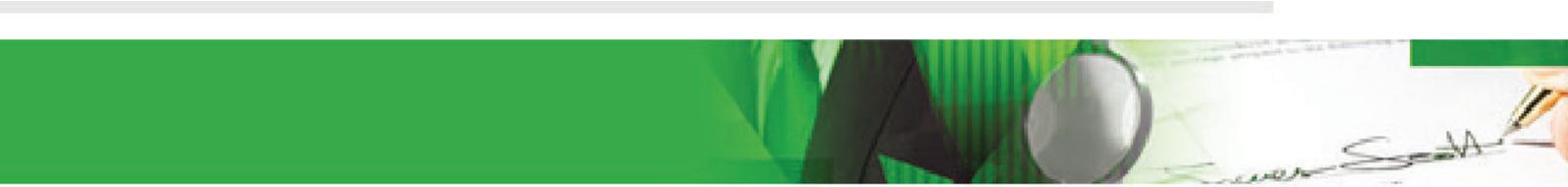
Our intention is to develop a risk matrix which will identify the risk exposures and necessary concomitant compliance programme for all our clients, which exercise we shall carry out in consultation with them during the coming months.

Interestingly, we recently conducted a client survey which included the following three questions:

- If it was not compulsory, would you appoint us as your compliance practice?
- In your opinion, do our compliance officers make sufficient visits to your offices, including your branches and representatives?
- If legislation allowed, would you change the frequency of our visits?

We were not surprised to learn that only one of our responders felt that we should reduce the frequency of our monitoring. All others were very happy with the compliance programmes that we developed on their behalf. We also had responses which suggested that more visits would be beneficial due to the fast-changing regulatory landscape, but there was concern that this would increase costs.

Unlike some other compliance practices that provide an arm’s length compliance service, we see ourselves as part of the FSP’s management team. In this capacity, we add value by providing guidance as to how the regulation can benefit rather than hinder the FSP, particularly as there has been so much adverse publicity relating to compliance costs. This new exemption will enable us to use our resources to even better effect, and will further benefit our clients.



The proposed new regulation that will come into effect later this year (PPR, STIA Regulations and Fit and Proper) will impact on all FSPs, and applying this latest exemption will allow us to revisit each of our clients' compliance programmes to ensure optimum usage of compliance fees.

This is an ideal opportunity for FSPs that may be unhappy with their current compliance arrangements and who would like to ascertain how compliance can be used to their advantage to contact us at info@associatedcompliance.co.za.

[Click here](#) to download the notice

[And here](#) to download the FSB's responses to the comments, which is a good document to really start to understand how these changes are to be implemented and the impact on FSP's.

The Changing Landscape of Debit Orders in South Africa

For at least a year we have been hearing 'talk' about new legislation being introduced to improve the landscape of debit orders in South Africa. This, coupled with the FSB's proposal to completely review the legislation relating to the collection of premium has encouraged us to research this further.

We were therefore delighted to be invited to a presentation facilitated by Insure Group Managers entitled "The Changing Landscape of Debit Orders in South Africa". There were three very knowledgeable presenters being Maurits Pretorius, Executive: Strategy and Communications at the Payment Association of South Africa (PASA), Carol Evans: Product Manager at RMB Corporate Banking and Matthew Coaker Head: Electronic services at Mercantile Bank.



PASA is the payment system management body recognised by the South African Reserve Bank (SARB), to organise, manage and regulate the participation of its members in the payment system. The SA Reserve Bank's Directive 1 of 2017 tasked PASA to develop new authenticated options for early debit orders that should give payers the opportunity to authorise future dated debit orders through an authentication process. The deadline for full implementation, including a transition period, is October 2019, and according to all three presenters, they are on track. [Click here](#) to download a copy of the Directive.

The new system will be called 'DebiCheck' and full details can be accessed on a specific website www.debicheck.co.za set up by the developers. The site includes a simple to understand YouTube video which explains how the process will work.

Users of the system, which include insurers and premium collection agents, will be diligently overseen by their sponsor banks and heavy fines will be imposed for non-compliance with specific rules.

It is recommended that FSPs that make use of debit orders for premium collection begin to consider the new rules. For ease of reference, PASA's web domain is www.pasa.org.za

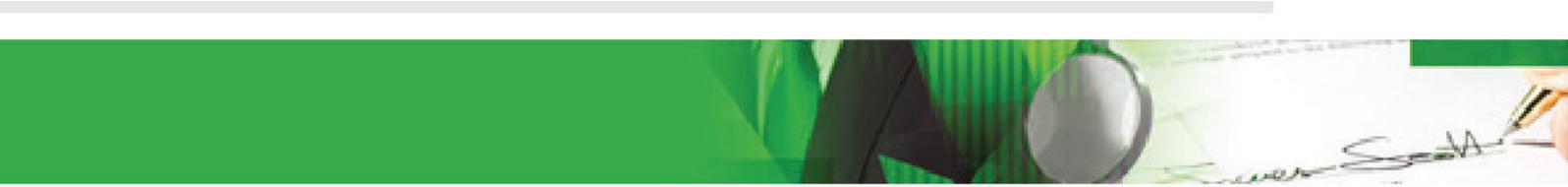
Astute annual FSB day

We attended this event this month. Here are some notes on key aspects from our perspective:

FSB Regulatory updates and issues: Charene Nortier FSB

A summary of the key aspects discussed:

1. Consequential changes as a result of FSR can be expected in October 2017.
2. Conduct of Financial Institutions Bill: First draft to be released within six months.
3. Education will become a legal requirement of the Financial Sector Conduct Authority (as distinct from the FSB's role).
4. RDR: Phase 1 completed and will start to be seen from October 2017 e.g. Fit & Proper release.
5. RDR update to be released in December 2017.

- 
6. Fit & Proper amendments will be seen by the end of October 2017. There were no major issues/concerns raised by the impact assessment study.
 7. Transformational goals will be included in all FSP's licence conditions when the planned re-licencing takes place. No specifics were available but during Q&A it was stated that aspects such as BBBEE, Employment Equity and Financial Sector Charter requirements would be used to set goals for FSPs as part of the licence approval process and would also be assessed when making profile changes.
 8. Regulatory Sandbox: This is an initiative that will allow the FSB to handle innovative ideas for products and distribution within a regulated environment that allows new ideas to be floated subject to scrutiny from the FSCA/Reserve Bank. One requirement is likely to be that the FSP/Insurer concerned would need to have funds available to cover failures that may arise.

[Click here](#) to download the presentation.

Evolving regulation in a Vuka world: Tiffany van Tonder & Vanessa Paddayachee FSB (insurance division)

This is feedback on what the Regulator looks for at insurers, and specifically Short-term insurers (the Insurance Act and Board Notice 159, i.e. the outsourcing regulations).

1. The culture of the insurer and data management by the insurer are the two main aspects they look at. If these are in place and can be evidenced, the FSB feel comfortable.
2. TCF: A TCF policy is not asked for during on-site visits. If they get one, it is generally just filed. They seek evidence of how the principals are embedded in the business. They look for a culture that is common across all levels of the business.
3. Outsourcing by insurer: Automatically raises the risk assessment level for the FSB as this activity increases the level of risk.
4. Conduct risk is high on the issues of concern and needs to be understood and managed by the insurer.



5. Data:

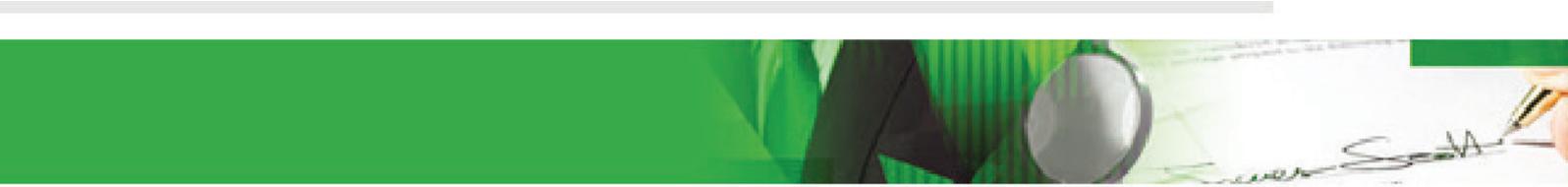
- Needs to be a high-profile aspect of all policies and procedures,
- Distribution models and agreements (binders and agency agreements) need to focus on data flows and management,
- The FSB will be using data to assess insurer risks given the limited resources they have available,
- The FSB released a document to the Short-term industry that advised the sector that they were stepping away from the data system initiatives as they felt they were not achieving the desired results. They did stress that they will still be aiming for continuous/real time access.
- Astute challenged the statement on not achieving the objectives. They said that they have been working with M&F, Santam and Hollard for some time and currently approximately 25% of their collective data was going through the STRIDE system to the FSB standards. They expect this figure to be 50% by the end of the year.

6. BN 159 standards need to be documented and deal with the key aspects of data, culture, conduct risk, systems and controls and accountabilities within the insurer and partners.

7. Product development process: This must be seen to back up the business model of an insurer.

8. Outsourcing:

- Needs to deal with the take-on process and the ongoing checks and controls as often the latter is missing,
- Conflict of interest must be dealt with in the outsourcing arrangements,
- Conduct of business return processes must be built into the processes adopted,
- Training (in the context of outsourcing specifically): This must deal with more than just product. It should include:
 - i. Conduct risk
 - ii. Underwriting
 - iii. SLAs
 - iv. Complaints
 - v. Systems



vi. Underwriting and claims policies.

[Click here](#) to download the presentation

Do you have or have you ever had Juristic Representatives?

A client recently had an on-site visit from the FSB. This particular client has a number of Juristic Representatives as it is their business model to assist new FSPs to gain experience within certain licence categories. By virtue of the business model, these Juristic Representatives come and go on the licence.

The FSB were keen to know how they retained records for business activities for those Juristic Representatives that had moved onto their own licence. The modus operandi to date had been that all records of transactions undertaken under their licence were handed over to the former Juristic Representative and thereafter it became their responsibility to manage and maintain the records. The FSB felt differently and expected the client to have a formal process in place to enable them to have access to the data on an ongoing basis so that they could deal with any issues that may arise from transactions that took place under their licence.

The agreements with the Juristic Representatives have now been upgraded to make it clear that our client has ongoing access to data as and when required, even after the termination of their relationship.



Decision Makers – POPIA Seminar

We attended the POPIA seminar, presented by Rosalind Lake and Tatum Govender of Norton Rose Fulbright and Robby Coelho of Webber Wentzel earlier this month.

Here are some key points that were reiterated by the speakers:

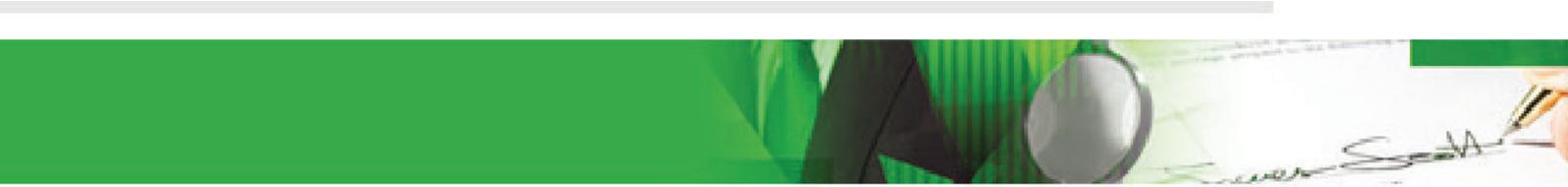
1. Currently there is no obligation to keep personal information safe without thinking whether it's necessary for the purpose.
2. Personal Information (PI) is an asset and that data subjects trust businesses to keep their PI safe and to use it for the purposes intended.
3. To keep a data subject's PI safe, businesses must understand how data flows through their business, where it is shared, who has access to it and where it goes.

For some businesses, a certain amount of data processing is outsourced which will in most instances include personal information. With reference to point 3, the responsible party remains responsible for the operator's processing activities. Now would be an ideal time to start reviewing existing third party agreements, to ensure that they cater for security safeguards, indemnities and the like.

To summarise, POPIA removes the requirement for negligence and intention to be present and makes it easier to sue a responsible party under POPIA.

In terms of implementation of your POPIA project, remember that you cannot do everything now, but rather adopt a pragmatic approach after you have undertaken a gap analysis exercise, which will allow you to identify your budget for the privacy programme, awareness training, existing gaps in your current processes in terms of applicable legislation and their retention periods thus allowing you to focus on the high-risk areas first before moving onto other aspects of your privacy programme.

We have undertaken POPIA Readiness Assessments for many of our clients which have been well received. Thereafter, we will be providing practical awareness training for management and a later date for staff, from the time that the effective day has been announced by the Information Regulator.



And whilst on this subject;

[Click here](#) to download the recently published FIA document on POPIA

And [click here](#) to read an article on the 107 complaints the information regulator has already received.

[Click here](#) to find a related article from Moonstone on the duties of the information officer and [click here](#) for another one from Norton Rose Fulbright that focuses on the impact on your social media account

From AC HAS

In our last newsletter, we referred to funding that is made available from INSETA to employers who are registered with SARS. We will now elaborate on the types and criteria of the INSETA funding.



Skills Levies

Any company with an annual payroll of R500,000 or more must pay over skills levies -1% of your annual payroll is paid over to SARS, who in turn transfers the funds to the Department of Higher Education (DHET), who transfers the funds to the relevant SETA.

Mandatory Grant

For any company to participate in the discretionary grants, you have to first submit the mandatory grant. This is the Workplace Skills Plan (WSP) and Annual Training Report (ATR) which is due annually by 30 April. Once you have submitted this report and have received confirmation of receipt, you will then be able to claim back 20% of your annual levies as well as have access to funding of the discretionary grants.

Discretionary Grants

	Description	Eligibility	Application	Funding
Learnerships	<p>Is a structured work based learning programme that includes theoretical learning with an accredited INSETA training provider (that leads to a qualification) and practical experience in the workplace, for a 12-month period.</p> <p>Employers are not obligated to employ the learners on completion of the learnership, but it is encouraged.</p> <p>INSETA conducts site visits and monitors the learnerships.</p>	<ul style="list-style-type: none"> • Can be an unemployed youth or employed youth • Must be between 18 and 35 years • Unemployed learners must be SA Citizens • Employed learners must be permanently employed or permanent residents of SA 	<p>Applications are accepted during open application/ funding windows which are opened at the discretion of INSETA.</p> <p>Generally the windows open during May/June for Learnerships starting 1 February the following year.</p> <p>Window openings are announced on the INSETA website.</p>	<p>Unemployed learners (estimated):</p> <p>R56 000 per year per learner:</p> <p>R20 000 must be utilized for the training/qualification.</p> <p>R3 000 per month allowance to be paid over to the learner.</p> <p>Disabled learners:</p> <p>R68 000 per year per learner:</p> <p>R20 000 must be utilized for the training/qualification.</p> <p>R4 000 per month allowance to be paid over to the learner.</p> <p>Employed learners (estimated):</p> <p>R20 000 for the qualification</p> <p>Salary remains the responsibility of the employer</p> <p>Funding is received in three tranches: 70% on commencement, 25% after six months and the balance on completion.</p> <p>Note: these amounts are adjusted annually</p>

	Description	Eligibility	Application	Funding
Internships	<p>An internship is a period of work experience offered by an employer to give students with a qualification (diploma or graduates) exposure to a working environment related to their field of study. An internship therefore promotes access to work experience for unemployed youths.</p> <p>Internship programmes can run for 3, 6 or 12</p>	<ul style="list-style-type: none"> • Interns must be in possession of a National Senior Certificate and either a completed Learnership or a 3-year degree/diploma. • Must be between 18 and 35 years • Must be a South African citizen 	<p>Applications are accepted during open application/ funding windows which are opened at the discretion of INSETA.</p> <p>Generally the windows open during May/June for Internships starting 1 February the next year.</p> <p>Window openings are announced on the INSETA</p>	<p>Interns with matric + qualification = R4 500 p/m</p> <p>Interns with degree = R6 500 p/m</p>
Bursaries	<p>INSETA will allocate Bursaries to eligible employees who are studying at a recognised Public Higher Education</p>	<ul style="list-style-type: none"> • Students must be South African citizens • Registered at a Public Higher Education Institution • Study towards qualifications that are related to the Insurance sector • Students may not be on more than one INSETA funded programme at a time 	<p>Applications are accepted during open application/ funding windows which are opened at the discretion of INSETA.</p> <p>Generally the windows open during July/August for second semester studies and studies for the next year.</p> <p>Window openings are announced on the INSETA website.</p>	<p>INSETA Bursary funding is capped at R30 000 per student for a qualification</p> <p>Approval for funding is for one academic year and not for a full qualification i.e. the student has to apply every year for funding for towards their qualification</p> <p>The employer will be responsible to refund INSETA in full where a student is unable to attend or complete the qualification or component within the funding year.</p>

	Description	Eligibility	Application	Funding
Skills Programmes	Skills programmes are credit bearing short courses with at least one unit standard, which can run from one day up to six months and is facilitated by an INSETA accredited training provider.	<ul style="list-style-type: none"> • Employed South African citizens • Employees of any age category may apply • Employees may not be on more than one INSETA funded programme at a time 	<p>Applications are accepted during open application/ funding windows which are opened at the discretion of INSETA.</p> <p>Window openings are announced on the INSETA website.</p>	Payment of the skills programme will be according to the skills programme agreement that will be issued after application.

Should you require any further information with regards to the above, kindly mail bronwynn@associatedcompliance.co.za.

From AC Proofed

How to start an email

Working out how to start an email – especially when you’re writing to someone you don’t know very well – can be a bit tricky. Have you ever ignored an email because it started with To Whom It May Concern? What about if the sender misspells your name? And horror of all horrors, have you ever wondered if the sender was a person or a puppy because their greeting was too enthusiastic? If you’ve answered yes to any of these questions, then you’ll agree that getting your email salutation right is very important.



How you start an email sets the tone and may shape the recipient’s perception of you. It may also be the reason that they stop reading it.

Here are a few ways to start an email.

Hi [First Name]

This is, in my opinion, the best one to use. It’s simple, friendly, and direct. A word of advice - if you are writing to a person who is in a position of respect (like the CEO of a company), don’t use this one.

Dear [Name]

Although dear can come across as old-fashioned, it’s best for formal emails. Use it when you’re addressing a person in a position of respect (e.g., Dear Mr President) and in things like CV cover letters.

Hello, or Hello [First Name]

If you want a slightly more formal tone, consider replacing Hi with Hello.

Hi everyone

If you're addressing a group of people, this is your best bet. It's up to you whether you put a comma after the greeting. Some say that there should be one, but it's become standard practice to leave it out.

Here are the openers that you should avoid at all costs.



Misspelled name

Don't misspell your recipient's name. Ever.

Double-check the spelling of the person's name and either get it right or leave it out and use a generic greeting like Hi there. Although a non-specific greeting may come off as impersonal, a misspelled name is a red flag that says you don't really care.

Dear Sir or Madam

I'm going to assume that you have never read and responded to an email with Dear Sir or Madam. Not only is it stiff and formal, but it shows that you couldn't be bothered to look up the name and address of someone specific.

To Whom It May Concern

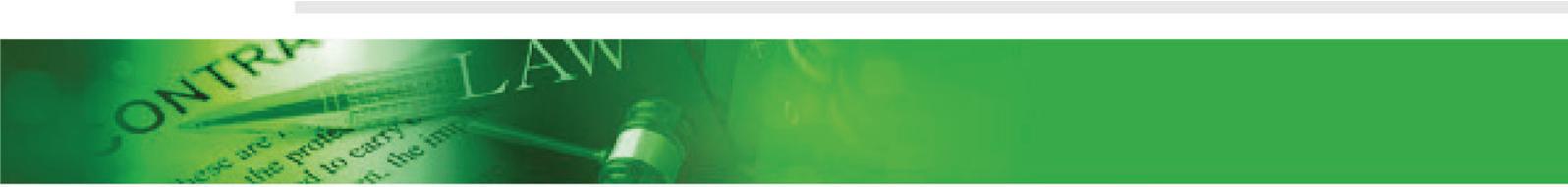
This is an exceptionally impersonal way to start an email. Also, if you use To Whom It May Concern, your readers will probably assume that it doesn't concern them, and move on to the next email.

Hey! or Hey [Name]!

Save this one for your friends. It's not professional and should be kept out of the workplace - it can even come across as disrespectful. Have you ever felt warmly greeted by someone saying, "Hey, you!"?

Happy Friday! or Welcome to Monday!

If you're a Golden Retriever, you might be able to get away with a greeting this exuberant.



Otherwise, you'll come across as trying too hard. Forget the sugary greetings, or at least save them for the most informal correspondence between you and your mates.

Hi [Nickname]

If you've done your research and discovered that your recipient's name is William McTavish, don't assume familiarity and shorten his name to Bill. However, if he signs his reply with Bill, it's fine to address him that way in the future.

Good morning / afternoon / evening

It may not be morning, afternoon, or evening by the time your email reaches the person - or if they're in a different time zone - so it's best just to skip these.

First name!

This is way too informal and can be very abrupt. Then when you add the exclamation mark, it can be quite jarring. You don't want to appear to be shouting at your recipient.

All / Gentlemen / Ladies

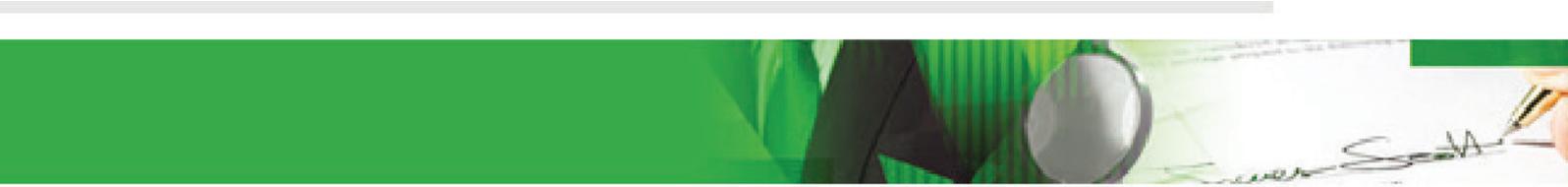
These are abrupt, and should be avoided at all costs.

Some things to think about when you're using a mass mail programme (or a mail merge)

Be careful with mail merges and mass emails. Using first names only is usually your best bet. People (and possibly spam filters) are likely to identify emails with greetings like "Hi Kim Nicole Hatchuel" as spam.

I'm sure you are familiar with the notion that "you never get a second chance to make a first impression." Keep this in mind when starting your next email; it could be the difference between closing or losing the next deal.

If you need help with proofreading and document layout, call me (083 657 3377) – I'll do my best to make you look good.



From the FSB

Three exemptions were released last month:

1. Juristic Representatives have been relieved of the restriction on the collection of premiums into their own bank accounts.

This had been prohibited, but practical considerations forced the FSB to create a way that this could be done. Their solution is to allow such collections subject to, amongst other things:

- A written mandate from the insurer to do so.
- The agreement must be “renewed” annually and must be supported by regular monitoring by the insurer.
- This can only be done where they are registered as a Juristic Representative of the insurer concerned.
- This can only be done on behalf of one insurer.
- The Juristic Representative must provide disclosure to clients of this arrangement.

Will insurers want to move in this direction? Time will tell, but we expect this will only be done where business relationships warrant it.

[Click here](#) to download the exemption notice.

2. UMAs don't need to maintain “suitable guarantees or professional indemnity or fidelity insurance cover” subject to:
 - A written mandate from the insurer to do so.
 - The mandate must be “renewed” annually and supported by regular monitoring by the insurer that must be submitted to the FSB.
 - The UMA must provide disclosure to clients of this arrangement.

Again, will insurers want to move in this direction? This will certainly “tie in” the UMA to their insurer. Maybe the UMA will seek to avoid another level of control?

[Click here](#) to download the exemption notice.



3. Category I FSPs who collect premiums don't need to comply with the extended solvency and liquidity requirements of current assets exceeding current liabilities and the need for liquid assets provided:

- There is a written mandate from the insurer to do so.
- The mandate must be “renewed” annually and must be supported by regular monitoring by the insurer.
- The FSP must provide disclosure to clients of this arrangement.

This is a positive move and will be welcomed by many FSPs.

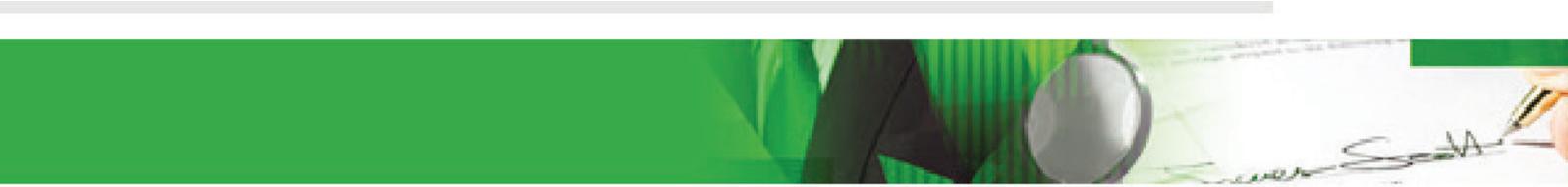
[Click here](#) to download the exemption notice.

All these exemptions expire on 31 December 2019 to align with the introduction of the Conduct of Financial Institutions Act (COFI) where these structures will form part of the new Act.

We will be discussing these exemptions and applicability to clients' business models in the coming months.

FAIS Newsletter: Volume 24 has just been released

[Click here](#) to download a copy.



One article that will impact on a number of clients is the one entitled:

Dormancy: Lapsing of a licence

This deals with the rules around when a licence must be lapsed when there is no trading in financial services. This is a long-standing but seldom enforced requirement. The article tells us that the Supervision department has been identifying those licences that have this profile, no doubt aided by the recent annual report submissions that would have flagged this profile. If you have a licence that is dormant - expect a communication from the regulator.

FSB 2017 Annual Report

152 pages of information on the operations of the FSB. [Click here](#) to download a copy

Unclaimed (pension fund) benefits

Some quotes from a recent FSB presentation:

“Unclaimed benefits in retirement funds have been a huge problem for an extended period of time.

“It is important to understand that the responsibility and accountability to trace and pay benefits in either an active or unclaimed benefit fund remains the responsibility of the trustees.

“Where funds remained registered for an extended period of time and its only members and assets were in respect of such unclaimed benefits, such unclaimed members and their corresponding benefits were allowed to be transferred to a registered unclaimed benefit fund, whose sole purpose is to trace and pay such members or beneficiaries.”

To review the full presentation [click here](#) Unclaimed Benefits Funds

Some more reading on this issue [click here](#)



On the subject of retirement funds

National Treasury has released new retirement fund regulations aimed at enhancing the protection of members. [Click here](#) to read details via Risk Africa magazine

Some warnings issued this month;

[Press Release - FSB warns the public against Bothaville Finance.pdf](#)

[Press Release - FSB warns the public against Convenient Cash Loans.pdf](#)

Insurance Conduct of Business and Insurance Prudential seminars

These are being hosted by the FSB on the 23rd and 24th November in Pretoria and 27th and 28th November in Cape Town. We have booked to attend both and will provide some feedback in our November Newsletter.



From the FIC

An article from the FSB's FAIS Newsletter, under the heading "From the FIC desk"

The article talks generally of the implementation of the FIC Act standards, which are due to be implemented from 2 October 2017. However, the article concludes with the following:

“As part of the consultation process, the FSB will also circulate a survey during the month of September to assess the state of readiness by the industry to implement the new provisions of the FIC Amendment Act. We would like to ask for your support and participation in the survey.

Depending on the outcome of the survey, the Registrar's office may consider a transitional period for all accountable institutions regulated by it or for different categories of institutions thereby allowing businesses additional time to implement the new requirements. The Registrar's will then engage the industry in setting out clear expectations and milestones”.

We expect that the industry will be responding that they will not be able to fully implement by 2 October, so we are expecting the FIC to provide transitional periods.

The FIC continues to release Guidance Notes. The latest draft, number 7, was released for comment earlier this month, and we continue with our own development work and plan to roll out the initial guidance for suspicious and unusual transactions, that caters for the majority of our clients' basic requirements during October.



From the IISA

To quote from a recent IISA Newsletter

“On 22 August 2017, members of the Independent Professional Bodies Forum signed a declaration committing themselves to a set of “shared continuing professional development (CPD) principles and practices”. Known as the Parktown Declaration, it was signed by representatives of the Forum’s members as part of a common drive to professionalise the professions they represent.”

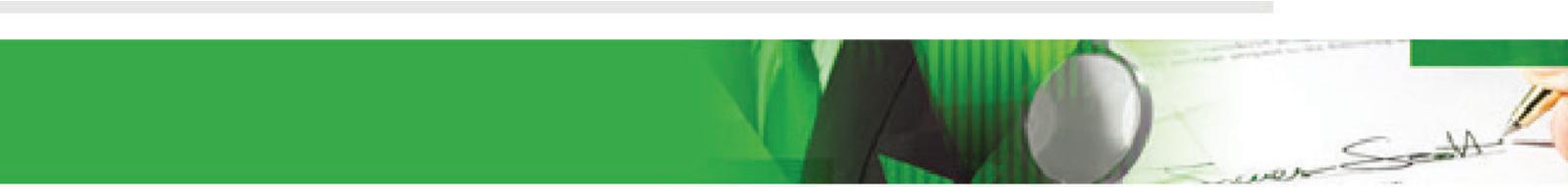
Given the imminent release of the FAIS CPD standards and the role the IISA will be playing in those standards, this is a welcome development.

From the FIA

The FIA recently released a note to members on replacement product standards. To quote from their circular;

“The Associations for Savings and Investment South Africa (ASISA) requires that a Replacement Policy Advice Record (RPAR) is completed whenever any existing financial product is replaced by another one; but it is generally held that the form that they require is not adequate for the purposes of the broader requirements for replacements as set out in the FAIS Act and its accompanying Codes.

It is therefore recommended that a more complete version of the RPAR be used to document the replacement. We are sharing two different versions of expanded forms that can be modified for your use. We also have an example of a document that can be used where money is being drawn from a bank account and invested elsewhere. (It should be noted that the RPAR is also required in cases other than where an insurance policy is being replaced)”



Please click on the following links to download the PDF document for each:

[Sample expanded RPAR V1](#)

[Sample expanded RPAR V2](#)

[Sample Bank Product RPAR](#)

We would suggest that you use these examples as a basis of reviewing your current standards.

Interesting things we have read

Bitcoin, investments and advice from FSPs

[Click here](#) to read an article that provides the background to Bitcoin and how they are starting to be seen as investment vehicles – hence the word of caution from the broker. The FSB have stated that they are already looking at how best to regulate this activity, but given its history of seeking to avoid regulation we wonder just how easy this will be.



On the subject, Risk Africa have written about how Swiss Bank plan to use Blockchain to launch their own digital currency.

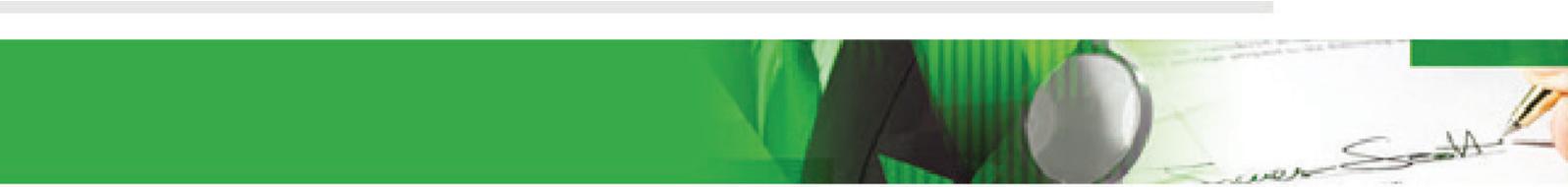
[Click here](#) to read more.

Insurance Gateway

An updated listing from SAIA of standard terminology used in the personal lines sector and intended to help insurers keep standard definitions for the benefit of understanding by the policyholder. These were driven by the TCF committee. We would suggest that brokers review their own explanations against this list.

[Click here to read more.](#)

A summary by Moonstone on an FSB appeal Board matter. The key issue is the communication, or in this case the lack, of notification of changes of the insurers. This includes the role of both the broker and UMA. [Read more.](#)



FA News

Peer-to-peer Insurance: In our view this is an important industry development. To quote from the FA News Newsletter:

“Pineapple, South Africa’s first peer-to-peer insurer, has built a world’s first in achieving a flexible, scalable and decentralised peer-to-peer insurer that provides fully fledged insurance coverage to its members. The focus is to revolutionise the way insurance is done, starting with the mechanics of the actual business model. They have built their systems using technology such as AI, MongoDB and ReactNative with a Blockchain integration coming soon.”

This is just the tip of this new iceberg!

[Click here](#) to read the full article which continues on our website.

And a related article via COVER

[Read Article](#)

FSR

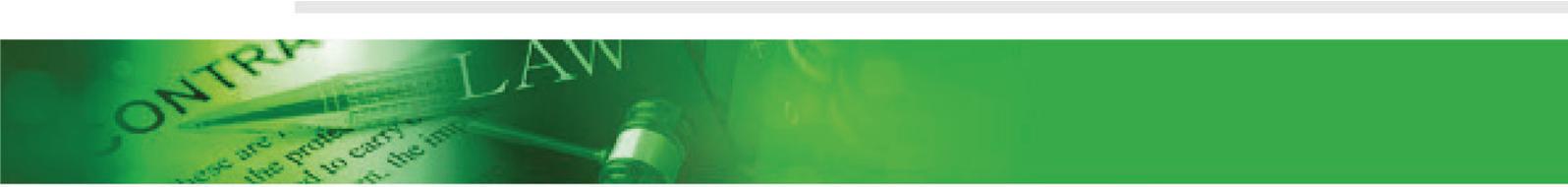
Another article from the perspective of Patrick Bracher of Norton Rose Fulbright

[Click here](#) to read the full article which continues on our website.

Bizz News

An article dealing with the recently signed Financial Sector Regulation Act by Dr Gerrit Sandrock under the heading of: “Twin Peaks to entrench insurance oligopoly, killing ‘radical transformation’”.

[Click here](#) to read the article



Risk Africa

The state of the UMA

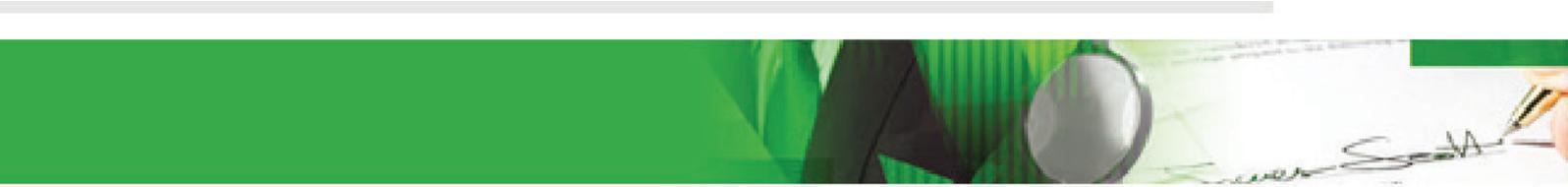
An article around the future of the UMA. [READ MORE](#)

POPIA

Another article to keep you focussed on what is needed. [READ MORE](#)

Fast consequences

An article on the consequences of data breaches. [READ MORE](#)



Johannesburg Address:

Ground Floor

Lakeview House

Constantia Office Park

***Corner 14th Avenue and Hendrik
Potgieter Street***

Weltevreden Park

Roodepoort

1709

Email:

info@associatedcompliance.co.za

Tel:

011 678 2533

Fax:

011 475 0096

This Newsletter was proofread by Kim Hatchuel of AC-Proofed.

[Click here to download the AC-Proofed brochure](#)

Layout and design by Dung Beetle Creative Studio - www.dungbeetlecs.co.za