

# Update on the Retail Distribution Review

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# Some background

- The RDR is a process not an event!
- Implementation in 3 stages:
  - Regulation and board notices
  - Post Financial Sector Regulation Act (Twin Peaks)
  - Post Conduct of Financial Institutions Bill
- Most recent Status Update December 2016
- NB: One of the main goals is to ensure access to advice.

# The big issues:

- Advisor Categorisation:
  - Product Supplier Agent (PSA)
  - Registered Financial Advisor (RFA)
- Investments:
  - Fee only
  - Category II FSPs licensed to give advice acting as Investment Managers

# The big issues:

- Short Term Insurance:
  - Limitation of binder functions which Intermediaries may perform
  - Limitation of Intermediary Binder Holder fees to capped percentages per function
  - Limitation on fees for outsourced administration
  - Strict requirements for Policy Data Administration Services

# The big issues

- Long Term Insurance (Risk Products)
  - Exhaustive list of formalities and process for replacements
  - As and when commission only on replacements
  - Changes to commission payments on LT Risk Products
- Execution of sales only activities

# The big issues:

- Revised Fit and Proper requirements:
  - 2<sup>nd</sup> Level RE's replaced with new regime
  - Class of business training
  - Product specific training
  - CPD requirements
  - Changes to Solvency and Liquidity requirements

# So where are we?

- FSR Signed – awaiting proclamation
  - Key Persons
  - FSB transformation to FSCA
  - Possible re-licensing
- Draft amendments to PPR published for STIA and LTIA
  - Contains provisions re replacements

# So where are we?

- Draft amendments to LTIA and STIA Regulations published
  - Significant impact for binder holders
- Draft Fit and Proper amendments published
  - As discussed
- Insurance Bill tabled:
  - Types of policies changed



# Parting thoughts

- DON'T:
  - Panic and make hasty wholesale changes to your business
  - Listen to all the ghost stories circulating in the industry
- DO:
  - Take responsibility to remain abreast of developments
  - Align yourself according to the principles

# Questions?

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