REVISED DRAFT REPLACEMENT OF THE POLICYHOLDER PROTECTION RULES, 2017

Comments matrix

FSB RESPONSES TO COMMENTS RECEIVED FROM THE SECOND ROUND OF PUBLIC CONSULTATION ON THE PPRS (SEPTEMBER 2017)

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LIST OF COMMENTATORS

No	AGENCY / ORGANISATION	CONTACT PERSON
1	Allan Gray Life Limited	Pierre De Klerk
2	Alexander Forbes Group Services (Pty) Ltd (Alexander Forbes)	Fiona Rollason
3	ASISA (Association For Savings & Investment SA)	Anna Rosenberg
4	Black Insurance Advisers Council (BIAC)	Sam Mpuru
5	Clientele General and Clientele Life Assurance (Clientele)	Yurika Pistorius
6	Direct Marketing Association of SA (DMA)	Wayne Mann / Fathima Dildar
7	FIA (Financial Intermediaries Association)	Peter Atkinson
8	FirstRand Group Ltd (FirstRand)	Yvette Singh / Sumaya Mohamed
9	Hollard Holdings (Pty) Ltd (Hollard)	Tholoana Makhu
10	Investec Life Limited	Nthabiseng Mhlongo
11	Ombudsman for Long-term Insurance (OLTI)	Jennifer Preiss
12	PSG Group	Ronald King
13	Renasa Insurance Company Limited	Brian Martin
14	South African Insurance Association (SAIA)	Aatika Kaldine
15	Telesure Group Services / 1 Life	Ntshirlile Bapela
16	XL Transit (Pty) Ltd	Paul Buckley

COMMENTS AND RESPONSES:

LONG-TERM INSURANCE ACT, 1998: REVISED DRAFT REPLACEMENT OF THE POLICYHOLDER PROTECTION RULES MADE UNDER SECTION 62

No	Section	Commentator	Comment	Response
CHAPTER 1: INTERPRETATION				
Application				
1.	**Chapter 1 1.2 – Interpretation: Application**	FirstRand	Chapter 8 sets out the commencement dates per rule, many of which are from the date of publication of the notice in the Government Gazette. The proposed Policyholder Protection Rules ("PPRs") will entail extensive amendments to an insurer's internal processes, policies, systems, standards and the appointment of persons. Back book amendments will be particularly significant and cannot be implemented overnight. Further, there are practical legal difficulties where a rule is made to apply to existing policies from the date of publication of the notice in the Government Gazette. For example, Rule 15.1 provides that: "A premium payable under a policy may only be reviewed if the policy provides for a review and states the frequency at which and the circumstances in which a review will take place." Rule 15 (Premium Reviews) applies to all new policies and existing policies from the date of publication of the notice in the Government Gazette. This would mean that, from this date, where an insurer has provisions in the policy which provide for premium reviews, but these provisions do not comply with the requirements of rule 15, the insurer will not be allowed to review the premium. If this is the case, the rule will have an unfair retroactive effect. This rule may have a retrospective effect in relation to existing policies which may result in unreasonable consequences, such as the renegotiation of policies which policyholders may find tedious.	We do not accept the general comment that the PPRs cannot apply to existing policies. Where specific concerns regarding application to existing policies have been raised, for example the Rule 15 example provided in your comment, we have considered same. ✎ Please note that we have amended the PPRs to state that Rule 15.1 to 15.3 does not apply to existing policies.

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			Recommendation: (1) We submit that legislation should not be applied retrospectively. Accordingly, the reference to "and existing" should be deleted from Clause 1.2. (2) Alternatively, it is suggested that all the PPRs which apply to existing policies have implementation periods of 24 months to enable the parties to re-contract. This will afford the insurer a fair opportunity to align the existing policy contracts to the PPRs.	
2.	**Chapter 1 1.2 – Interpretation: Application**	BASA	Chapter 8 sets out the commencement dates per rule, many of which are from the date of publication of the notice in the Government Gazette. The proposed Policyholder Protection Rules ("PPRs") will entail extensive amendments to an insurer's internal processes, policies, systems, standards and the appointment of persons. Back book amendments will be particularly significant and cannot be implemented overnight. Further, there are practical legal difficulties where a rule is made to apply to existing policies from the date of publication of the notice in the Government Gazette. For example, Rule 15.1 provides that: "*A premium payable under a policy may only be reviewed if the policy provides for a review and states the frequency at which and the circumstances in which a review will take place.*" Rule 15 (Premium Reviews) applies to all new policies and existing policies from the date of publication of the notice in the Government Gazette. This would mean that, from this date, where an insurer has provisions in the policy which provide for premium reviews, but these provisions do not comply with the requirements of rule 15, the insurer will not be allowed to review the premium. If this is the case, the rule will have an unfair retroactive effect. This rule may have a retrospective effect in relation to existing policies which may result in unreasonable consequences, such as the renegotiation of policies which policyholders may find tedious. <u>Preferred solution/recommended clause re-wording</u> (1) We submit that legislation should not be applied retrospectively. Accordingly, the reference to "and existing" should be deleted from Clause 1.2.	See response directly above.

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			(2) Alternatively, it is suggested that all the PPRs which apply to existing policies have implementation periods of 24 months to enable the parties to re-contract. This will afford the insurer a fair opportunity to align the existing policy contracts to the PPRs.	
Definitions				
3.	**"associate"**	FIA	Associate of the insurer - this appears under the definition of "loyalty benefit" but is itself not defined.	See the preamble to the Definitions section in Chapter 1, under 2.1 which states that: *"In these rules "the Act" means Long-term Insurance Act, 1998 (Act No. 52 of 1998), including the Regulations promulgated under section 70 of the Act, and any word or expression to which a meaning has been assigned in the Act bears, subject to context, that meaning unless otherwise defined,-…"* This means that any word that is defined in the Act or Regulations has the same meaning here – unless differently defined. "associate" therefore has the meaning assigned to it in the Regulations, and repeating the definition is not necessary.
4.	**"beneficiary"**	Alexander Forbes	In 2.1 (a), change "meet" to "pay"	Disagree. No reason was provide for the proposed changed in wording and we are comfortable with retaining "meet".
5.	**"beneficiary"**	ASISA	**"beneficiary**" means – (a) a person nominated by the policyholder as the person in respect of whom the insurer should meet policy benefits; or (b) in the case of a fund member policy, a fund policy or a group scheme, a person nominated by the member of the fund or member of the group scheme ~~member~~ or otherwise determined in accordance with the rules of that fund or group scheme as the person in respect of whom the insurer should meet policy benefits; The change shown is suggested to use the terms as defined as it is currently not sufficiently clear from the wording that (b) includes a member	Partially accepted. Paragraph (b) will be amended as follows: "(b) in the case of a fund member policy, a fund policy or a group scheme, a person nominated by the fund, member of the fund or member of the group scheme, or otherwise determined in accordance with the rules of that fund or group scheme as the person in respect of whom the insurer should meet policy benefits;"

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			of a group scheme.	
6.	**"claim"**	Alexander Forbes	Take out reference to "---------a demand for policy benefits by a person in relation to a policy, irrespective of whether or not the person's demand is valid"; In line with TCF, it should refer to *"-----obligation for payment of policy benefits by an insurer---------",* as once the insurable event happens- the obligation must be on the "insurer" to pay the policy benefit without the need for demand for payment of benefits. This would limit the incidences of unclaimed benefits.	Disagree. Claim is used in the context of a claimant- also see response under the definition of "claimant" below. The definition of claim should therefore not be restrictive. It is unclear how the proposal will limit incidences of unclaimed benefits.
7.	**"claimant"**	Alexander Forbes	Shouldn't this be someone that lodges a claim that is entitled to i.e. a beneficiary that lodges a claim	No. Anybody who believes that he/she has a claim under a policy should be viewed as a claimant for purposes of the PPRs.
8.	**"cancellation"**	FIA	Cancellation - why has this been removed?	Please see response to this question raised by your organisation in the previous draft of the PPRs. Refer to the document tiled "Comments *matrix - FSB response to public comments received PPRs December 2016-version"* as published with the draft PPRs. This has been replaced with a definition for "termination". See Rule 20 on Termination and the definition of "termination" in Rule 20.
9.	**"loyalty benefit"**	Alexander Forbes	The definition which has now been qualified to limit what would constitute an inducement by separately defining Loyalty benefits, is welcome but has however created a gap in that the Section 45 provisions in the Act are wider and more encompassing and for clarity the S45 provisions must specifically exclude a loyalty benefit as defined in the PPRs' as a loyalty benefit ordinarily would constitute some form of inducement.	Disagree with proposal. The term "loyalty benefit" has been defined specifically for the purposes of these Rules and is not intended to limit the scope of section 45 of the Act. A loyalty benefit would not *per se* constitute an inducement. The facts of each matter need to be considered and relevant jurisprudence must be applied in respect of each

No	Section	Commentator	Comment	Response
				respective case to determine whether a specific loyalty benefit is an inducement or not. We do not agree with a blanket exclusion of loyalty benefits from the ambit of section 45 at this stage.
10.	**"loyalty benefit"**	ASISA	Is an "associate" of the insurer as defined in the FAIS General Code of Conduct or as defined in the draft amendments to the Long Term Insurance Act Regulations? This term is also used in the definition of "related services".	See the preamble to the Definitions section in Chapter 1, under 2.1 which states that: "In these rules "the Act" means Long-term Insurance Act, 1998 (Act No. 52 of 1998), including the Regulations promulgated under section 70 of the Act, and any word or expression to which a meaning has been assigned in the Act bears, subject to context, that meaning unless otherwise defined,-…" This means that any word that is defined in the Act or Regulations has the same meaning here – unless differently defined. "associate" therefore has the meaning assigned to it in the Regulations, and repeating the definition is not necessary.
11.	**"loyalty benefit"**	ASISA	The exclusion made under rule 10.14.2 is appreciated but there is still a concern that the exclusion is not sufficient and we would like to reiterate the request in our previous comment that the exclusion is included under this definition. For example, PPS, an ASISA member, has a Profit Share Account which is a "Policy Benefit" as defined in the Long-Term Insurance Act, therefore the definition of Loyalty Benefit will not be applicable to PPS nor should it be applicable to any mutual organisation where the benefit of sharing in the profits of the company is written into the policy and is regarded as a policy benefit that will pay on a policy event, e.g. life event. For reporting purposes as well it will provide the FSB with a skewed view of the figures and PPS was advised not to include it in their Conduct of Business Return.	Your comment is not understood. The definition of "Loyalty benefit" does not exclude policy benefits. Loyalty benefits may or may not be structured as policy benefits. We remain of the view that the exception provided for in Rule 10.14.2 is sufficient to deal with benefits arising from mutual structures, and that the remaining provisions in the PPR relating to loyalty benefits (notably Rules 10.14.4 to 10.14.6) do not need to be excluded in the case of mutual structures.

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12.	**"member of a group scheme"**	OLTI	Paragraph (b) refers to 'insurable interest', the lack of certainty about this concept in our law may militate against the use of this term. In our experience there is poor understanding of what this term means.	We do not see this as a significant risk as firstly the common law to some extent provides a legal framework and secondly the existing LTIA Regulations make reference to insurable interest in the context of group schemes and it has not resulted in any significant interpretational challenges to date as far as we are aware.
13.	**"member of a fund"**	ASISA	**"member of a fund"** means a member as defined in the Pension Funds Act, 1956 ~~any person~~ in respect of whom a fund, under a fund policy, insures its liability to provide benefits ~~to such person~~ in terms of its rules; We suggest the changes indicated so that this definition cross refers to the definition of a 'member' in the Pension Funds Act which reads as follows: "member", in relation to - (a) a fund referred to in paragraph (a) or (c) of the definition of "pension fund organisation", means any member or former member of the association by which such fund has been established; (b) a fund referred to in paragraph (b) of that definition, means a person who belongs or belonged to a class of persons for whose benefit that fund has been established, but does not include any person who has received all the benefits which may be due to that person from the fund and whose membership has thereafter been terminated in accordance with the rules of the fund.	Disagree. The LTIA definition of "fund" is not limited to pension funds (the definition of "fund" includes a friendly society, pension fund organisation, a medical scheme and any other person prescribed by the Registrar) and therefore "member of a fund" cannot be limited to a member of a pension fund.
14.	**"no-claim bonus"**	ASISA	This definition does not include cash-back bonuses which are different from a no-claim bonus as they are not dependant on whether or not a claim is made. It is usually payable after a specific time period. A definition of cash back bonuses is also needed.	Please note that cash back bonuses would meet the definition of "loyalty benefit", specifically paragraph (a) of said definition. Also, the proposed rule 10.14.1 makes it clear that cash- or premium-back bonuses are included in "loyalty benefit". ✎ In the final version we have included the wording in 10.14.1 referring to cash- or premium-back bonuses in the definition of "loyalty bonus" and removed the same

No	Section	Commentator	Comment	Response
				wording from 10.14.1.
15.	**"no-claim bonus"**	ASISA	Clear distinction needs to be drawn between "no-claim bonus" and "cash back bonuses". It is understood that the two are based on the same principle and are intended to achieve the same objectives - to reward loyal clients who do not claim frequently. We propose a refinement in the definition to state that "no-claims bonus" is earned after 12 months on no claims.	Please see response directly above. Proposal in respect of the amendment to "no-claims bonus" not accepted- it is unclear why a period of 12 months should be referred to.
16.	**"ombud"**	OLTI	Will the repeal of the Financial Services Ombud Schemes Act 2004, affect this definition and the reference to that Act?	✎ Agreed, it will affect the definition. The definition has been amended to make provision for pre-FSOSA repeal and post-FSOSA repeal.
17.	**"outsourcing"**	Alexander Forbes	For certainty, reference the definition and provisions in the Outsourcing Directive.	Disagree. It is inappropriate to cross-reference in a definition contained in sub-ordinate legislation to a definition contained in a Directive (an administrative action of the Registrar). A definition of "outsourcing" in the PPRs is therefore necessary.
18.	**"outsourcing"**	FIA	Outsourcing - the definition should cater for both short term and long term.	Disagree. Outsourcing is defined here with reference to long-term insurance business. Outsourcing is defined in the short-term insurance PPRs and the incorrect reference therein to long term insurance will be corrected.
19.	**"policy"**	Alexander Forbes	Does the reference cover arrangements of long term insurance that includes provisions of insurance, although the arrangement would not ordinarily be regarded as a contract of insurance; I.E. deemed policies or for certainty add "or a policy deemed to be such as defined in the Act"	The comment is unclear. "Policy" means a long-term policy which is defined in the LTIA. If the contract does not meet the definition of "long-term policy" as defined in the LTIA then it would not constitute a "policy" for purposes of the PPRs.
20.	**"potential policyholder"**	Alexander Forbes	Reference in part "b" of the definition to "has been solicited by an insurer-----"	Disagree. The grammatical meaning of the term must be applied. The implications of the definition must be assessed in the

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			What is meant by solicited; Does any advert by an insurer constitute "solicitation" as appears to be the case. This will mean each and every person who reads or comes across the advert of any insurer and in turn the insurer will have obligations as set out in the Rules particularly. Given internet access of any person in front of an electronic device, this is impossible for insurers to police and comply with. A more practical approach would be to limit "solicitation" obligations of an insurer to instances where the Insurer engages with a "potential member" as defined.	context of the specific Rules were it applies. It is unclear from the comment which such specific obligations placed on insurers with regard to potential policyholders is not practically achievable.
21.	**"potential policyholder"**	FirstRand	The definition, under paragraph (c), read with the definition of "advertisement" may result in a large number of people being potential policyholders. For example, if an insurance advert is aired on radio or television during peak hours it could include the entire audience, resulting in a substantial part of the population falling within the definition. The subsequent governance requirements around this would be impractical, impossible and unreasonable. Recommendation: It is suggested that the definition of "potential policyholder" be refined. It should be taken into account that the mere fact that a person receives advertising/marketing material does not mean they necessarily wish to become a policyholder. A subjective element exists (i.e. the actual intention of the person receiving the advertisement/marketing) which should not be ignored. This comment must be read together with our comment on the definition of an "advertisement", included in the row below for easy reference.	Disagree. The implications of the definition must be assessed in the context of the specific Rules were it applies. If the person receiving an advertisement does not wish to become a policyholder, evidently the insurer would not have any further obligations towards such person. The requirements are principle based and must be applied as such. Please also refer to our responses on this definition in the previous response matrix.
22.	**"potential policyholder"**	BASA	The definition, under paragraph (c), read with the definition of "advertisement" may result in a large number of people being potential policyholders. For example, if an insurance advert is aired on radio or television during peak hours it could include the entire audience, resulting in a substantial part of the population falling within the definition. The subsequent governance requirements around this would be impractical, impossible and unreasonable. It is suggested that the definition of "potential policyholder" be refined. It	See response directly above.

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			should be taken into account that the mere fact that a person receives advertising/marketing material does not mean they necessarily wish to become a policyholder. A subjective element exists (i.e. the actual intention of the person receiving the advertisement/marketing) which should not be ignored. This comment must be read together with our comment on the definition of an "advertisement", included in the row below for easy reference.	
23.	**"risk policy"**	Alexander Forbes	Reference in second part of the definition to "----or that provides primarily risk benefits" -Is guidance to be provided on quantum splits as to what would constitute "primarily risk benefits' and thus falling under this definition	Guidance will be provided if it transpires post the effective date of the Rule that the definitions gives rise to interpretational difficulties. In addition, please note that paragraph (e) of the definition of "excluded policy" in the LTIA Regulations refers to "any other policy that provides primarily risk benefits". This is similar to the wording contained in the definition of "risk policy" and as far as we are aware this wording has not causes any specific interpretational difficulties to date.
24.	**"services as intermediary"**	FIA	Services as intermediary - this term is used often in the PPR but is not defined. For clarity we suggest it should be included in the definitions as the same definition as set out in the regulations and that the intention is to align this to the FAIS definition of "intermediary service".	See the preamble to the Definitions section in Chapter 1, under 2.1 which states that: *"In these rules "the Act" means Long-term Insurance Act, 1998 (Act No. 52 of 1998), including the Regulations promulgated under section 70 of the Act, and any word or expression to which a meaning has been assigned in the Act bears, subject to context, that meaning unless otherwise defined,-…"* This means that any word that is defined in the Act or Regulations has the same meaning here – unless differently defined. "services as intermediary" therefore has the meaning assigned to it in the Regulations, and repeating the definition is not necessary.
25.	**"service provider"**	FIA	Service provider - it seems the intention is to include independent intermediaries in this definition. If so to what end? If independent	The intention is to include <u>any</u> person with whom an insurer has an arrangement

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			intermediaries are not excluded from this definition please provide more clarification around what it is addressing?	relating to the marketing, distribution, administration or provision of policies or related services. The definition must be read in the context of the Rule/s in which the term is used.
26.	**"writing"**	OLTI	I am not sure whether this would include an SMS? We receive complaints where claimants are advised only by SMS about the decline of a claim or cancellation of a policy. Presumably this will not be sufficient in terms of the new requirements.	Yes, it would include an SMS. Note however that the SMS communication would still need to comply with all other applicable requirements in these PPRs.
CHAPTER 2: FAIR TREATMENT OF POLICYHOLDERS				
RULE 1: REQUIREMENTS FOR THE FAIR TREATMENT OF POLICYHOLDERS				
27.	**Rule 1.4 (b)**	Alexander Forbes	Inclusion of "potential policyholders" creates impossible obligations on insurers to issue advertising material that addresses needs of any person who may view an insurer's advertising material. The obligations created in respect of the new class of "potential members" are adequate for protection of the general public and are capable of being policed. See comment on definition of "potential policyholder"	Disagree. Rule 1.4(b) requires an insurer to design their products to meet the needs of identified types, kinds or categories of policyholders, and to target them accordingly. The requirement does not require an insurer to issue advertising material that addresses needs of any specific person who views the material. The Rule is principle based and must be applied as such. As an example, an insurer must therefore design a product with specific kinds of policyholders in mind and target its advertising accordingly. If despite such targeting a person viewed an advertisement and engages the insurer on the product and the person is clearly inappropriate for the particular product, Rule 2.2(b)(ii) would apply.

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28.	**Rule 1.4(d)**	FIA	Rule 1.4 (d) (was 1.3(d)) - the requirement that insurers ensure proper advice may not be feasible where an intermediary is involved. We are not sure how an insurer can be aware of advice provided to individual policyholders under the FAIS definition of "advice" being "any recommendation, guidance or proposal" where such advice includes the personal recommendation of the advisor in particular as it applies between various insurer products. In our view an insurer must ensure that its appointed intermediaries have the technical skills, processes and market purview to be capable of providing quality advice to customers. We would also suggest adding "risk profile and needs" after "…circumstances…".	Rule 1.9 appropriately mitigates the application of rule 1.4(d) in respect of an insurer's oversight over independent intermediaries- i.e. the insurer need only take reasonable steps to mitigate the risk of unsuitable advice.
29.	**Rule 1.4(e)**	Alexander Forbes	Would the regulator consider issuing an overarching framework to ensure all insurers deliver consistently?	Consistent delivery of fair outcomes by insurers will be monitored through supervision. Guidance will be considered if it transpires post the effective date that the rule results in significant inconsistent interpretation or interpretational difficulties.
30.	**Rule 1.6(c)**	ASISA	1.6(c) "In the case where advice is…" Typo - should be "where"	Agreed. Amendment made.
31.	**Rule 1.6 (c)**	PSG	1.6.c Spelling error	Agreed. Amendment made.
32.	**Rule 1.6(d)**	ASISA	1.6 (d) Rule 1.4(e) entitles the member to be provided with products that perform as the member of the group scheme has been led to expect by the insurer or its representative and services of the standard that either the member or the policyholder have been led to expect, in relation to the member's interest in the fund or group scheme; The obligation should only arise if the expectation has been created by the insurer or its representative. Therefore we request for the sake of certainty that the additional wording is added.	Agreed. Amendment made.

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33.	**Rule 1.6 (c)-(d)**	Hollard	Through the inclusion of (c) and (d), please can the regulator provide clarity on the insurer's responsibility with regard to the advice of the intermediary, e.g. will the insurer be responsible for reviewing the advice that is provided by intermediaries. How does this requirement align with FAIS? Please can the regulator advise what should be done or what is the process to be followed in the event that the insurer believes that the benefits/benefit structure is not in the best interest of the members? Given that advice is provided by an intermediary appointed by the policyholder does the insurer report the matter to the regulator? Communicate with the policyholder directly? Would this then not be seen as the insurer providing advice to the policyholder? Rule 1.9 requires that the insurer needs to take reasonable steps to mitigate the risk of unsuitable advice that is provided by an intermediary other than an insurer's representative and with reference to rule 1.6(d). Therefore clarity is required on the manner that the suitability of advice must be reviewed as this is a FAIS requirement. Is it the intention of the regulator for insurers to review and/or approve communication that is provided to members of a fund or group scheme? In terms of retirement funds, the board of trustees communicates and provides information with regards to benefits, etc. This information is approved by the board of trustees and is part of the obligations of the board. The insurer does not have oversight of the amount and accuracy of information provided to members. It is therefore difficult to match expectations of members to product performance.	Rule 1.9 requires that rule 1.6(c), in the context of independent intermediaries, must be read to require an insurer to take reasonable steps to mitigate the risk of unsuitable advice. The insurer should apply its mind as to what risk mitigation steps are appropriate in the context of its business. As stated in Rule 1.9, the insurer should consider the nature of its business relationship with the intermediary and the extent to which this relationship could influence the advice provided. See Rules 1.6 to 1.8 in relation to the insurer's TCF obligations in the context of funds and group schemes. The nature of outcome based insurance regulation is that the insurer should apply its mind as to what arrangements or risk mitigation measures are appropriate in the context of its business.
34.	**Rule 1.6 (e)**	Alexander Forbes	What kinds of arrangements are envisaged for an insurer to have to ensure fulfilment of the obligations in terms of the Rule? Should this be in the Policy or separate SLA between the insurer and the Policyholder	The insurer should apply its mind as to what arrangements are appropriate in the context of its business.
35.	**Rule 1.6 (e)**	ASISA	1.6 (e) For purposes of achieving rule 1.4(f) the insurer must have arrangements in place with the policyholder concerned that facilitate and support the member's ability to make changes in relation to the member's interest in the fund or group scheme (to the extent permitted in terms of the rules of the fund or group scheme) or to submit claims or make complaints ~~to the insurer~~ without unreasonable barriers. In the case of fund policies it wouldn't make sense to have arrangements in	✎ Agreed. Amendment made. See, however, the specific provisions in Rules 17 and 18 regarding communication with members in regard to claims and complaints.

No	Section	Commentator	Comment	Response
			place that enable the member to submit claims or make complaints directly to the insurer and it would only cause confusion. Whilst the insurer must have arrangements in place to facilitate and support the members ability to submit claims or make complaints, the member's claim is against the fund and the fund handles claims and complaints. The situation is very similar in the case of compulsory group schemes. ASISA members therefore propose the deletion as indicated.	
36.	**Rule 1.7**	Alexander Forbes	Will the regulator provide guidance where the employer owns the policy and members (employees) are the claimants? The insurer will pay for example a death benefit to the fund who pays the employer and the employer does not pay the claimant/ employee or employees' beneficiaries (in the case of a death claim). Should the insurer be intervening because this is not treating the client fairly? Please bear in mind that the insurer's relationship is with the client who is the employer.	These requirements are principle based and must be applied as such. The insurer must apply its mind as to how best to meet the requirement. Guidance will be provided should it transpire post implementation of the Rule that same is required. .
37.	**Rule 1.7**	FirstRand	It appears that the legislation intends to safeguard members against non-compliance by the policyholder. As currently worded however, when read with the definition of a "policyholder" {which in this section includes a "member" (see clause 1.5 on page 8 of 56)}, it appears that non-compliance by a single member results in the insurer being accountable to mitigate risks to members or future members? Surely the single member cannot expect TCF delivery if he is knowingly in breach? • Recommend that the clause be redrafted to clearly state the proposed intention of the legislation as follows: "1.7 All policies, procedures and arrangements required by rule 1.6 in relation to a fund policy or a group scheme must enable the insurer to monitor the extent to which fair treatment of members is being achieved. Where it becomes apparent to the insurer that fair treatment is compromised, including as a result of non-compliance by the policyholder, *excluding a "member" in this specific clause* concerned with agreed policies, procedures and arrangements, the insurer must take reasonable steps to mitigate the risks to members or future members.	✎ Agreed. Rule amended to make it clear that a reference to "policyholder" in such rule excludes members. The requirement intends to place a certain level of responsibility on the insurer to ensure members are also treated fairly.
38.	**Rule 1.7**	BASA	It appears that the legislation intends to safeguard members against non-compliance by the policyholder. As currently worded however, when read with the definition of a "policyholder" {which in this section includes a "member" (see clause 1.5 on	See response directly above.

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			page 8 of 56)}, it appears that non-compliance by a single member results in the insurer being accountable to mitigate risks to members or future members? Surely the single member cannot expect TCF delivery if he is knowingly in breach? • Recommend that the clause be redrafted to clearly state the proposed intention of the legislation as follows: "1.7 All policies, procedures and arrangements required by rule 1.6 in relation to a fund policy or a group scheme must enable the insurer to monitor the extent to which fair treatment of members is being achieved. Where it becomes apparent to the insurer that fair treatment is compromised, including as a result of non-compliance by the policyholder, *excluding a "member" in this specific clause* concerned with agreed policies, procedures and arrangements, the insurer must take reasonable steps to mitigate the risks to members or future members.	
39.	**Rule 1.9 read with rule 1.4**	Allan Gray Life	It appears that the FSB has not appropriately addressed previous concerns on this specific Rule i.e. Insurer seemingly having to take responsibility for advice provided by contracted independent intermediaries. The Insurer's responsibility should stop at providing the independent intermediaries with the required product information and training on its products and include all required legislative terms and conditions in the Intermediary agreement.	Disagree. The wording does not imply that the insurer has to take responsibility for advice provided by contracted independent intermediaries. Rule 1.9 requires that rule 1.6(c), in the context of independent intermediaries, must be read to require an insurer to take reasonable steps to mitigate the risk of unsuitable advice. Also, we disagree that an insurer's responsibility should stop with providing product information and training.
40.	**Rule 1.9**	ASISA	*Suitable advice* 1.9 Where advice is provided by an intermediary other than the insurer's representative, rules 1.4(d) and 1.6(~~d~~c) require the insurer to take reasonable steps to mitigate the risk of unsuitable advice. Such steps should take into account the nature of the business relationship between the insurer and the intermediary and any likelihood that such relationship may potentially influence the advice provided. ASISA members understand the type of risk mitigation referred to in this Rule to be for example to act on complaints and results of reporting to pick up on any worrying trends, but not to individual cases. Drafting -the reference to rule 1.6(d) should presumably be to rule 1.6(c) as	✎ Agreed. Incorrect reference corrected.

No	Section	Commentator	Comment	Response
			shown.	
41.	**Rule 1.9**	FIA	Rule 1.9 - this is seen to be impossible for the insurer to accomplish in respect of advice provided to each policyholder without undue interference in the activities of an independent intermediary, although reference to "reasonable steps" may cover this. (See comments under 1.4(d) above.)	Correct, rule 1.9 requires that rule 1.6(c), in the context of independent intermediaries, must be read to require the insurer to take reasonable steps to mitigate the risk of unsuitable advice.
42.	**Rule 1.9**	Telesure / 1Life	The insurer can provide the intermediary with training on the terms and conditions of the product, the extent of cover, and so on. The Regulator is suggesting that the insurer must take some responsibility for the guidance, proposal or recommendation ultimately provided to the client on the available financial products. It is worth noting that advice provided to the customer is by the intermediary is based on various options presented to the customer as well as the intermediary's professional guidance. The advice provided is not limited to the client taking out the financial product. As pointed out in the previous comments round of comments, the rendering of advice is regulated under FAIS. We suggest that the provision be rephrased to require the insurer to make training on their product available to the intermediary as is required with the TCF outcomes.	Disagree. We believe that the restriction in rule 1.9, which limits an insurer's responsibility over independent intermediaries to taking reasonable steps to mitigate the risk of unsuitable advice, is appropriate. We do not agree that such steps should be limited to making product training available.
43.	**Rule 1.10**	FIA	Rule 1.10 - we would suggest adding "… giving expression to the character, spirit and nature of the dual nature of an insurance contract" at the end.	Not accepted. The rationale behind the suggested wording is unclear.
44.	**Rule 1.10**	Telesure / 1Life	"An insurer must regularly review its policies and procedures referred to in this and document any changes thereto" Regularly is very subjective, we therefore suggest that the insurer be required to update its policies and procedures as and when changes take place.	Disagree. "Regularly" will be retained. The insurer must decide what frequency would be appropriate in the context of its business and products.

No	Section	Commentator	Comment	Response
CHAPTER 3: PRODUCTS				
RULE 2: PRODUCT DESIGN				
45.	**General**	BIAC	**Product Design** **:** The product design of long term insurance products should be regulated. Policy benefits like accidental death benefits should not have different meaning with different insurance companies. If the clients death is by accident and the funeral policy pays out both funeral and accident cover without starting to underwrite client at claim stage, the other life cover policies with accident cover as a benefit must also be required to admit the claim without underwriting and looking for a nondisclosure escape route. All insurers' products accept suicide after two years as a valid claim and suicide is premeditated occurrence. **Group schemes products** are continuously being opened for abuse because they are targeted at the black and desperate people. There is too much disregard for the insurable interest. Families are at loggerheads because funeral covers were provided by other family members without any consent from their gainfully employed children who are capable of looking after their own households. And if the death certificate is being requested after the funeral, what was the importance of insuring the deceased family member? The trend is now moving towards insuring the poor neighbours, but they cannot give them food when in need. **The fair treatment of the insured must consider the insurable interest seriously.**	*Product design* This Rule sets out the overarching governance requirements applicable to an insurer in respect of product design. Additional research and consultation will be required to consider extending the PPRs to include standardised terminology. We are of the opinion that the product design governance requirements in the draft PPRs will go a long way in embedding and ensuring the fair treatment of policyholder when an insurer is designing its product. Note that a degree of product design standardisation will also be required for purposes of the future micro-insurance framework. *Group scheme products* Your comment is noted. Please note that what constitutes insurable interest is governed by the common law and it is also up to the insurer to decide how it wishes to contractually define or limit insurable interest. Please note that the previous draft of the PPRs proposed that consent must be obtained from the life insured before such person's life is insured. However, there were a significant amount of comments criticising

No	Section	Commentator	Comment	Response
				this requirement raising both practical and cultural considerations. For this reason the requirement was omitted from the second draft of the PPRs, pending further research and consultation on how to balance these concerns with those you have raised and which we share. We would welcome your further input to such upcoming consultation.
46.	**Rule 2 – Product design**	Alexander Forbes	Suggested that you consider moving this Rule as part 1 to Rule 14 dealing with ongoing Product Review for ease of reference.	Disagree. Rationale for your suggestion is unclear. Note that the PPRs are structured to follow a "product life cycle" approach, aligned to the TCF outcomes-based framework.
47.	**Rule 2.2**	ASISA	2.2 An insurer must in developing products – (b) (ii) target the types, kinds or categories of policyholders for whose needs the product is likely to be appropriate, ~~while mitigating the risk of the product being used by types, kinds or categories of policyholders for whom it is likely to be inappropriate;~~ and It is submitted that requiring an insurer to mitigate risk in this way places an unreasonable and harsh obligation on insurers. The view of ASISA members is that the existing requirement that advice must be suitable is a sufficient safeguard to protect policyholders from using products of a type, kind or category which are inappropriate products. Therefore it is requested that the phrase '…while mitigating the risk of the product being used by types, kinds or categories of policyholders for whom it is likely to be inappropriate" be deleted.	We disagree with the proposal and remain of the view that this requirement places an appropriate obligation on the insurer. Note that not all distribution strategies include advice and suitable advice requirements cannot be the only means of mitigating the risk of inappropriate product targeting.
48.	**Rule 2.2**	BASA	**Clause 2.2:** The managing executive should be allowed to delegate the approval process to a competent team or an established committee with the right sets of skill and required level of seniority. Operationally, the approval process should only be dependent on a single individual. This would impact operational effectiveness of the business and getting customers the required products suited to their needs as efficiently as possible.	Disagree. We maintain that product lines of an insurer must be signed off by a managing executive to ensure that products are designed to achieve fair customer outcomes. As per our response to ASISA's comment on the previous draft PPRs (as contained in the response matrix), it is our opinion that in view of the significance of product design in

No	Section	Commentator	Comment	Response
				achieving fair customer outcomes, it is considered appropriate that accountability for this function lies at this level of seniority and is not further delegated. The managing executive concerned should exercise their own judgment in determining the extent of their reliance on other processes and personnel before the required sign-off.
49.	**Rule 2.2**	DMA	The requirements relating to how an insurer must develop product needs to take into account product complexity as well as consumer sophistication – i.e. the rules should be applied proportionately. Products sold in direct models, for example, are often simple products targeted at the mass market which typically appeal to a wide range of consumers. Death as well as accident cash cover are relevant examples.	We believe that the wording of Rule 2.2 is sufficiently wide enough and already implies that an insurer can take into account product complexity and consumer sophistication.
50.	**Rule 2.2(a)**	FirstRand	It is unclear what is meant by "adequate information". It could differ regarding the type of insurance, the target market and other information. It is suggested that clarity be provided on the term "adequate information" and that the clause be rephrased to more specifically refer to the "identified target market" as follows: "An insurer must in developing products – (a) make use of adequate information on the identified target market in relation to customer and/or types or categories of policyholders;"	Disagree. The insurer should use its own judgment as to what constitutes adequate information and be able to motivate why it regards the information as adequate. This is consistent with an outcomes-based approach to regulation.
51.	**Rule 2.2(a)**	BASA	It is unclear what is meant by "adequate information". It could differ regarding the type of insurance, the target market and other information. It is suggested that clarity be provided on the term "adequate information" and that the clause be rephrased to more specifically refer to the "identified target market" as follows: "An insurer must in developing products – (a) make use of adequate information on the identified target market in relation to customer and/or types or categories of policyholders;"	See response directly above.

No	Section	Commentator	Comment	Response
52.	**Rule 2.2 (b)**	Alexander Forbes	Will the regulator issue guidelines or a list as to what is considered competent i.e. fit and proper skills?	We would expect the insurer to use its own judgment in this regard. Guidance will be provided if it transpires post the effective date of the Rule that the definitions gives rise to interpretational difficulties.
53.	**Rule 2.2(b)(ii)**	Alexander Forbes	How does the insurer limit access where products are sold by an IFA? An insurer can add in additional clauses into the IFA contract; however this still does not preclude them from selling inappropriately.	The sub-Rule does not require the insurer to be able to preclude each and every individual case of potential mis-selling. It requires the insurer to assess its distribution methods and disclosures in order to achieve appropriate customer targeting and mitigate the risk of inappropriate product usage. We would expect the insurer to use its judgment to identify appropriate risk mitigation measures in this regard.
54.	**Rule 2.3**	ASISA	We repeat ASISA's previous comment on the first draft of the PPR that the person signing should be the managing executive or his designated representative or delegate. We suggest this wording be aligned with rule 19.2.4, i.e. "a managing executive of the insurer or a person of appropriate seniority to whom the managing executive has delegated the responsibility …"	Disagree. There is a significant difference between signing off on a product line and signing off on marketing material. We maintain that product lines of an insurer must be signed off by a managing executive considering the significance of bringing products into the market and designing such products to achieve fair customer outcomes. Please also refer to our response to comment number 48 above.
55.	**Rule 2.3**	ASISA	*"…a managing executive of the insurer."* To ensure efficiency of the insurer and consistency within the PPRs, we suggest the following words be inserted (to align with the provisions of clause 10.3.1): "…a managing executive of the insurer **or a person of appropriate seniority to whom the managing executive has delegated approval.**"	Disagree. See response above.

No	Section	Commentator	Comment	Response
56.	**Rule 2.3**	FirstRand	In large conglomerates, a governance committee comprising of duly skilled stakeholders (and who are representative of the varied areas of business in the product value-chain) is generally tasked to review and provide sign-off on new products, prior to product launch dates. Sign-off by a single managing executive is not practical. Recommend that the clause be re-worded to provide for sign-off by a duly mandated governance committee as follows: "Before an insurer starts to market, offer or enter into specific policies in respect of a new product, a duly mandated governance committee of the insurer must in writing approve the product and confirm that the product, distribution methods and disclosure documents meet the principles set out in rule 2.2(b)."	This Rule does not prevent an insurer from establishing a governance committee to consider and sign-off on new product lines. It merely means that the governance committee sign-off will constitute a recommendation to the / need to be ratified by a managing executive.
57.	**Rule 2.3**	BASA	In large conglomerates, a governance committee comprising of duly skilled stakeholders (and who are representative of the varied areas of business in the product value-chain) is generally tasked to review and provide sign-off on new products, prior to product launch dates. Sign-off by a single managing executive is not practical. Recommend that the clause be re-worded to provide for sign-off by a duly mandated governance committee as follows: "Before an insurer starts to market, offer or enter into specific policies in respect of a new product, a duly mandated governance committee of the insurer must in writing approve the product and confirm that the product, distribution methods and disclosure documents meet the principles set out in rule 2.2(b)."	See response directly above.
58.	**Rule 2.4**	ASISA	2.~~3~~4 This rule applies to the development of any new product or material change in the design of an existing product, from the date on which this rule takes effect. While ASISA members are in agreement with the general principles in Rule 2, the requirements are onerous for minor (insignificant) changes to existing products and it is therefore requested that it refers to a "material change". Drafting - this rule should be number 2.4.	✎ Agreed. Proposed change accepted and numbering fixed.
59.	**Rule 2.4**	DMA	"This Rule applies to the development…on which this rule takes effect." This numbering is incorrect. The above provision should be 2.4.	✎ Noted. Amendment made.

No	Section	Commentator	Comment	Response
RULE 3: CREDIT LIFE INSURANCE				
60.	**Rule 3.1**	FIA	Rule 3.1 - this refers to insurers only. What is the role (if any) of the intermediary who may be involved. Does this imply that the insurer assumes the responsibility to notify the bank/finance house when a policy is cancelled or the premium is not paid or the insurance is being substituted? We would suggest that the intermediary should only be expected to assist where specifically requested to do so (see comments under short term).	The Rule relates to providing a mandatory credit life insurance policy. Only an insurer can provide/enter into the policy. Also, the requirement is limited to the insurer ensuring that the policy and the costs associated with that policy comply with any credit life insurance regulations. However, please note that the FAIS Act will still apply and the intermediary is therefore still responsible for any obligations placed on it in terms of the FAIS Act in respect of the financial services it renders in relation to the policy.
61.	**Rule 3.2.1**	PSG	Syntax error	Noted. Amendment made.
RULE 4: COOLING-OFF RIGHTS				
62.	**General**	BIAC	The **cooling off period** should be clearly defined in the document. Replacing the 30 day cooling off period with one month will still remain unclear. If the post office goes on strike like it has happened all these years, who will take the blame for the delay. How will the insurer know that the policy document has been received? Our proposal is that the client should also be notified by an sms about the posted policy document and be allowed to respond if the document has not arrived.	In our opinion the Rule makes it clear what the cooling off period entails (which will be changed to 31 days) and it is unclear why you state that the reference to one month does not provide any clarity. Please note that this Rule does not require (nor does section 48 of the Act or Rule 11.5) that the information must be sent by post. It is up to the insurer to decide how it provides the information to the policyholder. SMS notifications, if appropriate for the target customers concerned, are not precluded. The concern that the insurer may not be in a

No	Section	Commentator	Comment	Response
				position to know the actual receipt date of the communication if the postal service is used, is addressed by the reference to a reasonable date on which receipt can be deemed to have taken place. The insurer will have to devise a processing terms of which it can know/reasonably assume that a policyholder received the required information.
63.	**Rule 4.1**	ASISA	4.1 A policyholder may -– (a)in any case where no policy benefit has yet been paid or claimed or an event insured against has not yet occurred; and (b) within a period of a month after the later of – (i)the date of receipt of the summary contemplated in section 48 of the Act, or a reasonable date on which it can be deemed that the policyholder received that summary; or (ii) the date of receipt of the information contemplated in rule 11.5, or a reasonable date on which it can be deemed that the policyholder received that information, cancel a policy entered into with an insurer or any variation of such policy, excluding any policy or variation of a policy that has a duration of a month or less, by way of a written cancellation notice to the insurer. This does not clearly cater for investment type policies so we suggest that "benefit" should be changed to "policy benefit" which is defined in the Act. The time period of a "month" referred to in (b) would be interpreted as a "calendar month" which would mean that if the summary is sent on the 2nd January, the cooling off period applies until 28 February. It is requested that it should rather refer to 30 days which would reflect the time period correctly. It is unclear why the word "policy" was deleted from (b) as it has always been part of the rule. It is proposed that it is added back as shown so that the cooling-off rights do not apply both to a policy and to variations to a policy that has a duration of a month or less.	Disagree in respect of referring to "policy benefit". This is the existing wording in the PPRs and we see no valid reason to deviate from the current approach. ✎ Agree in respect of inserting the reference to "policy or". ✎ Reference to "month" will be changed to "31 days".

No	Section	Commentator	Comment	Response
64.	**Rule 4.1**	FirstRand	It is unclear why the word "policy" was deleted from this sentence as it has always been part of the rule. It is proposed that the highlighted words (as illustrated below) be added back so that the cooling-off rights do not apply both to a policy and to variations to a policy which have a duration of a month or less. "… cancel a policy entered into with an insurer or any variation of such policy, excluding any policy or variation of a policy that has a duration of a month or less, by way of a written cancellation notice to the insurer."	✎ Agreed. Amended to insert the words "policy or".
65.	**Rule 4.1**	BASA	It is unclear why the word "policy" was deleted from this sentence as it has always been part of the rule. It is proposed that the highlighted words (as illustrated below) be added back so that the cooling-off rights do not apply both to a policy and to variations to a policy which have a duration of a month or less. "… cancel a policy entered into with an insurer or any variation of such policy, excluding any policy or variation of a policy that has a duration of a month or less, by way of a written cancellation notice to the insurer."	See response directly above.
66.	**Rule 4.1**	PSG	It is unclear whether the concept of "reduced to writing" includes a transcript of a telephone conversation, but it is submitted that it doesn't. This means that although a policyholder can enter a contract telephonically, he will not be able to exit the contract telephonically. We believe that this is not in line with the requirements of TCF and that the policyholder should be able to cancel a contract telephonically where it was entered into in that manner.	Agreed, the relevant risk is already mitigated by Rule 16.3 which requires that an insurer must have appropriate systems, processes and procedures in place to record all policy related communications with a policyholder (which would include telephone conversations). Reference to "in writing" in rule 4.1 will therefore be deleted.
67.	**Rule 4.2**	ASISA	4.2 All premiums ~~or~~ and moneys paid by the policyholder to the insurer up to the date of receipt of the cancellation notice referred to in rule 4.1 or received at any date thereafter in respect of the cancelled or varied policy, must be refunded to the policyholder, subject to the deduction of the – (a) cost of any risk cover actually enjoyed; or (b) any market loss where the market value of the investments made has decreased in the intervening period due to prevailing market conditions. The word "and" in the current PPR has been changed to "or" which now suggests that either the costs of the risk cover or the investment loss can be deducted from the premiums. In certain instances, both risk and investment	The wording in the existing PPRs reads as follows: "All premiums or moneys paid by the policyholder ……..". It is therefore unclear why the reference to "or" should be replaced by "and". ✎ The reference to "or" at the end of paragraph (a) will, however, be replaced with "and" as the wording in the existing PPRs refer to "and" as opposed to "or".

No	Section	Commentator	Comment	Response
			loss must be deducted from the premium. We therefore propose that the word “or” is replaced with “and”.	
68.	**Rule 4.2**	FirstRand	The rule does not cover instances where a third party, such as a vehicle financier, is noted as an interested party on a policy. The rule is also silent on instances where a third party has paid the premium on behalf of the customer. For example, where a customer finances a vehicle and the premiums are paid on behalf of the customer. It is suggested that the rule be expanded to include the instances mentioned, as a refund directly to the customer may lead to unjustified enrichment.	The Rule affords a policyholder the right to cancel a policy within a certain period. There is no reason why a distinction should be made to cover instances where third parties are noted as interested parties or where they paid the premium. If a refund to a policyholder leads to unjustified enrichment, the third party will have a legal claim against the policyholder under the common law. This is also the case under the existing PPRs.
69.	**Rule 4.2**	BASA	The rule does not cover instances where a third party, such as a vehicle financier, is noted as an interested party on a policy. The rule is also silent on instances where a third party has paid the premium on behalf of the customer. For example, where a customer finances a vehicle and the premiums are paid on behalf of the customer. It is suggested that the rule be expanded to include the instances mentioned, as a refund directly to the customer may lead to unjustified enrichment.	See response directly above.
70.	**Rule 4.3**	FIA	Rule 4.3 - the allowance of a 60 day period seems unduly generous and consideration should be given to shortening this.	Agreed. See change to 31 days.
71.	**Rule 4.5**	ASISA	An insurer must ensure that where the policyholder is a group scheme in which member participation is voluntary, the policy places an obligation on that policyholder to afford every member of the group scheme a right to end participation in the group scheme equal to the right afforded to a policyholder to cancel a policy in accordance with the rules 4.1 and 4.2	In our opinion the wording (“in which participation is voluntary”) is appropriate and it is unclear why you assert that the wording is confusing.

No	Section	Commentator	Comment	Response
			As indicated in our general comments the PPR needs to differentiate between a voluntary group scheme and a compulsory group scheme. The wording of this Rule is confusing in the absence of a definition of a voluntary group scheme.	
RULE 5: NEGATIVE OPTION SELECTION OF POLICY TERMS OR CONDITIONS				
72.	**Rule 5.2**	ASISA	5.2 Rule 5.1 does not apply to a specific term or condition – (a) required by legislation; or (b) designed to address circumstances that arise ~~during the duration of a policy~~ that require a policyholder or member to make an election, provided the insurer can demonstrate that the specific term or condition is reasonably required to achieve fair treatment of the policyholder or member. It is proposed that the rule should be expanded to make provision for those instances where an underlying investment option is not available at the time of receipt of the application (i.e. before the policy has been issued and not only circumstances that arise during the duration of a policy). When policyholders invest for example via an administrative FSP it is standard practice to include a term to the effect that where an investment option has not been selected, or incorrectly identified, that a default investment option will apply. If this is to be prohibited, policyholders will not benefit from any market exposure and the policy will not be issued, which could negatively impact policyholders. For example, on application four collective investment funds are identified as investment options. At the time of processing of the application, fund A is closed for new investments. The insurer is unable to make contact with the client. Where the insurer has attempted to make contact with the client but is unable to do so, the insurer should be able to invest the portion of the premium to be allocated to fund A to a specific default investment option as specifically stated in the policy application - usually a money market fund. The proposed deletion will allow for this.	Disagree. The Rule must apply on entering into, varying or renewing a policy and we believe the exception in Rule 5.2 should only apply where defaults become necessary at a later stage. In the scenario described, the insurer must contact the policyholder to obtain a clear election. If this is not possible, the policy should not be entered into or should only be entered into to the extent possible.

No	Section	Commentator	Comment	Response
73.	**Rule 5- Negative Option Selection of Policy Terms and Conditions**	Alexander Forbes	The relaxation to allow negative option marketing to defaults required by law or otherwise reasonably required to ensure fair treatment of policyholders in cases where certain elections are not made by the policyholder during the duration of the policy are noted but it is submitted that the existing limitation outside of those exceptions still limit the ability of the Insurer to render services to clients- particularly existing policyholders and it is proposed that it be broadened under limited or qualified circumstances; e.g. for new benefit enhancements to existing contracts, communicating via email/ sms which may not fall under the exceptions of "required by law or elections are not made by the policyholder during the duration of the policy". Although we are aware that negative option can and has been abused, it does have a place in contracting (outside of particularly in ongoing contractual arrangements (existing policyholders) as opposed to new contracts, where ongoing servicing may be hindered by a complete lack of or a delayed a response given the low response rate from consumers to communication from insurers. It should be allowed in existing contractual arrangements subject to basic confirmations by insurer of communication having reached the policyholder via their preferred communication channel and insurer having made certain disclosures which would ensure that policyholders understand the terms and conditions of the option and its implications. The burden of proof to demonstrate compliance with guidelines is on the insurer and this affords protection to consumers. Advance consent via negative option contracting allows for continuous servicing and where applicable/ required automatic renewals and enhancements that benefit policyholders and further creates convenience for clients. It would limit the admin burden for clients having to interact with insurers where their consent may well be signified by advance consent enabling the insurer to service them more effectively. Opt out / in at retirement where benefits are provided via a policy of insurance.	Disagree. The protections afforded by the Rule are necessary to prevent abuse.

No	Section	Commentator	Comment	Response
RULE 6: DETERMINING PREMIUMS				
74.	**Rule 6.1**	ASISA	6.1 A premium payable under a policy must reasonably balance the interests of the insurer and the reasonable benefit expectations of a policyholder ~~or member~~, and are based on assumptions that are realistic and that the insurer reasonably believes are likely to be met over the term of the policy. In light of the fact that the premium is determined with reference to the benefit expectations determined by the policyholder, we suggest that the section be amended as indicated. It is submitted that members' interests are sufficiently considered elsewhere in the rules.	Disagree. It is essential for reasonable member benefit expectations to be taken into account in the case of group schemes and funds, where the members are the persons for whose ultimate benefit the policy is designed. This is also consistent with Rule 1 which confirms that an insurer's obligation to deliver TCF outcomes applies to members.
75.	**Rule 6.4**	ASISA	6.4 Any fee referred to in rule 6.3 must be clearly and prominently disclosed to the policyholder or member in accordance with rule 10.15 and before the policy is entered into. One of the fees which would need to be disclosed is a claims administration fee (if applicable). It is our understanding that if the insurer cannot determine the actual amount of the claims administration fee before the policy is entered into they must just disclose the basis of the charges as in FAIS. There is a minority view that as the fee may only be determined at claims stage it is impractical and inappropriate to disclose it before the policy is entered into.	Agree that it might not be practical to disclose the exact fee before the policy is entered into. However, this is already provided for in Rule 11.3.1(e) which provides that if any amount required to be disclosed is not reasonably pre-determinable, its basis of calculation must be clearly and appropriately described.
RULE 7: VOID PROVISIONS				
76.	**Rule 7- Void provisions**	Alexander Forbes	Is the intention in the Rule 7.1(a) wording to exclude all polygraph, lie detector and truth verification tests? There is increased and sophisticated fraud and statics can be obtained from Insurers and Industry bodies to back this. Polygraph, lie detector and certified truth verification tests are accepted investigative tools. As these are specialized tests, it is unlikely that insurers would run such tests in-house but would use an independent service providers- which would mean that (rule 7.1 (a)); " -------furnished or made available by the Insurer or any other person in terms of an arrangement with the insurer------"	Rule 7.1(a) does not exclude all polygraph, lie detector and truth verification tests, in essence it merely provides that an insurer cannot contractually compel a policyholder to subject himself/herself to such tests. An insurer can still apply such tests subject to Rules 7.1(a) – (c). Also, please note that this amendment was also to ensure alignment with the STIA PPRs as this requirement is

No	Section	Commentator	Comment	Response
			It is proposed for clarity and certainty to exclude valid and legitimate tests required by insurers to mitigate fraud and verify certain information by inserting wording at the end of the clause as follows: " Save for valid and independently administered Polygraph, lie detector and truth verification tests"	an existing requirement in the STIA PPRs.
RULE 8: WAIVER OF RIGHTS				
77.	**Rule 8**	FIA	Rule 8 - the waiver of rights here largely duplicates that under the FAIS Code of Conduct but the implications are slightly different in that this refers to rights in this document whereas the FAIS waiver refers to rights and benefits under the FAIS Code of Conduct. These should be aligned.	This is an existing requirement in the current PPRs under the STIA. Also, FAIS applies to the intermediary and not the product provider.
RULE 9: SIGNING OF BLANK OR UNCOMPLETED FORMS				
78.	**Rule 9**	Investec Life Limited	No insurer or intermediary may in connection with any transaction relating to a policy require, permit or allow a policyholder, potential policyholder, member or potential member to sign any blank or partially completed form… *We recommend that a "claimant" be added to read as follows: …permit or allow policyholder, potential policyholder, member or potential member and claimant or potential claimant to sign…..*	✎ Agreed. Amendment made.
CHAPTER 4: PROMOTION, MARKETING AND DISCLOSURE				
RULE 10: ADVERTISING				
79.	**General**	BIAC	**Advertising and Distribution**: The adverts should clearly state the status of the distribution channels. The adverts must be uniform in stating its distribution channel. State whether the distribution channel is tied agents, independent financial advisors or unknown channel to FSB. There are distribution channels which are doing our job without being licensed by FSB. **Policyholders must be provided with full information regarding the distribution channel being used by insurance companies as advertised.**	Although we generally agree that policyholders must be provided with full information regarding the distribution channel used, we do not agree that this information should necessarily be contained in the advertisement. This should rather be disclosed/explained when a policyholder is engaged by an insurer/intermediary. Further

No	Section	Commentator	Comment	Response
				consideration will however be given to this proposal as part of the RDR implementation process.
80.	**"advertisement"**	FirstRand	The definition is extremely wide and may result in any expression – including general brand awareness advertising - by an insurer being regarded as an advertisement. The phrase "which is intended to create public interest in the business", causes the concern as this may, for example, include branded stationary, bumper stickers, corporate charity sponsorships etc. There is a need to differentiate between general "brand awareness" advertising as compared to advertisements pertaining to specific financial products or services. The scope of the legislation should apply to the latter only. It is suggested that the phrase "which is intended to create public interest in the business" be deleted. Further than an "advertisement" as currently defined in the FAIS General Code of Conduct be adapted for usage in the PPR as follows: "advertisement" means any communication published through any medium and in any form, by itself or together with any other communication, which is directed to the general public, or any section thereof, or to any client on request, by any such person, which is intended merely to call attention to the marketing or promotion of financial products and/or financial services offered by an insurer, and which does not purport to provide detailed information regarding any such financial services; and "advertising" or "advertises" has a corresponding meaning."	Disagree. The rule is intended to extend to advertisement relating to the business, policies or related services of an insurer and therefore any advertisement that intends to create public interest in the business (including so-called "brand awareness" advertising) of the insurer should be captured. Where an advertisement makes no reference to any actual policy or related services of the insurer, but only to its business in general terms, many of the detailed requirements of Rule 10 will not be applicable. In our opinion the definitions in the draft PPRs and FAIS General Code of Conduct respectively are, although not exactly the same largely aligned and should not create any inconsistencies. Please note that in the near future the advertising requirements in the FAIS General Code of Conduct will in any case be aligned to the Policyholder Protection Rules.
81.	**"advertisement"**	FirstRand	The definition is extremely wide and may result in any expression – including general brand awareness advertising - by an insurer being regarded as an advertisement. The phrase "which is intended to create public interest in the business", causes the concern as this may, for example, include branded stationary, bumper stickers, corporate charity sponsorships etc. There is a need to differentiate between general "brand awareness" advertising as compared to advertisements pertaining to specific financial	See response directly above.

No	Section	Commentator	Comment	Response
			products or services. The scope of the legislation should apply to the latter only. It is suggested that the phrase "which is intended to create public interest in the business" be deleted. Further than an "advertisement" as currently defined in the FAIS General Code of Conduct be adapted for usage in the PPR as follows: "advertisement" means any communication published through any medium and in any form, by itself or together with any other communication, which is directed to the general public, or any section thereof, or to any client on request, by any such person, which is intended merely to call attention to the marketing or promotion of financial products and/or financial services offered by an insurer, and which does not purport to provide detailed information regarding any such financial services; and "advertising" or "advertises" has a corresponding meaning."	
82.	**"comparative"**	FIA	Rule 10.1 "comparative" - we would suggest adding "premium" before "…policies or related services…".	Disagree. We hold the view that comparison between the policies would include comparisons between premiums.
83.	**Rule 10.2.3**	FirstRand	Legislation should not apply retrospectively: this clause provides for the new advertisement rules to apply to adverts that were published prior to the legislation taking effect. • Recommend that clause 10.2.3 be reworded as follows: "10.2.3 This rule applies to any new advertisement published after the date on which this rule takes effect. ~~regardless whether the advertisement was also previously published prior to this rule taking effect."~~	It is inaccurate to state that legislation should not apply retrospectively. In terms of the rules of interpretation of statutes there is merely a presumption that legislation does not apply retrospectively. However, the courts have held that however strong the presumption against retrospectivity may be, it is nothing more than an aid in interpretation and must yield to the intention of the legislature as it emerges from any particular statute (e.g. see Thirion J in Kruger v President Insurance Co Ltd, 1994 (2) SA 495 (D), at p503). We are of the opinion that the wording of Rule 10.2.3 is appropriate in its current form. Whether it imposes retrospective application is questionable as the Rule in any case

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				applies to any advertisement published after the date of the Rules becoming effective. The intention of the words you propose to delete is merely to reiterate that if an advertisement is published for a second time after the effective date (and was published for a first time before the effective date), it would still constitute "publishing" for purposes of the PPRs and would be subject to this rule. Therefore, even if the words are deleted the rule will still have the same meaning (and will merely be lacking the additional clarity).
84.	**Rule 10.2.3**	BASA	Legislation should not apply retrospectively: this clause provides for the new advertisement rules to apply to adverts that were published prior to the legislation taking effect. • Recommend that clause 10.2.3 be reworded as follows: "10.2.3 This rule applies to any new advertisement published after the date on which this rule takes effect. ~~regardless whether the advertisement was also previously published prior to this rule taking effect.~~"	See response directly above.
85.	**Rule 10.2.3 and 4**	Telesure / 1Life	It is proposed that Rule 10.2.4 be done away with as Rule 10.2.3 is sufficient to cater for both.	Agreed. Rule 10.2.4 will be deleted.
86.	**Rule 10.2.4**	ASISA	10.2.4 Rule 10.3.5 also applies to all advertisements that are still being published ~~within a period of 6 months before~~ as at the date when this rule comes into effect. It is submitted that requiring rule 10.3.5 to be applicable to "…advertisements published within a period of 6 months before this rule comes into effect…" is not practical as it is already less than 6 months prior to the anticipated effective date. ASISA members are of the view that the interests of policyholders and potential policyholders will be served if Rule 10.2.4 makes Rule 10.3.5 applicable to those advertisements that are still being published at the date when this rule comes into effect and therefore propose the change as shown.	See responses to comment numbers 83 and 85 above.

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87.	**Rule 10.2.4**	FIA	Rule 10.2.4 (with 10.3.5) - will this not add unnecessary complications with little benefit? Consider simply making everything effective at one time.	See response directly above.
88.	**Rule 10.2.4**	DMA	This provision is, with respect, unconstitutional. A law cannot be of retrospective application.	✎ Although we strongly disagree that this provision is unconstitutional and that a law cannot be of retrospective application (considering there is case law stating the contrary), please note that rule 10.2.4 will be deleted.
89.	**10.3.5 read with 10.2.4**	FirstRand	Legislation should not apply retrospectively: Clause 10.2.4 read with clause 10.3.5 requires the insurer to withdraw certain adverts which were flighted 6 months before the legislation became effective, and to notify any persons who would have relied on the advertisement. This is not practical as the Insurer may not be able to ascertain the persons mentioned in subsection (c), nor may it be possible to withdraw the advertisement. Once flighted it is in the public domain and may potentially have been reproduced by members of the general public in channels outside of that which the insurer had flighted the advertisement on. Recommend that clause 10.2.4 be deleted in its entirety.	Please see our response to your previous comment stating that legislation should not apply retrospectively. Also see comment directly above.
90.	**10.3.5 read with 10.2.4**	BASA	Legislation should not apply retrospectively: Clause 10.2.4 read with clause 10.3.5 requires the insurer to withdraw certain adverts which were flighted 6 months before the legislation became effective, and to notify any persons who would have relied on the advertisement. This is not practical as the Insurer may not be able to ascertain the persons mentioned in subsection (c), nor may it be possible to withdraw the advertisement. Once flighted it is in the public domain and may potentially have been reproduced by members of the general public in channels outside of that which the insurer had flighted the advertisement on. Recommend that clause 10.2.4 be deleted in its entirety.	See response directly above.
91.	**Rule 10.3**	ASISA	Rule 10.3.5(c) has very wide application and is not practical to implement. It is submitted that withdrawing or correcting the advertisement and publishing a retraction if necessary should be sufficient and that the rule is amended accordingly.	Disagree. Where advertisements were, for example, directed at specific persons known to the insurer, then we would expect the insurer to take steps to notify such persons of the inappropriate advertisement. ✎ Please note, however, that the words “, or

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				reasonably assumes," will be deleted. Therefore, the insurer will only have to notify specific persons that it knows received the advertisement. We believe that this is a fair compromise and will erase any unintended or impractical consequences of the requirement.
92.	**Rule 10.3.1**	FirstRand	In large conglomerates, a governance committee comprising of duly skilled stakeholders are generally tasked to review and provide sign-off on new or revised marketing material and/or advertisements as well. Sign-off by a single managing executive is not practical, nor does it include all of the necessary stakeholders in the review process. Recommend that the clause be amended as follows: "10.3.1 An insurer must have documented processes and procedures for the approval of advertisements by a duly mandated governance committee. ~~managing executive or a person of appropriate seniority to whom the managing executive has delegated the approval~~."	Disagree with recommendation. This Rule does not stop an insurer from establishing a governance committee to consider and sign-off on marketing material. It merely means that the governance committee sign-off will need to be confirmed by the managing executive or a person of appropriate seniority (to whom the managing executive has delegated the approval) for final sign-off.
93.	**Rule 10.3.1**	BASA	In large conglomerates, a governance committee comprising of duly skilled stakeholders are generally tasked to review and provide sign-off on new or revised marketing material and/or advertisements as well. Sign-off by a single managing executive is not practical, nor does it include all of the necessary stakeholders in the review process. Recommend that the clause be amended as follows: "10.3.1 An insurer must have documented processes and procedures for the approval of advertisements by a duly mandated governance committee. ~~managing executive or a person of appropriate seniority to whom the managing executive has delegated the approval~~."	See response directly above.
94.	**Rule 10.3.3**	FirstRand	This will be addressed if review is undertaken by an appropriate governance committee – see above. Recommend that the clause be deleted entirely.	See response to comment above. Disagree with proposal that this clause be deleted.
95.	**Rule 10.3.3**	BASA	This will be addressed if review is undertaken by an appropriate governance committee – see above. Recommend that the clause be deleted entirely.	See response directly above.

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96.	**Rule 10.3.4**	FirstRand	It is not clear in which instances a person will produce an advert which is not mandated by the Insurer. The obligation on the insurer to ensure that such third party – who is not mandated by the Insurer – complies with this rule is not practical. Recommend that sub-clause (b) be deleted entirely.	An intermediary might decide to advertise an insurer's products without being mandated to do so by the insurer. In such an instance the insurer must, where it becomes aware or should reasonably be aware of the advertisement, take reasonable steps to mitigate the risk of the advertisement not being consistent with the rule. We do not believe that this is an impractical requirement.
97.	**Rule 10.3.4**	BASA	It is not clear in which instances a person will produce an advert which is not mandated by the Insurer. The obligation on the insurer to ensure that such third party – who is not mandated by the Insurer – complies with this rule is not practical. Recommend that sub-clause (b) be deleted entirely.	See response directly above.
98.	**Rule 10.4.1**	ASISA	This requirement appears to preclude advertisements that include puffery and conflicts with rule 10.12 which permits puffery if it is consistent with the Code of Advertising Practice. A rider should be included here to allow for puffery.	✎ Agreed. Rule 10.4.1(a) will be amended as follows: "10.4.1 Advertisements must – ***(a)*** be factually correct, excluding aspects of an advertisement constituting puffery;"
99.	**Rule 10.4.3**	FIA	Rule 10.4.3 - consider adding the following: 10.4.3 (c): "In the case where it is maintained that the premium constitutes a saving it must be emphasised that a saving on premium is not the only consideration that should be taken into account".	In our opinion rule 10 as a whole already indirectly provides for this.
100.	**Rule 10.4.5**	ASISA	*10.4.5 Descriptions in an advertisement of a specific policy or benefit must include key limitations, exclusions, risk and charges, which must be clearly explained and must not be worded positively to imply a benefit.* Inclusion of key limitations, exclusions, risk and charges should only be required in an advertisement relating to a specific policy or benefit, and not to all advertisements in general. The additional wording is therefore proposed.	✎ Agree with principle. Rule will be amended to read as follows: "Descriptions in an advertisement must, in respect of a policy or related service, must include key limitations, exclusions, risks and charges……"

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101.	**Rule 10.4.5**	FirstRand	This clause is unduly prescriptive and not practical (as advert flight times are generally limited to specific minutes of airtime). The onus should vest on the Insurer to make available the necessary key information, as is provided for in clause 10.4.1. The information referenced in clause 10.4.5 will be disclosed at point of sale and/or in product brochures and other information. Recommend that Clause 10.4.5 be deleted. Recommend that clause 10.4.6 be amended as follows: "Dependent on the nature of the medium used for the advertisement, the advertisement must: (a) indicate that additional information on key limitations, exclusions, risks and charges related to the product being advertised is available; and (b) where and how the additional information in (a) may be accessed.	Rule 10.4.6 provides an alternative approach where it is not practical to apply rule 10.4.5. Therefore, we do not agree that rule 10.4.5 must be deleted and that rule 10.4.6 must be amended accordingly.
102.	**Rule 10.4.5**	BASA	This clause is unduly prescriptive and not practical (as advert flight times are generally limited to specific minutes of airtime). The onus should vest on the Insurer to make available the necessary key information, as is provided for in clause 10.4.1. The information referenced in clause 10.4.5 will be disclosed at point of sale and/or in product brochures and other information. Recommend that Clause 10.4.5 be deleted. Recommend that clause 10.4.6 be amended as follows: "Dependent on the nature of the medium used for the advertisement, the advertisement must: (a) indicate that additional information on key limitations, exclusions, risks and charges related to the product being advertised is available; and (b) where and how the additional information in (a) may be accessed.	See response directly above.
103.	**Rule 10.4.6**	FIA	Rule 10.4.6 - it is suggested that this effectively negates the effect of 10.4.1 to 10.4.5 and consideration should be given to removing this clause entirely.	Disagree. It is not practical to make extensive disclosures regarding limitations, exclusions, risks and charges with certain advertising mediums and for this reason an exception was provided for. Further, it is unclear why you state that this rule will

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				negate the effect of rules 10.4.1 – 10.4.4 as this exception only applies in respect of rule 10.4.5, not rules 10.4.1 – 10.4.4.
104.	**Rule 10.6**	Alexander Forbes	Rule 10.6- the identification of an Insurer who is part of a Group and where the Group issues a advert which simply refers to its categories/ types of products and services that the Group offers- does it mean that the name of the Insurer must appear in the advert in relation to a mere mention of Insurance products.	Any advertisement relating to a policy must clearly and prominently identify the insurer, regardless of whether the insurer offering the relevant policy is part of a group or not. It will be a factual matter whether the advertisement "relates to a policy".
105.	**Rule 10.6**	ASISA	In terms of direct marketing strategies, a sms or generic message on a website may be used. These messages do not mention a specific product, insurer, premium or benefits. If the prospective client is interested he/she will contact the number provided, and then the required disclosures will be made. For example an SMS may state "Are you interested in Funeral cover? Reply 1 if you want more information.") Confirmation that this would still be permitted is requested.	The example provided attempts to persuade the public (or a part thereof) to transact in relation to a policy (as funeral cover would constitute a policy) and would therefore constitute an "advertisement" in relation to a policy. The fact that the advertisement does not mention a specific product, insurer or premium is irrelevant. Such advertisements would therefore not meet the requirements of the advertising rule once it becomes effective.
106.	**Rule 10.6.1**	Clientele	In terms of direct marketing strategies, non-branded campaigns are used in the market to generate leads. This can be in the form of a SMS or generic funeral message on websites. It is purely a call to action, once the prospective client is interested in a product, he/she will contact the number provided, and then the required disclosures in terms of the Insurer etc. will be made. The response on the initial comment from the FSB was noted. However further clarity and/or confirmation is required that the proposed rule will not result in unbranded, call to action messages (for example an SMS stating "Are you interested in Funeral cover? Reply 1 if you want more information.") being disallowed. These messages do not mention a specific product, insurer, premium or benefits. We kindly seek confirmation that such campaigns will be allowed.	See response directly above.

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107.	**Rule 10.6.1**	FIA	Rule 10.6.1 - will this not present difficulties for intermediaries who may be looking to advertise without reference to a specific insurer but to a range of insurers with whom they deal? We would suggest that the advertising of intermediaries needs to clearly state the name of the intermediary firm, perhaps with a statement along the lines of "representing a range of insurance companies".	The provisions of the FAIS General Code apply to an intermediary advertising its services. Note that the advertising and marketing provisions of the FAIS General Code will be amended shortly to align appropriately with these PPRs. If an intermediary is advertising policies (as opposed to advertising its services) then Rules 10.3.4 and 10.3.5 will apply. It is unclear in what circumstances it would ever be possible for an intermediary to "represent" multiple insurers, as suggested in the example.
108.	**Rule 10.6.2**	ASISA	In a consolidated branded advert by a group of companies it may practically be difficult to indicate specifically which products the insurer in the group is taking liability for e.g. one brochure displaying all the offerings of the different companies in the group. Would it be sufficient to disclose at the end of the brochure that the policies are underwritten by the insurer in the group?	Yes, if the name of the insurer is mentioned in the advertisement and it is disclosed (in accordance with rule 10.6.1 and 10.15) that the policies are underwritten by such entity then it would meet the requirements of the rule.
109.	**Rule 10.7**	Investec Life Limited	Appropriate language and medium Consumer Protection Act wording: *"Right to disclosure and information* *Right to information in plain and understandable language* *22. (1) The producer of a notice, document or visual representation that is required, in terms of this Act or any other law, to be produced, provided or displayed to a consumer must produce, provide or display that notice, document or visual representation—* *(a) in the form prescribed in terms of this Act or any other legislation, if any, for that notice, document or visual representation; or* *(b) in plain language, if no form has been prescribed for that notice, document or visual representation.* *(2) For the purposes of this Act, a notice, document or visual representation is in plain language if it is reasonable to conclude that an ordinary consumer of the class of persons for whom the notice, document or visual representation is intended, with average literacy skills and minimal experience as a consumer of the relevant goods or*	Noted. However, we are of the view that the definition of plain language as well the PPRs viewed as a whole are consistent with the CPA requirements.

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			services, could be expected to understand the content, significance and import of the notice, document or visual representation without undue effort, having regard to— *(a) the context, comprehensiveness and consistency of the notice, document or visual representation;* *(b) the organisation, form and style of the notice, document or visual representation;* *(c) the vocabulary, usage and sentence structure of the notice, document or visual representation; and* *(d) the use of any illustrations, examples, headings or other aids to reading and understanding."* *Consider aligning the requirements to Consumer Protection Act.*	
110.	**Rule 10.7.1**	FIA	Rule 10.7.1 - we would suggest inserting "appropriate before "…plain language".	✎ Disagree. The definition of "plain language" already includes an appropriateness requirement.
111.	**Rule 10.10 – Unwanted direct advertising**	Alexander Forbes	Must the insurer be able to evidence receipt of the client's request and prove that they have been removed from the relevant communication?	The insurer must be able to demonstrate compliance with the Rule.
112.	**Rule 10.11.1**	FIA	Rule 10.11.1 - it is important that these requirements align with those in the FAIS Act.	Noted. It is our view that the Rule is consistent with the FAIS Act. Note however that the FAIS General Code provisions relating to advertising and marketing will shortly be amended to further align with these PPRs.
113.	**Rule 10.11.1(a)**	FIA	Rule 10.11.1 (a) - we would suggest deleting the word "preferably".	✎ Agreed. Amendment made.
114.	**Rule 10.11.1(a)**	FIA	Rule 10.11.1 (e) - we would suggest inserting "terms, conditions" before "… exclusions…".	✎ Agree in principle. Amendment made.
115.	**Rule 10.13.1**	FirstRand	We support the principles noted in 10.13.1, except for clause 10.13.1(c). A person providing an actual product endorsement may not be willing to	✎ Agreed. Amendment made.

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			appear in a publicly flighted advertisement. There should be no prohibition against an actor portraying the testimonial, provided that the other conditions in clause 10.13. are met. Recommend that clause 10.13.1(c) be deleted.	
116.	**Rule 10.13.1**	BASA	We support the principles noted in 10.13.1, except for clause 10.13.1(c). A person providing an actual product endorsement may not be willing to appear in a publicly flighted advertisement. There should be no prohibition against an actor portraying the testimonial, provided that the other conditions in clause 10.13. are met. Recommend that clause 10.13.1(c) be deleted.	See response directly above.
117.	**Rule 10.14**	DMA	Where the loyalty bonus is not optional it serves no purpose to disclose the cost of the benefit to the customer as a separate amount to the premium. This will only serve to confuse the customer. The importance of disclosures is to give clarity to a customer as to which part of the product is premium, fee etc. The cost of the loyalty bonus (especially non-optional bonus) is included in the premium so would provide no further relevant information to the customer.	The requirement is necessary to ensure customers are not under the impression that the bonus is free or has no impact on overall costs. It will also assist customers in making a more informed comparative decision in respect of which policy to purchase.
118.	**Rule 10.14**	DMA	We do not understand these provisions to apply to a 'bundled product' (as contemplated in clause 11.4.2(h)), where insurance and non-insurance benefits are provided as a single bundle of indivisible benefits.	It is unclear why you hold this view. Bundled products are not excluded from this rule. The rule will apply to the insurance component of a bundled product.
119.	**Rule 10.14.1**	ASISA	Where the loyalty benefits are provided by a loyalty programme, please clarify if it sufficient for the purposes of (b) to reference the cost of membership of the programme as the cost of the loyalty benefits would be contingent on the tiers of membership, as well as the rules of the programme. It may not be feasible to show the pricing of each separately in an advertisement. Please also refer to our comment on the definition of "no-claim" bonus about the need for a definition of "cash-or premium-back bonuses".	Note that paragraph (b) requires both disclosures of the cost of the benefit as well as the impact of such cost on the premium (unless such impact is negligible). If disclosure of the cost of the loyalty programme can be used to meet this requirement, and provided all other requirements of Rule 10.14 are met, such disclosure could be compliant with the Rule. We recommend however that any particular insurer who is unclear as to the implications of this Rule to their particular loyalty benefit structure approach the FSB to discuss their

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				specific case. Also see our response to your comment above.
120.	**Rule 10.14.1**	FirstRand	It is understood that the cost of a loyalty benefit does not have to be disclosed where the impact is negligible. In order to make it clear that this position is not changed by rule 10.14.3(b)-(c), the wording should be updated to ensure the intended effect is achieved. It is suggested that the following highlighted wording be inserted into rule 10.14.3(b)-(c) – "b) Where (a) does not apply, and where the advertisement refers to the actual premium payable –…" "c) Where (a) does not apply, and where the advertisement does not refer to the actual premium payable…"	✎ Partially agreed. The Rule has been amended as follows: "b) where the impact of a loyalty benefit or no-claim bonus is not negligible and where the advertisement refers to the actual premium payable –…" "c) where the impact of a loyalty benefit or no-claim bonus is not negligible and where the advertisement does not refer to the actual premium payable…"
121.	**Rule 10.14.1**	BASA	It is understood that the cost of a loyalty benefit does not have to be disclosed where the impact is negligible. In order to make it clear that this position is not changed by rule 10.14.3(b)-(c), the wording should be updated to ensure the intended effect is achieved. It is suggested that the following highlighted wording be inserted into rule 10.14.3(b)-(c) – "b) Where (a) does not apply, and where the advertisement refers to the actual premium payable –…" "c) Where (a) does not apply, and where the advertisement does not refer to the actual premium payable…"	See response directly above.
122.	**Rule 10.14.2**	FIA	Rule 10.14.2 - it is submitted that 10% is by no means "negligible" and consideration should be given to lowering this level.	Based on industry comments received on the first draft of the PPRs (which reflected this as 5%), we are comfortable with the proposed 10% "negligibility level".
123.	**Rule 10.14.3**	ASISA	It is understood that the cost of a loyalty benefit does not have to be disclosed where the impact is negligible. In order to make it clear that this position is not changed by rule 10.14.3(b)-(c), it is proposed that the following highlighted wording be inserted into rule 10.14.3(b)-(c) – *"b) Where a) does not apply, and where the advertisement refers to the*	✎ See response to the similar comment received under Rule 10.14.1.

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			actual premium payable –…" *"c) Where a) does not apply, and where the advertisement does not refer to the actual premium payable,…"*	
124.	**Rule 10.14.3(a)**	FirstRand	It is unclear at which point the cost of the loyalty benefit or no-claim bonus must be disclosed. For example, should the disclosure be made at inception of the policy, annually or at any time when the threshold of 10% is reached? Clarity is required around when the cost of the loyalty benefit or no-claim bonus must be disclosed.	In cases where the cost of the loyalty benefit as a percentage of the total premium is likely to fluctuate from time to time, we would expect the insurer to use its judgment to consider how best to ensure that the advertisement complies with the requirements of Rule 10 read as a whole, in addition to the specific provisions of Rule 10.14. If there is a reasonable likelihood that the cost of the loyalty benefit will exceed 10% of the premium at any stage over the life of the policy, we would expect an insurer to consider how best to disclose the impact of such cost rather than attempt to avoid such disclosure by relying on a narrow interpretation of the 10% threshold at any particular point in time.
125.	**Rule 10.14.3(a)**	BASA	It is unclear at which point the cost of the loyalty benefit or no-claim bonus must be disclosed. For example, should the disclosure be made at inception of the policy, annually or at any time when the threshold of 10% is reached? Clarity is required around when the cost of the loyalty benefit or no-claim bonus must be disclosed.	See comment directly above.
126.	**Sec 10.14.3**	Investec Life Limited	We submit that where a loyalty benefit is paid for by the policyholder, the impact that such benefit has on the premium must be disclosed to the policyholder or potential policyholder. In the context of Treating Customers Fairly (TCF), the 10% allows Insurers to avoid disclosure of such amounts and does not support the principles of TCF. We therefore submit that 5% as originally proposed should be retained.	See response to comment number 122 above.

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127.	**Rule 10.15**	ASISA	*10.15 Prominence* 10.15.2 A statement or information in an advertisement is not regarded as being prominent if, amongst other things, the statement or information is – ~~(c) likely to be overlooked due to its position.~~ Whether information could be overlooked is not in the control of the Insurer and is a very subjective requirement. If all the factors of 10.15.1 and 10.15.2, excluding (c), are met, a statement or information could still be overlooked by a policyholder. ASISA members submit that the objectives of (c) are already met by the other requirements of 10.15.2 and that (c) should be deleted.	Disagree. The rule does not require the insurer to ensure that a statement is never overlooked. It merely requires an insurer to reduce the risk of a statement being "likely" to be overlooked due to its position. If the statement is positioned appropriately (in such a way that it mitigates the risk of being overlooked) then the insurer has met the requirements of this rule.
128.	**Rule 10.15.3**	ASISA	Our request in the previous draft was that it should not be necessary for the insurer's name to be equal in prominence to the name of the white label as this could create confusion and also dilutes the purpose of white labelling. While an exception has been made in this version in the case of intra-group white label arrangements there is still a minority view that this should apply in all cases. In support of this view it is acknowledged and agreed that it is important for a customer to know who they can hold accountable for the performance of the product and for the service they receive. To ensure this, it is proposed that the identity of the insurer is clearly disclosed in advertisements, brochures or similar communications, in print size, spacing and format that is readable, but not necessarily in equal in size, frequency or prominence as the white label. It is suggested that the naming requirement in section 10 of Board Notice 778 of 2011 (Determination of the Limits and Conditions for Third Party Named Portfolios of Collective Investment Schemes) is more appropriate than equal branding which provides that a co-named portfolio must bear the name of both the financial services provider and the manager. It is further suggested that the customer is informed who the insurer is in all touch points with the customer including all calls and any other form of communication that is provided to the policyholder.	Disagree. It is (and has for some time been) a requirement in the Act that the insurer's name must be recorded on all advertisements. However, numerous examples over a protracted period has shown that it is common practice that the insurer's name is disclosed in small font whilst the white label is disclosed prominently leading to confusion with customers as to who is actually underwriting the product. It is because of these abusive practices that this requirement is necessary.
129.	**Rule 10.15.4**	FIA	Rule 10.15.4 - it is suggested that consideration be given to dropping this "preferential treatment" for banks and insurers in the interests of proper disclosure as this sort of arrangement is probably even more confusing than other white labelling arrangements.	The nature of group arrangements warrants the proposed exception. Appropriate safeguards are in place to ensure these arrangements do not confuse customers.

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130.	**Rule 10.16.2**	Clientele	*"No projected benefits (including but not limited to maturity, income, death, disability or full or partial surrender benefits) may be included in advertisements, if the policy benefits depend on future unknown investment performance, unless used to demonstrate the benefits of savings generally."* This above rule would contradict the Effective Annual Cost (EAC) standard effective 1st June 2016 by ASISA, if the EAC is applied to marketing as well as point of sale. The EAC requires an insurer to provide projected benefits on a pre-defined basis. As such, we seek confirmation that the EAC only applies to point of sale and is thus not affected by the proposed Rule.	Please note that the application of the EAC must be clarified with ASISA. Note that the definition of "advertisement" refers to information "which does not purport to provide detailed information to or for a specific policyholder regarding a specific policy or related service". Therefore, we maintain that this requirement applies to general advertisements and will not apply at point of sale where there is an individual engagement with a client.
RULE 11: DISCLOSURE				
131.	**General**	FIA	Rule 11 - the FIA is of the opinion that it is essential that the disclosure requirements under FAIS and those under the PPR should be totally aligned (see general comment /footnote below).	Noted. However, the FAIS requirements are not specific to insurance products. Every attempt has been made to ensure that the requirements do not contradict the FAIS requirements.
132.	**"direct marketing"**	ASISA	***"direct marketing"*** *means the marketing of a policy by or on behalf of an insurer by way of telephone, internet, ~~digital application platform,~~ media insert, direct or electronic mail in a manner which entails the completion or submission of an application, proposal, order, instruction or other contractual information required by the insurer in relation to the entering into of a policy or other transaction in relation to a policy or related services, but excludes the publication of an advertisement;* The definition of direct marketing in the PPRs should be aligned with the definition in the FAIS General Code of Conduct. The difference between this PPR definition and the definition in FAIS General Code of Conduct is the inclusion of marketing by "digital application platform" in the PPR definition. The concern is that the PPR definition extends the application of direct marketing requirements further than FAIS does thereby placing greater obligations on an insurer than there are on a financial services provider. This causes a problem and is unfair.	In our view, the current definition of "direct marketing" in the FAIS General Code is broad enough to include marketing through digital application forms. [Please note that in the near future the advertising requirements in the FAIS General Code of Conduct will be aligned to the Policyholder Protection Rules and therefore we maintain that the proposed definition is appropriate.]

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133.	**"direct marketing"**	FirstRand	The definition of direct marketing in the PPRs is not aligned to the definition in the FAIS General Code of Conduct. Definition of "direct marketing" as extracted from the FAIS General Code (BN 80 OF 2003): "Direct marketing", means the rendering of financial services by way of telephone, internet, media insert, direct mail, or electronic mail, excluding any such means which are advertisements not containing transaction requirements. It is suggested that the definition of direct marketing in the PPRs be aligned with the definition in the FAIS General Code of Conduct for purposes of providing clarity into the future for the two pieces of legislation as follows: "Direct marketing", means the rendering of financial services by way of telephone, internet, media insert, direct mail, or electronic mail, excluding any such means which are advertisements not containing transaction requirements. "Direct marketer" means a financial institution that, in the normal course of business, provides all or the predominant part of the financial services concerned in the form of direct marketing.	We are confident that the definitions are substantively aligned. Please also see response directly above.
134.	**"direct marketing"**	BASA	The definition of direct marketing in the PPRs is not aligned to the definition in the FAIS General Code of Conduct. Definition of "direct marketing" as extracted from the FAIS General Code (BN 80 OF 2003): "Direct marketing", means the rendering of financial services by way of telephone, internet, media insert, direct mail, or electronic mail, excluding any such means which are advertisements not containing transaction requirements. It is suggested that the definition of direct marketing in the PPRs be aligned with the definition in the FAIS General Code of Conduct for purposes of providing clarity into the future for the two pieces of legislation as follows: "Direct marketing", means the rendering of financial services by way of	See response directly above.

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			telephone, internet, media insert, direct mail, or electronic mail, excluding any such means which are advertisements not containing transaction requirements. "Direct marketer" means a financial institution that, in the normal course of business, provides all or the predominant part of the financial services concerned in the form of direct marketing.	
135.	**"significant or unusual exclusion or limitation"**	FirstRand	The phrase "not normally found in comparable policies" poses a problem as policy wordings are regarded as proprietary information of a particular insurer. This could include competitive information and would not be readily and openly available to other insurers. It could also be subjective in terms of what is understood to be "normal" in a policy, which does not provide comfort to any insurer making disclosures. It is suggested that the definition be revised accordingly. It is also suggested that the word "materially" be inserted before the word "affect". It is further suggested that the phrase "or that is not normally found in comparable policies" be deleted.	Agreed. The words "or that is not normally found in comparable policies" will be deleted. Disagree on deleting the word "materially" as this is implied (seeing that any aspect that would affect the decision of a potential policyholder to enter into a policy would be material).
136.	**"significant or unusual exclusion or limitation"**	BASA	The phrase "not normally found in comparable policies" poses a problem as policy wordings are regarded as proprietary information of a particular insurer. This could include competitive information and would not be readily and openly available to other insurers. It could also be subjective in terms of what is understood to be "normal" in a policy, which does not provide comfort to any insurer making disclosures. It is suggested that the definition be revised accordingly. It is also suggested that the word "materially" be inserted before the word "affect". It is further suggested that the phrase "or that is not normally found in comparable policies" be deleted.	See response directly above.
137.	**Rule 11.2.1**	ASISA	*11.2.1 All requirements in this rule relating to information applicable to a policy apply equally to policy information applicable to a related service.* ASISA members suggest that to the extent that this rule applies to "a related service" (for example, a loyalty benefit) it should be restricted to policy related information because the extent of the information which a loyalty program deals with (e.g. benefits, services, discounts provided by other providers participating in the loyalty program) are merely passed on to policyholders and the loyalty benefit service provider is not involved with this	The definition of "related service" limits the application of the definition to a policy and there is therefore no need to further limit the application in the rule to policy information. Rule 10.14 applies to marketing only. Where the cost of a loyalty benefit and a no-claims bonus is negligible, for marketing purposes it does not have to be disclosed. Rule 11,

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			at all e.g. the content of the benefits offered by participating providers. We propose that sub-rule 11.2.1 be amended to refer to policy information in respect of a related service. It is not clear if there is any requirement to disclose the cost of a loyalty benefit and a no-clams bonus in terms of rule 11, if this cost comprises less than 10% of the total premium payable under the policy. It is proposed that there should not be as there is no requirement in similar circumstances for advertisements [see rule 10.14.3(a)].	however, applies to direct engagements with policyholders and relevant details of loyalty benefits and a no-claims bonuses must be disclosed in accordance with that rule (irrespective of whether such benefit/bonus is negligible or not).
138.	**Rule 11.2.1 (read with Rule 10.14.3 (a))**	BASA	Please provide clarity on whether there is a requirement to disclose the cost of a loyalty benefit and a no-claims bonus in terms of Rule 11, if the cost comprises less than 10% of the total premium payable under the policy?	The requirement relating to neglibility is only limited to rule 10 which applies to marketing only. Rule 11 applies to direct engagements with policyholders and relevant details of loyalty benefits and a no-claims bonuses must be disclosed in accordance with that rule (irrespective of whether such benefit/bonus is negligible or not).
139.	**Rule 11.3.1**	FIA	Rule 11.3.1 - we would suggest adding “and appropriate” before “language”.	Disagree. The definition of “plain language” already includes an appropriateness requirement
140.	**Rule 11.3.2**	ASISA	This rule is of concern as a member of a fund or a compulsory group scheme does not have an option whether to join the fund or scheme. Therefore there is no decision for them to make prior to joining. The trustees of a fund are further obligated to provide information regarding the fund to the members of the fund, and the insurer would be interfering with the trustees’ duties in this regard if it were to provide information about the policy directly to the members. It is submitted that it should be made clear that this rule only applies to a “policyholder”.	Please refer to rules 11.3.9 – 11.3.11 which explains the role of the insurer in respect of members. ✎ Please note that rule 11 has been amended to further clarify the application to members.
141.	**Rule 11.3.3**	Alexander Forbes	We have taken note of what should be considered in determining “in good time”, but we believe guidelines with definitive stages in the life cycle of the policy i.e. prior to policy commencement at quoting, at policy commencement etc. , would be helpful.	Noted. Note that Rules 11.4, 11.5 and 11.6 respectively confirm specific disclosures required before a policy is entered into, after inception and on an ongoing basis respectively.

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142.	**Rule 11.3.6 and Rule 11.3.7**	Alexander Forbes	The provision that the Insurer is ultimately liable to the client takes away any responsibility on the part of the intermediary who is separately licenced and earns a fee and /or commission for rendering their services. From a complaints perspective, the Long- term Ombud who only deals with Insurers in resolving long term policy complaints, must have their powers extended to make rulings against intermediaries if repudiation or non- payment of a claim was due to the intermediary's failure to act or disclose information to client.	Disagree that the requirement takes away the responsibilities of an intermediary. The insurer is responsible to meet the requirements in the LTIA. The intermediary is still required to meet all of the requirements in the FAIS Act. This rule does not negate the requirements in the FAIS Act.
143.	**Rule 11.3.7**	ASISA	*Respective responsibilities of insurers and intermediaries* *11.3.7 Where the distribution model concerned is based on an intermediary agreement referred to in rule 12 between the insurer and an independent intermediary, the insurer -* *(b) must take reasonable steps to ensure that all applicable information required by this rule is in fact provided to the policyholder at the appropriate times.* It is submitted that "take reasonable steps" should be inserted as shown as although the insurer can put arrangements in place it cannot ensure that this happens in all cases at the appropriate times.	Agreed. See amendment to rule.
144.	**Rule 11.3.7 (c)**	ASISA	11.3.7(c) must take reasonable steps to mitigate risks to policyholders of the independent intermediary failing to meet its disclosure obligations in terms of the intermediary agreement or any applicable law. Drafting error – "must" to be inserted as shown.	Agreed. See amendment to rule.
145.	**Rule 11.3.8**	OLTI	A problem that we frequently encounter is the lack of knowledge as to who the underwriter/ insurer of a funeral group scheme is where there has been a change in insurer. It can take our office many phone calls and emails to find this out. For the members or claimants it will obviously be even more difficult. The question is whether this problem will be overcome in future in terms of a new version of the Rules.	Please note that we cannot place any obligations on the policyholder. However, considering that rule 11 also applies to members to the extent provided for in rules 11.3.8 to 11.3.10, we believe that rule 11.3.11 should address this concern.

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146.	**Rule 11.3.10**	ASISA	This rule requires insurers to monitor employers in respect of employer group schemes which presents compliance challenges – please refer to general comment. We also refer to the ASISA supplementary comments on the first draft PPR dated 11 May 2017 point 1.2 on Group Risk Schemes and the potential impact of increased costs.	Noted. However, we remain of the view that protection of members of group schemes is critical. The Rule as written provides flexibility to the insurer to determine how best the requirement may be complied with.
147.	**Rule 11.4**	ASISA	Re (b) - please refer to our comment on rule 11.4.2 below about explicitly referring to telephonic communication.	Noted- please see our response below.
148.	**Rule 11.4.1(b) read with Rule 11.4.2**	FirstRand	• Clause 11.4.2 is unduly prescriptive insofar as the information which must be made available *before* the client contracts. • Further, the information required to be disclosed under clause 11.4.2 is currently the detailed product information which FAIS requires to be sent to policyholders at the earliest reasonable opportunity. • For example, if an insurer is unable to provide the full extent of the required disclosure due to limitations on the distribution channel used (such as, limited number of characters on the platform, scripts becoming too long, or where at the point of sale the customer does not have the opportunity to record the details e.g. full complaints details), it would be more appropriate to provide the information required in rule 11.4.2 at the earliest reasonable opportunity after inception of the policy. • *We submit that provided the Insurer complies with Clauses 11.3.2 to 11.3.7, that all of the information required in 11.4.2 may be sent at a stage after point of sale.* • Where the policy is entered into as a result of telemarketing (direct marketing), the policy is entered into while the policyholder is on the call with the sales consultant. In this case, it is not possible to provide the information listed in rule 11.4.2 in writing to the policyholder before the policy is entered into. • It should be noted that the first version of the proposed replacement of the PPRs provided at rule 14.2.1 that: *"An insurer must provide a policyholder with the following information at the point of entering into a policy – ".* • It is suggested that rule 11.4.2 (a) be moved in a general product	We acknowledge that the FAIS General Code of Conduct (FAIS GCOC) requires disclosure at the earliest reasonably opportunity. However, we disagree with your interpretation that "the earliest reasonable opportunity" could be after the policy has been entered into. The information required by Rule 11.4.2 largely includes information already required to be disclosed by direct marketers before the contract is entered into under the FAIS General Code (See section 15(3) of the FAIS General Code, not only "at the earliest reasonable opportunity". To the minimal extent that the provisions of Rule 11.4.2 extend to disclosures beyond those required by section 15(3) of the FAIS GC, these are insurance specific disclosures that we believe it is essential to provide before a policy is entered into. Because the FAIS section 15(3) disclosures are in any event being made before contracting, this would also be the "earliest reasonable opportunity" to provide the additional disclosures. ✎ Notwithstanding, the Rule has been amended to more closely align to the FAIS GCOC approach- i.e. the information must

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			information disclosure section of the paper – such as clause 11.5 (vs disclosure before contracting) and (b) be amended to include the highlighted word below, to allow for the information set out in rule 11.4.2 to be provided – • *"11.4.2 An insurer must provide a policyholder with the following information in writing at the earliest reasonable opportunity –"*	be disclosed before entering into, but not necessarily in writing, and must then be confirmed in writing 31 days after entering into the policy.
149.	**11.4.1 & 11.4.2 read with Rule 11.5.1**	DMA	With reference to the requirement in Rule 11.4.1 that the information specified in 11.4.2 be provided to a policyholder in writing and "*before the policy is entered into*", we have read those Rules in conjunction with Rule 11.5.1. Our interpretation of Rule 11.5.1 is that it is permissible to provide a policyholder with all the information specified under Rule 11.4 after inception of the policy provided the insurer does so within 60 days of inception. In this regard it is practically impossible for a person engaging in direct marketing, as defined, to comply with the requirement that detailed information be provided to a policyholder in writing before the policy is entered into. It is not practical for this Rule to be complied with by a telemarketing company for example. We trust our interpretation is correct, and respectfully suggest that that the reference in 11.4.2 to "*in writing*" be removed and inserted in 11.5.1 so as to avoid any ambiguity.	Your interpretation is not correct. In all cases where 11.4.2 applies (i.e. in direct marketing models and where detailed pre-contractual quotations are provided), the disclosures in 11.4.2 must be provided before the contract is entered into. However, we have amended rule 11.4.2 (see response directly above) to state that such information does not necessarily have to be provided in writing (i.e. it can be provided verbally and then be confirmed in writing after inception). Rule 11.5.1 provides for more detailed disclosures which must be provided within 60 days after inception, unless already provided before inception under Rule 11.4.2.
150.	**Rule 11.4.1(b) read with Rule 11.4.2**	BASA	• Clause 11.4.2 is unduly prescriptive insofar as the information which must be made available *before* the client contracts. • Further, the information required to be disclosed under clause 11.4.2 is currently the detailed product information which FAIS requires to be sent to policyholders at the earliest reasonable opportunity. • For example, if an insurer is unable to provide the full extent of the required disclosure due to limitations on the distribution channel used (such as, limited number of characters on the platform, scripts becoming too long, or where at the point of sale the customer does not have the opportunity to record the details e.g. full complaints details), it would be more appropriate to provide the information required in rule 11.4.2 at the earliest reasonable opportunity after inception of the policy. • *We submit* that *provided the Insurer complies with Clauses 11.3.2 to*	See response directly above and to comment number 148.

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			11.3.7, that all of the information required in 11.4.2 may be sent at a stage after point of sale. • Where the policy is entered into as a result of telemarketing (direct marketing), the policy is entered into while the policyholder is on the call with the sales consultant. In this case, it is not possible to provide the information listed in rule 11.4.2 in writing to the policyholder before the policy is entered into. • It should be noted that the first version of the proposed replacement of the PPRs provided at rule 14.2.1 that: "An insurer must provide a policyholder with the following information at the point of entering into a policy – *".* • It is suggested that rule 11.4.2 (a) be moved in a general product information disclosure section of the paper – such as clause 11.5 (vs disclosure before contracting) and (b) be amended to include the highlighted word below, to allow for the information set out in rule 11.4.2 to be provided – • *"11.4.2 An insurer must provide a policyholder with the following information in writing at the earliest reasonable opportunity –"*	
151.	**Rule 11.4.2**	ASISA	*An insurer ~~must~~ should provide a policyholder with the following information in writing or telephonically …* Should an insurer not be able to provide the full extent of the required disclosures, because of the distribution channel used, with the limitations such distribution channel may have e.g. limited number of characters on the platform or scripts becoming too long, it would be more appropriate to provide the rule 11.4.2 information at the earliest reasonable opportunity after inception of the policy. In these circumstances, it is proposed that rule 11.5.1 should apply. Where the policy is entered into as a result of telemarketing (direct marketing), the policy is entered into while the policyholder is on the call with the sales consultant. In this case, it is not possible to provide the information listed in rule 11.4.2 in writing to the policyholder before the policy is entered into.	✎ See revised Rule. Also see response to comment number 148 above.

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			The first version of the proposed replacement of the PPRs provided at rule 14.2.1 that "An insurer must provide a policyholder with the following information at the point of entering into a policy –". Although the definition of ""written"" can be interpreted to include telephonic communication the ordinary grammatical meaning of writing and telephonic is not the same and it is requested that "telephonically" is added so that the communication medium requirement clear.	
152.	**Rule 11.4.2**	FIA	Rule 11.4.2 - these provisions must align with Section 7 of the FAIS General Code of Conduct and should include aspects such as tax and risk implications where applicable.	The disclosures required by s.7 of the FAIS General Code are covered by Rule 11.4.2 and Rule 11.5.1 collectively. With the exception of certain FAIS disclosures that are specifically required before a contract is entered into, the FAIS disclosures are generally required "at the earliest reasonable opportunity". Although the content of the disclosures required under FAIS and these PPRs is substantially aligned, the PPRs stipulate the timing of the disclosures more explicitly. Where the PPRs require disclosures before a policy is entered into, these are disclosures where we believe that the earliest reasonable opportunity cannot be only after inception of the policy. Accordingly, we believe that the FAIS and PPR disclosure requirements are appropriately aligned. Also see response to comment number 148 above.
153.	**Rule 11.4.2 (d) (iv)**	FIA	Rule 11.4.2 (d) (iv) - we would suggest that "to" be changed to "and" to express the correct intent. (Commission is payable by the insurer to an intermediary over which the policyholder has no responsibility or control.)	✎ Partially agreed. See amendment to paragraph (d) - paragraph (iii) has been deleted. (please note that you referenced the incorrect reference- reference must be to 11.4.2(d)(iii))

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154.	**Rule 11.4.2(g)**	FIA	Rule 11.4.2 (g) - we would suggest inserting "terms, conditions" before "… exclusions…".	Disagree. The purpose of the provision is to highlight the importance of certain exclusions or limitations, as defined, as these pose particular risks to fair customer outcomes.
155.	**Rule 11.4.2(i)**	FIA	Rule 11.4.2 (i) - we assume that the intention is that an intermediary who may be involved will have responsibility under this clause only if specifically mandated by the insurer as outlined under 11.3.7?	This requirement applies to the insurer. The requirements and responsibilities set out in the FAIS Act continue to apply to the intermediary. See Rules 11.3.6 and 11.3.7 in relation to the respective responsibilities of the insurer and intermediary for purposes of this Rule.
156.	**Rule 11.4.2(i)**	FirstRand	Where the credit life insurance policy is mandatory, it is not understood why the insurer is required to disclose to the policyholder the difference between mandatory and optional cover. It is proposed that an insurer only disclose the meaning of the type of credit life insurance cover that the customer is taking out. If the cover is mandatory, the insurer only need explain what the meaning of the mandatory cover is. It appears that the regulatory concern here would be to ensure customer freedom of choice – even in instances of mandatory cover (which the customer may decline and offer a suitable alternative policy of his own) – in which case we recommend that the clause re reworded to align to the current NCA provisions. It is suggested that this clause be reworded to make clear that customer may exercise freedom of choice, aligned to the relevant wording in the current NCA.	Disagree. We maintain that a policyholder should know and understand whether his/her cover is mandatory and optional, and what the difference is between the two.
157.	**Rule 11.4.2(i)**	FirstRand	Where the credit life insurance policy is mandatory, it is not understood why the insurer is required to disclose to the policyholder the difference between mandatory and optional cover. It is proposed that an insurer only disclose the meaning of the type of credit life insurance cover that the customer is taking out. If the cover is mandatory, the insurer only need explain what the meaning of the mandatory cover is. It appears that the regulatory concern here would be to ensure customer	See response directly above.

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			freedom of choice – even in instances of mandatory cover (which the customer may decline and offer a suitable alternative policy of his own) – in which case we recommend that the clause re reworded to align to the current NCA provisions. It is suggested that this clause be reworded to make clear that customer may exercise freedom of choice, aligned to the relevant wording in the current NCA.	
158.	**Rule 11.4.2**	ASISA	Where the credit life insurance policy is, for example, mandatory, it is not understood why the insurer must disclose to the policyholder what the difference is between mandatory and optional cover. It is proposed that an insurer only has to disclose the meaning of the type of credit life insurance cover that the customer is taking out.	See response directly above. Please note that if the difference between mandatory and optional cover is explained, by implication the meaning of the type of credit life insurance will also be explained.
159.	**Rule 11.4.3**	FIA	Rule 11.4.3 - this must align with Section 7 of the General Code of Conduct and include tax implications, risk, etc. where applicable.	✎ Agreed. Amendment made to section 11.4.2 to refer to material tax considerations. On general alignment with section 7 of the FAIS General Code, please see item 152 above.
160.	**Rule 11.5**	ASISA	The application of this rule to members of funds and compulsory group schemes is not appropriate and for the sake of certainty it would assist if it could be made clear that it only applies to a "policyholder".	Please refer to rules 11.3.9 – 11.3.11 which explains the role of the insurer in respect of members. ✎ Please note that rule 11 has been amended to clarify the application to members.
161.	**Rule 11.6.3**	ASISA	*11.6.3 Information that must be provided at least annually in respect of investment policies in addition to the information referred to in rule 11.6.2, includes –* *(c) for linked policies or market related policies, the fact that the investment performance of the policy (including where applicable performance of underlying funds, changes of investments, investment strategy, number and value of the units and movements during the past year, administration fees, taxes, charges and current status of the account of the contract) is available upon request.* This rule requires quite a comprehensive list of information to be provided in respect of investment policies on an annual basis. The level of detail required would mean that this could easily turn into a 5-10 page document	We strongly disagree that no information relating to investment performance needs to be provided unless requested. In principle we maintain that certain investment performance information must be disclosed and that more detailed information can be available on request. We therefore agree with certain aspects of your proposal. ✎ Requirement amended to this effect.

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			for a typical policy that invests in 3-5 underlying investment funds (these type of reports are available to policyholders on request at the moment). In our view such a detailed report would not add value to most policyholders. For some members it will require significant system build to comply with the requirements to provide this information, specifically for disclosing the investment performance of the policy. Older systems do not store the full history of premiums and it will be impossible to comply despite best intentions. For products for which this can be done, the figure cannot be meaningfully used, as it does not take into account product changes like multiple part surrenders. ASISA members request that the wording be amended to make it clear that the information is available upon request – see suggested wording. If this is not acceptable then it is proposed that this be limited to a one-page summary with the detail underlying the summary available on request. Such a one-page document could provide a summary of transactions over a period on a policy level (including the opening fund balance, premiums received, charges deducted, bonuses added, dividends and income added, market movements and closing fund balance). In addition it also provides information on the current fund and termination value (including number and value of units per underlying investment fund).	
162.	**Rule 11.6.4**	ASISA	*11.6.4 An insurer must provide the following to a policyholder in writing –* *(b) ~~full~~ details of the reasons for any change to the premium payable under a policy, other than where the change is a premium escalation explicitly provided for in the policy;* *(c) ~~full~~ details of the reasons for any change to the provisions, terms or conditions of the policy, together with an explanation of the implications of that change;* *(d) ~~full~~ details of any change to or addition to the information referred to in rules 11.4 and 11.5 arising from any change referred to in (a) to (c);* The requirement for the insurer to provide "full details" in this rule seems to detract from the discretion given to the insurer in the PPR to provide an	✎ Agreed. Reference to "full" has been replaced with "appropriate".

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			appropriate level of information which would have been conveyed if the requirement was to provide details. It is requested that "full" is deleted or that clarification is given on what constitutes "full" details for each of the requirements in rule 11.6.4 (b)-(d).	
163.	**Rule 11.6.4**	FirstRand	It is unclear what constitutes "full" details for each of the requirements in rule 11.6.4 (b) – (d). It is requested that clarity be provided on what constitutes "full" details for each of the requirements in rule 11.6.4 (b)-(d). Recommend that the word "full" be replaced with "appropriate".	Agreed. Please see response directly above.
164.	**Rule 11.6.4**	BASA	It is unclear what constitutes "full" details for each of the requirements in rule 11.6.4 (b) – (d). It is requested that clarity be provided on what constitutes "full" details for each of the requirements in rule 11.6.4 (b)-(d). Recommend that the word "full" be replaced with "appropriate".	Agreed. Please see response directly above.
165.	**Rule 11.6.6**	ASISA	*11.6.6 An insurer must, at least a month before the renewal date of a policy, where applicable, provide the following to a policyholder in writing –* *(f) a statement indicating that the policyholder should ~~verify that~~ consider whether the level of cover to be offered on the renewal is appropriate for the policyholder's needs.* The term "verify" suggests that a positive response from the policyholder is required for renewal to proceed. It is requested that the wording is changed as indicated to make it clear that (f) does not require a confirmation to be received from the policyholder.	Agreed. Amendment made.
166.	**Rule 11.6.6**	FIA	Rule 11.6.6 - we are not sure that this applies in long term insurance where "renewals" do not generally occur.	Long-term policies that are "renewal-based" do occur and therefore this rule is relevant.
167.	**Rule 11.6.7**	ASISA	It is not clear to members whether the application of this rule would extend to members of a fund. It is our view that it wouldn't but confirmation is requested. The obligation to pay premiums in the case of a fund is on the	Please note that rule 11.6.7 and 11.6.8 has been deleted as section 52 of the Act addresses same.

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			fund, and not on the members of the fund. In the case of a compulsory group scheme the obligation to pay premiums is on the employer, and not on the members of the scheme. It would accordingly serve no purpose to notify members of a fund or compulsory group scheme of the non-payment of premiums.	
168.	**Rule 11.6.8**	OLTI	This gives the insurer a month to notify the policyholder of non-payment of a premium. This will be too long a period to allow the policyholder to react within the grace period to secure the continuance of the policy.	See response directly above.
169.	**Rule 11.6.9**	ASISA	In the context of non-interest bearing loans, many of the requirements do not apply, for example rule 11.6.9 (b) & (c). We request that it is made clear which parts of 11.6.9 apply to a non-interest bearing loan.	Where no interest is payable it is implicit that the requirements relating to interest do not apply.
170.	**Rule 11.6.9**	BIAC	**Policy Loans** Insures should not take advantage of policyholders' desperation with regards to the loan applications. If the insurance company is offering a facility for personal loan, the same rule governing other institutions must also apply to the insurers. They must not be allowed to register a cession if the loan amount has not been taken out of the policy.	Please note that the requirements of the National Credit Act will apply to the insurer where policy loans are granted. Please note that the requirements relating to cessions are not linked to policy loans. They typically apply where the policyholder has ceded the policy to a creditor as security for a loan entered into with that third party.
171.	**Rule 11.6.11**	ASISA	It was proposed in our previous comments that only a transfer of business that affects a policyholder should be communicated but this was not accepted. Directive 135 transfers are also regarded as transfer of business and we don't think it can be the intention to communicate the transfer of compulsory linked annuity policies between insurers. It is proposed that Directive 135 transfers should be excluded from the requirement to communicate the transfer of insurance business from an insurer to another insurer.	We believe that the wording in rule 11.6.11(a) and (b) is appropriate. Paragraph (c) will, however, be amended to read as follows: "11.6.11 An insurer must, in addition to complying with any regulatory obligations, inform policyholders of – (c) a transfer of insurance business from that insurer to another insurer where the transfer of business relates to such policyholders (including the policyholders' rights in this regard). "

No	Section	Commentator	Comment	Response
CHAPTER 5: INTERMEDIATION AND DISTRIBUTION				
RULE 12: ARRANGEMENTS WITH INTERMEDIARIES				
172.	**Rule 12.2.1**	ASISA	Different cell captives have got different licence conditions and this rule is in conflict with these conditions for one or more members. For these members it will have a significant impact on their cell captive arrangements and they will have to align business models, if and where necessary. The overall regulatory framework for cell captives is still being developed by the FSB who has advised that a cell captive discussion paper is due for release soon. It is submitted that this, combined with the fact that a cell captive insurer plays a very different role to a traditional insurer in many ways, is reason to exclude cell captive arrangements from this rule at the effective date. Rather than compelling cell captive insurers to comply with this rule with immediate effect, thereby causing potential disruption to their business, it would be better to obtain further guidance through the discussion paper process and ensure that the provision holds no unintended consequences for cell captive business. Wording correction in (b) – should be "FAIS product knowledge competency requirements" as per the definition.	Disagree that there should be a different dispensation for cell captive insurers in this regard. Rule 12.2.1 provides that the insurer must take reasonable steps to satisfy itself that an independent intermediary and its representatives meet the applicable requirements. We believe that insurers, regardless of their business model ,must take responsibility for their products and accordingly for the product knowledge of the person rendering services as an intermediary with regards to such products. We are not aware of any conflict with any insurer's licensing conditions. ✎ An appropriate transitional period has been provided for to allow insurers sufficient time to align their business models accordingly. See Chapter 8 in this regard. ✎Agreed with wording correction in (b).
173.	**Rule 12.2.2**	Alexander Forbes	In instances where the Intermediary is acting as a Juristic Representative, the authorizing 3rd party FSP needs to be party to the Intermediary agreement.	Rule 12.2.2 was specifically inserted in response to a comment received on the previous draft of the PPRs suggesting that third parties (such as binder holders) are entering into intermediary agreements on behalf of insurers. This is to clarify that this is not allowed. An intermediary agreement must be between the insurer and the intermediary as contracting parties,

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				regardless of whether the intermediary is a juristic person or a natural person.
174.	**Rule 12.2.2**	ASISA	The new proposed Rule 12.2.2 has an implication for intra-group arrangements for some members. For example an Administrative FSP which is part of an insurer's group structure may be used as part of the value chain to facilitate the relationship between the insurer and its contracted intermediaries. In terms of the proposed rule 12.2.2 the insurer may no longer use an Administrative FSP, being a "third party", in its contractual relationship with an intermediary, as the contractual arrangement can only be between the insurer and the intermediary and not on behalf of the insurer. The insurer would have to undertake structural changes to give effect to this rule. Is the rule interpreted correctly where an insurer uses part of its value chain to contract with an intermediary and if that is the case will there be any exceptions to this rule?	Rule 12.2.2 was specifically inserted in response to a comment received on the previous draft of the PPRs suggesting that third parties (such as binder holders) are entering into intermediary agreements on behalf of insurers. This is to clarify that this is not allowed. An intermediary agreement must be between the insurer and the intermediary as contracting parties. The requirements do not detract from an arrangement that the insurer has with an Administrative FSP to facilitate the relationship between the insurer and its contracted intermediaries. It merely requires the parties to the contract to be the insurer and the intermediary. The transitional period inserted for this rule in Chapter 8 is intended to allow insurers sufficient time to align existing agreements to this rule.
175.	**Rule 12.2.4**	ASISA	It is submitted that (a) may have unintended consequences as in the situation where due to the death of its only key individual an FSP licence lapses. It appears that the intermediary agreement must then automatically terminate. Is this the intention? The Insurer might be in breach of the contract if it facilitates the on-going payment of fees between the time of death of the key individual and the insurer becoming aware of this	The intermediary agreement cannot continue to exist if the intermediary is no longer licensed. This rule is based on the existing PPR rule 5.1(b) and we are not aware of any challenges in the application thereof.
176.	**Rule 12.2.4**	FirstRand	A representative may be a natural person mandated in terms of the FAIS Act on behalf of the insurer. It is not clear why if the appointment of a natural person who is a FAIS representative is terminated, that the intermediary agreement between the insurer and the intermediary firm must also terminate. Recommend that the clause be updated to refer to a juristic representative as follows: 12.2.1(c): in the case of a juristic representative of that insurer, that person	This rule is based on the existing PPR rule 5.1(b) and we are not aware of any challenges in the application thereof. The rule does not require the agreement with an intermediary firm to be terminated if an individual representative of that firm ceases to be appointed as such. Rule 12.2.4(b) only applies to an intermediary

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			has been duly appointed as a juristic representative of the insurer in accordance with the FAIS Act 12.2.4: Despite any provision of an intermediary agreement or any provision in law to the contrary, when – (b) the appointment of the juristic representative referred to in rule 12.2.1(c) is terminated, an intermediary agreement terminates.	agreement between an insurer and a natural person appointed by the insurer as its representative. Where the person is a representative of a third party intermediary firm, the intermediary agreement would be between the insurer and such firm (the FAIS licensed FSP) and not with the individual.
177.	**Rule 12.2.4**	BASA	A representative may be a natural person mandated in terms of the FAIS Act on behalf of the insurer. It is not clear why if the appointment of a natural person who is a FAIS representative is terminated, that the intermediary agreement between the insurer and the intermediary firm must also terminate. Recommend that the clause be updated to refer to a juristic representative as follows: 12.2.1(c): in the case of a juristic representative of that insurer, that person has been duly appointed as a juristic representative of the insurer in accordance with the FAIS Act 12.2.4: Despite any provision of an intermediary agreement or any provision in law to the contrary, when – (b) the appointment of the juristic representative referred to in rule 12.2.1(c) is terminated, an intermediary agreement terminates.	See response directly above.
178.	**Rule 12.3**	ASISA	Such a request must meet with the requirements of the Protection of Personal Information Act. Members would like this requirement to be made explicitly here to prevent any delays and/or unnecessary complaints.	It goes without saying that all relevant legislation applicable to the parties must be adhered to. Insurers and intermediaries are responsible parties defined in the Protection of Personal Information Act 4 of 2013. There is no need to repeat it in the PPRs.
179.	**Rule 12.3**	BAIC	Rule 12.3: the Rule as currently drafted appears to be contradictory. This clause does not make sense, because 12.3.1 obliges the insurer to provide information to the intermediary, then 12.3.2 provides that when the insurer has granted the information it must also provide reasons why information was not provided to an intermediary. We require clarity alternatively the provisions should be amended.	Rule 12.3.1 obliges the insurer to provide the requested information either to the requesting intermediary or the policyholder or the member. Rule 12.3.2 expands on this requirement by stating that where an insurer provides the information directly to the policyholder or the member and not to the intermediary, the

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				insurer must provide the policyholder or the member with a reason why the information was not provided to the intermediary. We are therefore of the view that the provisions are not contradictory.
180.	**Rule 12.3**	PSG	We do not see any benefit in rule 12.3.2 by providing the information to the client and not to the intermediary. IN the first place the intermediary has the necessary authority to receive the information and is obliged under the FAIS Act to take the information into consideration when providing advice. The client will therefore only be forwarding the information on to the intermediary with the result that this creates purely a delay in the servicing of the client with no benefit whatsoever.	Disagree. Rule 12.3.2 is intended to ensure that the insurer can protect its policyholder's interests if it has any fair and objective reason to believe that it would not be appropriate to provide the policyholder's information to that intermediary. Examples would include cases where the insurer has reason to believe that intermediary does not have the necessary product knowledge to provide advice to the policyholder on the insurer's policies, or where the insurer has reason to believe that the policyholder authorisation provided by the intermediary may be out of date.
181.	**Rule 12.4**	ASISA	*"12.4.1 An insurer may not facilitate the deduction or charging of any fee payable by a policyholder to an intermediary or any person, unless the insurer has satisfied itself that the amount and the purpose of the fee have been explicitly agreed to by the policyholder in writing, and that it appears from such agreement that the fee –* *(a) relates to an actual service provided to a policyholder;* *(b) relates to a service other than rendering services as intermediary; and* *(c) does not result in the intermediary or other person being remunerated for any service that is also remunerated by the insurer; and* ~~*is reasonable and commensurate with the actual cost of performing the service."*~~ We understand this new Rule to be aimed at allowing for additional value-added services to be provided by an intermediary or another party, an	Noted. See proposed change to the rule.

No	Section	Commentator	Comment	Response
			example of which is where an insurer may facilitate the payment of a fee by the policyholder to a service provider who deals with the drafting and storage of wills. Part (d) however appears to require an insurer to police agreements between independent intermediaries or another party and policyholders and to embark upon an investigation on the complexity of the services rendered, what an objective reasonable person would have levied for such a fee and a comparative evaluation of what is market related for such a service, and whether the fee levied can be defended as being reasonable and commensurate. In the view of ASISA members this imposes an unreasonable obligation on insurers. What criteria must an insurer employ to satisfy itself that the fee is reasonable and commensurate? The requirement for the insurer to "satisfy itself" refers to a subjective discretion which different insurers may interpret differently. This again opens the door to differing interpretations by insurers which may very well frustrate the purpose and intention which the regulator hopes to achieve by this sub-rule. We submit that the extensive manner in which this rule is formulated could very well be that the regulator is acting ultra vires. It is accordingly submitted that (d) should be deleted.	
182.	**Rule 12.4**	PSG	To develop and roll out the basis of the new fee requirements to all our advisers to replace the old 8(5) policy fees and to create the systems to oversee this, will take us about 6 months. Thereafter it will take our advisers 12 months to renegotiate all these fees upon the annual review of the policies. We therefore submit that rule 12.4 should only come into operation after 18 months.	The proposed transitional period in Chapter 8 has been extended to 12 months.

No	Section	Commentator	Comment	Response
CHAPTER 6: PRODUCT PERFORMANCE AND ACCEPTABLE SERVICE				
RULE 13: DATA MANAGEMENT				
183.	**Rule 13.1**	FIA	Rule 13.1 - we question the need for potential policyholder data to be submitted to the insurer as many quotes will not be taken up which will result in additional administration? We would suggest that the requirements for (limited) data on cases not taken up should be specified in line with the CBR parameters.	We are of the view that this information is required in order for the insurer to have an effective data management framework in terms of which it can meet the relevant requirements of this rule as it set out in Rule 13.3. More specifically the information of potential policyholders will allow the insurer to, as set out in Rule 13.3(d) *…."properly identify, assess, measure and manage the conduct of business risks associated with its insurance business to ensure the ongoing monitoring and consistent delivery of fair outcomes to policyholders".* The additional administration is therefore justified.
184.	**Rule 13.4**	ASISA	ASISA members will practically not be able to fully comply with this rule especially for fund policies and employer compulsory group schemes. The 24 month transition period will assist insurers to put arrangements in place but an insurer cannot ensure full compliance in all cases for existing and new policies, which this rule appears to require. For example there is no requirement in the Pension Funds Act (PFA) for employers to provide a retirement fund or its administrator with the contact details of the members. In order to assist insurers to fully comply with this rule it needs to be made a requirement under the PFA for employers to be obliged to provide this information by including this in Regulation 33. As per our general comments employers also need to work with insurers and bear some responsibility. There are also Unclaimed Benefit Preservation Funds, which are underwritten, where member contact information and ID numbers are	From the comment it is not clear why two years would not be sufficient for insurers to align existing arrangements to the requirements in these rules. We were not provided with any practical alternatives or specific scenarios where this would be a real problem, In addition supervisory processes will be put in place to consider the adequacy of "arrangements" that are put in place to at least assess the progress of insurers within this period to attempt full compliance. Practical barriers to full compliance outside the control of insurers can then be discussed in respect of individual scenarios where

No	Section	Commentator	Comment	Response
			currently not available, even though tracing has been conducted. In addition it was noted in the response to previous comments that "identity number" includes an official passport number. It is suggested that "contact details" be defined to include official passport number as well as mobile numbers and email addresses – it is preferable to set these out explicitly as this will assist insurers to get communication out to members.	applicable. The fact that the PFA does not contain any conduct specific requirements is irrelevant to these requirements as these rules do not contradict the PFA in any way. Technically this rule cannot apply to existing unclaimed benefits as the contact details are unknown, but the funds are available to claim and hence it is placed in a preservation fund. Where there is evidence of ongoing tracing efforts on legacy benefits this rule could not practically apply. The suggestion with regards to contact details is noted. See amendment to rule 13. We do not believe that defining contact details would be appropriate, but the rule has been amended to require email addresses and mobile numbers of policyholders as far possible if available.
185.	**Rule 13.4**	Clientele	*"An insurer must at a minimum, for the purposes of complying with Rule 13.3, have access to the names, identity numbers and contact details of all its policyholders."* It was noted in the response to previous comments that "identity number" includes an official passport number. To avoid confusion, we propose that the words "or official passport number" be added to the rule.	Noted. However as the use of passport numbers in the stead of identity numbers is common business practice we do not this explicitly including reference thereto is necessary. The purpose of an identity number is to identify an individual. A passport number can also be used to identify an individual which is why we are of the view that it can be used.
186.	**Rule 13.4**	FIA	Rule 13.4 - will the availability of individual names, ID nos. and contact details not be a problem in group schemes? Would it not be possible to scale down these requirements?	We are of the view that this information is required in order for the insurer to have an effective data management framework in terms of which it can meet the relevant requirements of this rule as it set out in Rule 13.3. More specifically the information of

No	Section	Commentator	Comment	Response
				potential policyholders will allow the insurer to, as set out in Rule 13.3(d) ….*"properly identify, assess, measure and manage the conduct of business risks associated with its insurance business to ensure the ongoing monitoring and consistent delivery of fair outcomes to policyholders".*
RULE 14: ON-GOING REVIEW OF PRODUCT LINE PERFORMANCE				
No comments received				
RULE 15: PREMIUM REVIEWS				
187.	**Rule 15 – Premium reviews**	Alexander Forbes	Rule 15.1 allows a review by an Insurer if the Policy wording allows for a review. Consideration should be given to allowing a premium review due to legislative changes.	The intention of the proposed change is not clear. The principle is that premium review can only be done if the policy provided for a review. If the insurer wants to be able to review the premium payable for any reason, it should be clear from the policy wording. ✎ See amendments to Rule 15 in as far as it relates to existing policies.
188.	**Rule 15.1**	ASISA	Rule 15.8 provides that Rule 15 is applicable to new policies and existing policies. However, many existing policies would not have provided the detail relating to the frequency and / or the circumstances in which a review would take place, at inception of the policy or at all. The section thus effectively precludes reviews on these policies; as such information was not specified upfront although it may have subsequently been disclosed to members in ongoing communications. It is requested that Rule 15.1 is amended to make allowance for existing policies where a premium review was not provided for in the policy or where a premium review was provided for in the policy but the provisions do not comply with the requirements of rule 15. We believe this Rule is only meant to be applicable to risk policies but	✎Partially agreed. See amendments to Rule 15.8 setting out that 15.1 to 15.3 will only apply to new policies. Disagree that Rule 15 is only meant to be applicable to risk policies. The rule applies to both risk and investment policies except where the rule indicates otherwise. No amendment is necessary.

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			request for the sake of certainty that investment only policies be excluded from this Rule. Rule 15.8 opens the door to include investment only policies.	
189.	**Rule 15.4**	ASISA	*15.4 Any review of a premium payable under a policy –* *(a) must reasonably balance the interests of the insurer and the reasonable benefit expectations of policyholders and members* *b) be justified with reference to the extent to which the assumptions on which the premium was based have been met; and* *(c) in the case of a policy that has an investment component and a risk component, must take into account the reasonable benefit expectations of the policyholder or member in respect of both components* Members (our underlining) include members of a fund and members of a group scheme. The same concerns arise here as set out in our comments under Rule 6.1.	Disagree. It is essential for reasonable member benefit expectations to be taken into account in the case of group schemes and funds, where the members are the persons for whose ultimate benefit the policy (and its pricing) is designed. This is also consistent with Rule 1 which confirms that an insurers' obligation to deliver TCF outcomes applies to members.
190.	**Rule 15.5**	Hollard	Per ASISA protocol, schemes with membership in excess of 400 members are rated based on their own experience (claims vs premiums), in the event of a worsening experience (more claims than premiums), does this clause then look to prohibit an insurer from adjusting the price/premium? Per agreed market practice, schemes (policies) with more than 400 members are rated by insurers based on the specific policy experience and not insurer's standard rates. Group policies are annually renewable, in the event that a group scheme renews with the same insurer, does this clause look to prohibit an insurer from changing/adjusting margins and expense loadings, etc.? The rule is problematic because insurers may increase or reduce rates depending on various factors, be these demographics, industry specific, regional, or even scheme specific if the scheme is large enough, per the numbering of 15,5: a) It will be very difficult for an insurer to recoup its losses with a single premium review increase, generally where premium increases are needed these are far below what is required given that if the premium increase is too significant the policyholder will shop for a cheaper rate and leave the insurer with the losses. Some policyholders are prepared to work with an insurer and will agree to incremental increases and or better risk management but most will look for the cheapest rate. If an insurer cannot increase rates does	The rule is not intended to prohibit an insurer from adjusting premiums. It goes to the primary purpose of the premium adjustment and the conduct of the insurers when reviewing premiums. The rule is not intended to prohibit appropriate premium reviews or adjustments in general. It goes to the reasons why the insurer is reviewing the premium and whether the primary purpose or effect of the review meets the circumstances under 15.5. If the main aim of the review is based on any of the circumstances under 15.5 it could not be considered a fair rationale for the review, as these circumstances could be prevented though sound underwriting and business practices, specifically in determining premiums. (a) The rule does not refer to recovery of all losses in a single review. See amendment to clarify this. The rule also does not prohibit an insurer from increasing rates where fair

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			it need to continue covering the risk in a loss making situation? b) So if a policy is initially priced with a 3% profitability margin based on sound actuarial rates and medical trends, etc. – years later new rates and or information is available that indicates that the margin should in fact be 5% - does this mean that that insurer has to retain the original assumption even though these change? c) Claims rated schemes will be targeted by the nature that they are rated on their own experience. By the same token poor performing schemes in any region or industry, etc. could be targeted specifically to address the losses. If this is not allowed, does it mean that an insurer must continue to run at a loss given that it cannot increase premiums on other policies (and if it could would it not be unfair for other policyholders to pay for losses generated by a few policyholders?), and given that an insurer cannot increase premiums and must run at a loss will that not compromise the insurance industry? d) Better clarity is needed here given that in insurance we generally track underwriting profit and loss and then the profit and loss after expenses. Expenses cannot be completely excluded from profitability given that any product will need to be supported and the costs will be relative to the simplicity or complexity of a number of factors such as distribution, product rules, etc. An insurer can only cover its costs from the premiums it collects and if it cannot increase premiums to cover an increase in expenses where will those rising costs be funded from? IT costs increase, the need for additional compliance teams increase costs, FSB levies increase – where will these costs be covered from? e) Understand the need for this point f) Understand the need for this point, and in so much as this can be addressed at a policy level, this practice is prevalent in insurers at a group level and not easily seen and will therefore not be managed. Per point a) above, where a group scheme is rated based on its experience	and appropriate. (b) Disagree that the profitability margins should change. Trends and actuarial rates may change which will influence the ultimate costs of underwriting policies, but the insurer cannot increase their profit margins if they hold the view that the policy is not profitable enough at the rate originally set. Trends and rates may impact the profitability of a policy, but not the margin at which it was originally set. (c) The rule specifically refers to particular group of policyholders being targeted *unfairly.* It does not mean that premiums may not be adjusted on a claims experience at all. Again, it goes to fair treatment of policyholders which should be top of mind when business decisions are being made. (d) The rule does not state that an insurer cannot take losses or expenses into account in determining profitability. The rule is aimed at preventing unfair cross-subsidisation of losses and expenses where the insurer recovers unrelated business losses and expenses that do not impact the profitability of the book of policies concerned through premium reviews on such book. (e) Noted (f) Noted This would not automatically be deemed unfair if the insurer risk rates based on the

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			would the insurer then be in breach of clause c)? It is standard for any insurer to rate risk differently based on industry, region, occupation, etc. Based on clause c) does that then mean that all regions, industries and occupations must be rated on the same basis? This is not practical or fair given that certain occupations or industries or regions pose less or more risk depending on their underlying statistics, as such where there is a betterment or worsening experience underlying rates would be adjusted accordingly. Please can the regulator clarify if an insurer is allowed to adjust administration expense loadings based on its specific business circumstances, as an example, due to all the increased regulation more staff and or system change are required which requires an increased loading, would the insurer be allowed to change the premium? If not is it the intention of the regulator that the insurer must carry the loss? And if so how does this fit into SAM? (see 15,5 d).	listed criteria. The actual criteria taken into account will dictate whether the rating unfairly targets a particular group of policyholders. An insurer is expected to appropriately cost their premiums based on sound actuarial assumptions and taking into account its operating costs, expenses, and fair profit margins. Effective and efficient business models should however be adopted to reasonably contain operating costs for the benefit of the insurer and policyholders. Policyholders cannot be prejudiced by unfair premium increases due to an insurer's inefficiency or lack of appropriate planning. Also see our comment on (d) above.
191.	**Rule 15.6**	ASISA	In our previous comments on this rule it was suggested that it should meet the fairness requirements of the PPR to inform the policyholder of the outcome of the review and that communication prior to a review will create uncertainty for policyholders and will not serve any purpose. Members are concerned that over-communicating may lead to confusion especially if the result of the review does not in fact result in a premium increase.	The revised Rule 15.6 only requires an insurer to inform a policyholder of a pending review if the review is expected to result in a premium increase. In our view from a fairness perspective to the policyholder this information will be relevant, and not 'over-communicating'.
192.	**Rule 15.6**	FirstRand	It is suggested that the purpose of this rule can be effectively achieved by informing a policyholder of the basis and frequency of reviews in the policy terms and conditions, and by notifying the policyholder if the review results in a premium increase. Additional communication will create uncertainty for policyholders which will not serve any purpose. Over-communicating may lead to confusion especially if the review result is not yet known and/or if it does not lead to a premium increase. It is suggested that the policyholder be informed of the basis and frequency of reviews in the policy terms and conditions, and that the policyholder be notified if the review results in a premium increase. It is submitted that, in this way, it would be more effective to inform a policyholder of the results	The revised Rule 15.6 only requires an insurer to inform a policyholder of a pending review if the review is expected to result in a premium increase. In our view from a fairness perspective to the policyholder this information will be relevant. ✎ See amendments to Rule 15 setting out that 15.1 to 15.3 will only apply to new policies. Considering that rule 15.1 will no longer apply to existing policies it is even more important to notify policyholders as set

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			and their options. It is noted that in the matrix, rule 15.6 clarifies that the insurer must timeously and in writing inform a policyholder of a pending review and the timing of the review, if the review will result in a premium increase. Clarity is required around whether "timeously and in writing" may be interpreted to mean that the policyholder can be informed on the basis and frequency of reviews in the policy terms and conditions?	out in rule 15.6 to ensure that all policyholders are appropriately informed of a pending review, if the reviews is expected to result in a premium increase.
193.	**Rule 15.6**	BASA	It is suggested that the purpose of this rule can be effectively achieved by informing a policyholder of the basis and frequency of reviews in the policy terms and conditions, and by notifying the policyholder if the review results in a premium increase. Additional communication will create uncertainty for policyholders which will not serve any purpose. Over-communicating may lead to confusion especially if the review result is not yet known and/or if it does not lead to a premium increase. It is suggested that the policyholder be informed of the basis and frequency of reviews in the policy terms and conditions, and that the policyholder be notified if the review results in a premium increase. It is submitted that, in this way, it would be more effective to inform a policyholder of the results and their options. It is noted that in the matrix, rule 15.6 clarifies that the insurer must timeously and in writing inform a policyholder of a pending review and the timing of the review, if the review will result in a premium increase. Clarity is required around whether "timeously and in writing" may be interpreted to mean that the policyholder can be informed on the basis and frequency of reviews in the policy terms and conditions?	See response directly above.
RULE 16: RECORD KEEPING				
No comments received				

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CHAPTER 7: NO UNREASONABLE POST-SALE BARRIERS				
RULE 17: CLAIMS MANAGEMENT				
194.	**General**	BAIC	**Administration**: The biggest concern is adherence to the 48hr waiting period for the payment of funeral claims where all requirements have been submitted. The problem is experienced in the pension funds, provident funds, group schemes, and individual life policies. The act should enforce this rule if all requirements have been met.	There is no prescribed waiting period for payment of funeral claims. The insurer's business processes will dictate the efficiency with which it handles payment of claims, which should be set out in the insurer's claims management framework. It would not be appropriate to prescribe turn-around times for claims as the circumstances may vary and business processes should take account of that in the interest of ensuring fair outcomes for its policyholders.
195.	**Rule 17.3.1(d)**	BASA	**17.3.1.(d):** This circumstances referenced in this clause could be interpreted in two ways: - the clause may be suggesting that the insurer must pay interest for late claim payments; OR - that the insurer can decide whether they are paying interest, in what circumstances, and disclose it accordingly.	The insurer must ensure the fair treatment of its policyholders. Accordingly, where it would be fair to pay interest for late claim payments it will be expected. Although the rule is not prescriptive as to when interest is payable, the insurer must apply its judgement taking into account market practice, its business model and the reasonable expectations of its policyholders and claimants.
196.	**Rule 17.4.2**	Alexander Forbes	Will there be a fit and proper guide against which to assess staff skill set and experience?	The insurer should use its own judgment in making these decisions and be able to motivate why it believes the requirements have been complied with. This is consistent with an outcomes-based approach to regulation.
197.	**Rule 17.4.3**	FIA	Rule 17.4.3 - our assumption is that the words "that has been mandated by the insurer to manage claims on its behalf" applies individually and equally to an "independent intermediary" as well as a "binder holder" as well as "any	Your understanding is correct. In other words, a claim received by a person who has been mandated by the insurer to

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			other service provider". If so then our understanding is that unless specifically mandated to receive claims intimations from policyholders on behalf of an insurer an intimation received by an independent intermediary is not deemed to be received by the insurer. In addition, we would appreciate clarification around the meaning of "manage". Does this refer only to intermediaries mandated to process and/or settle claims under a binder or outsource agreement or more generally to intermediaries who may simply receive and pass on claims intimations to insurers? How does this fit with the definition of services as an intermediary?	manage claims on its behalf, is deemed to have been received by the insurer. The rule is not intended to apply to independent intermediaries that merely 'pass-on' the claim to an insurer as a service to the policyholder. This is clear from the wording of the rule.
198.	**Rule 17.4.3**	FirstRand	It is proposed that a claim received by a representative, independent intermediary, binder holder or other service provider that is specifically authorised to accept claims on behalf of an insurer, should be deemed to have been received by the insurer itself. It is suggested that this paragraph be re-worded to allow for claims received by representatives, independent intermediaries, binder holders or other service providers specifically authorized to accept claims on behalf of an insurer, to be deemed to have been received by the insurer itself.	Disagree. We are of the view that the wording is sufficiently clear to explain that it applies to an independent intermediary, binder holder or any other service provider mandated to handle claims.
199.	**Rule 17.4.3**	BASA	It is proposed that a claim received by a representative, independent intermediary, binder holder or other service provider that is specifically authorised to accept claims on behalf of an insurer, should be deemed to have been received by the insurer itself. It is suggested that this paragraph be re-worded to allow for claims received by representatives, independent intermediaries, binder holders or other service providers specifically authorized to accept claims on behalf of an insurer, to be deemed to have been received by the insurer itself.	See comment directly above.
200.	**Rule 17.6.1**	Alexander Forbes	Rule 17.6.1- For certainty in ensuring TCF outcomes for members instead of reference to "----reasonable period after receipt of claim."; specify a period is in processing of death benefits under Section 37C of the Pension Funds Act. It is unfortunate that the obligation is on the Insurer as sometimes delays in finalizing a claim are out of the control of the insurer, particularly where a claimant has lodged a complaint and requests for additional claims assessment information is being dealt with via the complaint adjudication	Disagree. The periods prescribed under the PFA are not appropriate for all types of insurance products. In our view the requirements in the PPRs and the PFA Act are complementary and not contradictory and compliance with both pieces of legislation is possible.

No	Section	Commentator	Comment	Response
			medium. Whatever regulated maximum period for resolving claims must apply to all parties not just the Insurer. Intermediaries play a very important role as they have the face to face interaction with clients and must be accountable where there is failure in their actions and not the Insurer.	The insurer should use its own judgment as to what constitutes a reasonable period after receipt of a claim and be able to motivate why it regards the period as reasonable. This is consistent with an outcomes-based approach to regulation. Please see Rule 17.4.4 that confirms that no agreement with an intermediary, binder holder or other person diminishes the responsibility of the insurer in in respect of claims management.
201.	**Rule 17.6.1**	ASISA	*17.6.1 An insurer must accept, repudiate or dispute a claim or the quantum of a claim for a benefit under a policy within a reasonable period* *after receipt of all information required in relation to the* ~~a~~ *claim.* An insurer can only deal with a claim if all outstanding information has been received. We suggest that this rule be amended as suggested.	Refer to the document tiled "Comments *matrix - FSB response to public comments received PPRs December 2016-version"* as published with the draft PPRs. The reference to a "reasonable time" in the rule addresses the concern. It goes without saying that the insurer can only accept/repudiate or dispute a claim if it has received all information and documentation it reasonably requires to assess the claim.
202.	**Rule 17.6.2 "claimant"**	Alexander Forbes	In GN 33881 (clause 16.1 c) Claimant was previously known as the policy holder. What if the two parties are different? What if the claimant is not the policy owner, should insurers be communicating with the claimant or policy owner?	Both the terms 'claimant' and 'policyholder' are defined. The claimant is not necessarily the policyholder. If a rule requires communication with the claimant, the insurer must communicate with the claimant. If a rule requires communication with the policyholder, it must communicate with the policyholder.
203.	**Rule 17.6.5**	Alexander Forbes	If the claimant makes a representation, the insurer has to now communicate with the policyholder? Is policy holder supposed to be changed to claimant?	✎ Agree. The term 'policyholder' has been replaced with 'claimant'.
204.	**Rule 17.8**	ASISA	*17.8 Communication with claimants* 17.8.3 An insurer must ~~ensure~~ in plain language disclose to the claimant ~~that a claimant is aware of~~ – Despite clear disclosures, the claimant can choose to ignore	✎ Partially agreed. See amendment to the Rule.

No	Section	Commentator	Comment	Response
			communications provided by insurer and therefore may not become aware of the communication and the insurer can only be required to provide the information to the claimant.	
205.	**Rule 17.8.4 (b)**	BASA	17.8.4(b): This clause is a challenge to comply with precisely, as providing indicative timelines upon receiving a claim is difficult considering the unique nature of certain claims. The nature, scale, and complexity of claims are often determined after a more detailed investigation. Providing a timeline upfront may mislead or misinform the claimant.	That is why the rule refers to 'indicative timelines' instead of 'exact timelines'. The insurer can advise the claimant that these are estimated timelines based on the average claim but if further investigation is required then it may influence the timelines. It is about proper communication with claimants and keeping them appropriately informed during the claims process.
206.	**Rule 17.8.4**	Telesure / 1Life	A claim is deemed to have been received on the day the insurer or an independent intermediary, service provider or representative receives notification. This rule imposes an obligation on the insurer which may prove to be quite challenging for the insurer to fulfill. We suggest that this requirement be limited to representatives and outsourced entities of the insurer.	Noted. This is already what the Rule provides. The claim is deemed to have been received on the day it has been received by the representative or by an independent intermediary, binder holder or other service provider mandated by the insurer to manage claims on its behalf. See amendment to the Rule to clarify the application.
207.	**Rule 17.8.9**	ASISA	The requirement in this rule for the insurer to deal directly with the claimant unless the claimant consents to receive communications via the policyholder confuses the respective roles and obligations of the parties in respect of fund and employer compulsory group schemes. In the case of a fund the member or beneficiary has no claim against the insurer, and their claim lies against the fund e.g. a death benefit is paid to the fund, who needs to distribute it in terms of s37C of the PFA – see our comment on 1.6(e) As per our general comments, employer compulsory group schemes are different as the employer doesn't have the same legal obligations as a fund and board of trustees but as with the principle based approach of the PPR it should be up to the insurer to put appropriate measures in place to either receive claims directly or via the policyholder.	Disagree. If the claim is against the insurer and the claimant is entitled to benefits in terms of the policy then it is appropriate for communications relating to the claim to take place directly with the claimant. If the claimant chooses to claim 'through the fund', then it must be confirmed in writing and the communication can take place through the fund. This is not in contradiction with any requirements in the PFA and does not alter any obligations the insurer may have to also provide information to a fund in order for it to comply with its obligations under the PFA.

No	Section	Commentator	Comment	Response
208.	**Rule 17.10**	Telesure / 1Life	"When the insurer charges an administrative fee for the management of a claim, such a fee - ……" It would be prudent for the insurer to include all the expenses in the premium. The charging of claims administration fees may create a barrier for the claimant at a claim stage. The beneficiary expects to be paid the sum assured as outlined in the policy schedule and to have a fee deducted from the sum assured or be required to be paid prior to the settlement of the claim, may have a negative impact on the claimant. Guidance is required in terms on the intervals which these fees can be charged.	This amendment was proposed in response to comments received on the previous draft PPRs, however we agree with the commentator. ✎ 17.10 will be deleted.
209.	**Rule 17.10.1(a)**	Clientele	*"Where the insurer charges an administrative fee for the management of a claim, such fee –* *(a) must be clearly disclosed to the policyholder as required by rules 11.4.2(f)(iii) and 11.5.1(c);"* Kindly clarify which rule you are referring to, seeing that Rule 11.4.2(f)(iii) does not exist in the current draft.	Noted. ✎17.10 will be deleted.
210.	**Rule 17.10.1 (a) and (b)**	FIA	Rule 17.10.1 (a) and (b) - this is not the customary practice and we would question why any insurer should charge an additional fee for claims. Surely this is a basic part of any insurer's r function and should be covered by the premium charged? Our view is that this will create unnecessary uncertainty in the comparison of product pricing and that it should thus be dropped.	Noted. ✎17.10 will be deleted.
RULE 18: COMPLAINTS MANAGEMENT				
211.	**General**	FIA	Rule 18 - should there not be a requirement that insurers keep intermediaries "in the loop" when dealing with complaints as part of the entrenched process?	The rule relates to complaints management and the definition of a "complainant" includes a person acting on behalf of a person referred to in the definition. Therefore if the intermediary is acting on behalf of the complainant per the definition, the requirements with regards to communication with a complainant will apply.

No	Section	Commentator	Comment	Response
				Also note Rule 18.3.1(i)(iii) which provides that the insurer's complaints management system must include effective referral processes between the insurer and service providers (which includes intermediaries) for handling and monitoring complaints that are submitted directly to either of them and require referral to the other for resolution.
212.	**Rule 18.1 Definition of "compensation payment"**	Alexander Forbes	Will the regulator prescribe an interest rate to apply?	No, this is not being considered at this stage. The Prescribed Rate of Interest Act (Act 55 of 1975) that sets the maximum rate of interest that can be charged on mora interest (over-due payment) will apply.
213.	**"complaint"**	ASISA	*18.1 Definitions* **"complaint"** means an expression of dissatisfaction by a ~~person~~ complainant to an insurer…together with or in relation to a policyholder query, that – In our view the reference to "person" in the first line should rather be to "complainant" as defined. Drafting - there should be an "or" after paragraph (a).	The definition of "complainant" references a "complaint". Referring to a "complainant" in the definition of "complaint" would result in the definitions being circular. The 'or' between (b) and (c) means that the circumstances in (a), (b) or (c) could apply in alternative.
214.	**"complaint"**	FIA	Rule 18.1 Definitions Complaint - the definition of complaint is very wide however we are not sure whether there are any forms of complaint against an independent intermediary that would not give rise to a report to an insurer or the requirements of the PPR. For instance, in providing services to a client outside those performed as an intermediary such as risk management consulting and/or in providing "advice" particularly in the form of "recommendations, guidance and proposals" in respect of coverage required (in particular before insurer quotes are obtained and/or not related to any particular insurer product) and then between alternative insurer products. We can understand that a "PPR complaint" would arise if related to "factual information" about a policy provided by an intermediary in respect of an insurer's product but not for "advice". We would see these comprising complaints under FAIS and as such being made to the FAIS Ombud outside of the PPR requirements.	Disagree. The definition is intentionally wide enough to include complaints relating to advice and other services provided by an independent intermediary. An insurer would still be expected to deal appropriately with such a complaint, in accordance with the processes required by Rule 18.3.1(i). This Rule applies regardless whether the complaint falls under the jurisdiction of the FAIS Ombud.

No	Section	Commentator	Comment	Response
215.	**"upheld"**	FirstRand	"upheld" generally refers to a complaint which is resolved in favour of the policyholders. This definition does not make clear whether or not an "upheld" complaint is one which is settled in favour of the policyholder. Complaints which are not "upheld" become reportable complaints. We request clarity on the definition in sub-clause (a) – is our understanding correct that the clause as worded does not mean that the complaint has be resolved in favour of the policyholder?	See amended definition which now provides that the complaint must be resolved wholly or partially in favour of the complainant. Please note that complaints that are upheld may still be reportable complaints if they are not upheld in the manner set out in paragraphs (a) or (b) of the definition of "reportable complaint".
216.	**"upheld"**	BASA	"upheld" generally refers to a complaint which is resolved in favour of the policyholders. This definition does not make clear whether or not an "upheld" complaint is one which is settled in favour of the policyholder. Complaints which are not "upheld" become reportable complaints. We request clarity on the definition in sub-clause (a) – is our understanding correct that the clause as worded does not mean that the complaint has be resolved in favour of the policyholder?	See comment directly above.
217.	**18.6.2**	ASISA	18.6.2 Procedures within the complaints escalation ~~or~~ and review process…... Typo - "or" should be "and".	Agreed. See amendment to the rule.
218.	**18.9**	ASISA	*18.9 Communication with complainants* 18.9.5 An insurer must in plain language disclose to a complainant ~~ensure that a policyholder is aware of~~ – As with our comment on Rule 17.8.3 despite clear disclosures, the policyholder may choose to ignore communications provided by the insurer and the amended wording is therefore proposed.	Partially agreed. See amendment to the rule.

No	Section	Commentator	Comment	Response
219.	**Rule 18.10 Complaints that are not reportable complaints**	Alexander Forbes	Rule 18.10 Complaints that are not reportable complaints. Is there a definition of a "not reportable complaint"?	No, but the definition of reportable complaint sets out which complaints *will not be* considered as reportable. In other words it explains what complaints would not be reportable to the regulator.
RULE 19: REPLACEMENT OF POLICIES				
220.	**Rule 19.1**	ASISA	*19.1 Definitions* **"replacement"** means the action or process of – (a) substituting an individual risk policy (the replaced policy), wholly or in part, with another individual risk policy (the "replacement policy"); (b) the termination or variation of an individual risk policy (the "replaced policy") and the entering into or variation of another individual risk policy (the "replacement policy"); with the purpose of ~~achieving~~ addressing the same or similar needs or objectives of the policyholder ~~or~~ in anticipation of, or as a consequence of, effecting the substitution or variation, irrespective of the sequence of the occurrence of the transactions. Grammar - suggest deleting "or" as shown. A suggestion is to replace the word "achieving" with "addressing" as grammatically "achieving" is not the appropriate word to be used in this definition if it is going to refer both to needs and objectives. One can address a need and an objective.	Partially agreed. See amendments to the definition. We do not agree that the word "or" must be deleted.
221.	**Rule 19.2.1**	ASISA	19.2.1 An insurer must, before entering into an individual risk policy in respect of which an intermediary rendered services as intermediary …" Grammar - suggest that a comma be inserted as shown.	Agreed. See insertion of comma.

No	Section	Commentator	Comment	Response
222.	**Rule 19.2.2**	ASISA	Many direct marketers operate on a no-advice model in relation to non-complex products such as Funeral/Assistance policies. The client contacts the insurer directly. In such instances direct marketers are required, in terms of sub-rule 15(2)(c) of the FAIS General Code of Conduct to take reasonable steps to establish whether a policy is a replacement or not and if it is, make the relevant disclosures referred to in the section. A possibility exists that the aforementioned policies will no longer be allowed to be sold on a no-advice basis but rather on a low-advice basis (the definition and parameters of which is yet to be finalised in terms of the Retail Distribution Review). If that is the case, then direct marketers operating in the low-advice space will be required to comply with the Replacement requirements set out in Rule 19.2 and this will not be reasonably possible in the direct marketing sphere where focus is placed on these types of policies. It is proposed that the rule is amended to be broad enough to exempt in the future policies sold on a low-advice basis so that they are treated the same as the current no advice model.	Disagree. The rule cannot be amended to provide for the concept of "low advice" as policy decisions as to how or whether low advice will be addressed in the future regulatory framework will only be finalised as part of the further phases of the RDR process.. If necessary, future amendments of the PPRs will reflect these policy decisions once final.
223.	**Rule 19.2.2**	Clientele	Currently, many direct marketers operate on a no-advice model in relation to risk policies. These are policies that are sold with a determined, pre-approved script governed by a relevant Governance Committee. In direct marketing the clients contacts the insurer directly for the specific product advertised. In such instances, no needs analysis is conducted by the (telesales) consultant and therefore no comparison of products is done. In such instances direct marketers are required, in terms of Rule 15(2)(c) of the FAIS General Code of Conduct to take reasonable steps to establish whether a policy is a replacement or not and if it is, make the relevant disclosures referred to in the section. A possibility exists that the aforementioned policies will no longer be allowed to be sold on a no-advice basis but rather on a low-advice basis (the definition and parameters of which is yet to be finalised in terms of the Retail Distribution Review). If that is the case, then direct marketers operating in	See response directly above.

No	Section	Commentator	Comment	Response
			the low-advice space will be required to comply with the Replacement requirements set out in Rule 19.2. It is our submission and we recommend that this will not be reasonably possible in the direct marketing sphere where focus is placed on these types of policies. As such, we propose that the Rule be amended to be broad enough to also exempt future low-advice instances, and this will be treated in the same manner as the current no- advice model.	
224.	**Rule 19.2.2 and 19.2.3**	ASISA	Rules 19.2.2 and 19.2.3: We believe that the information contained in the record of advice would, under normal circumstances, be confidential in nature in the sense that it relates to specific financial recommendations that have been made to a specific client. The disclosure of this information to the replaced insurer could therefore have an impact on the client's right to privacy. It needs to be taken into consideration to what extent it should be allowed that a client's right to privacy be limited by way of subordinate legislation.	Note that the record of advice required by the Rule is not the full FAIS record of advice, but only the record of the actual replacement advice as required by section 9.1(d). This comprises primarily factual information regarding the old and new policy features which are typically in the public domain. It can reasonably be assumed that the so-called "replaced insurer" already have access to the policyholder's personal information, as it previously insured the policyholder.
225.	**Rule 19.2.3**	Alexander Forbes	The ASISA standard says within 5 days – presumably the standard will have to be amended.	The reference in Rule 19 to the replacement advice record does not refer to the Replacement Policy Advice Record (RPAR) currently required by ASISA. Industry protocols are not prescribed by the Regulator and it is up to ASISA to amend their standard to align to legislation if it deems this necessary.
226.	**Rule 19.2.4**	ASISA	19.2.4 A managing executive of the replacing insurer or a person of appropriate seniority to whom the managing executive has delegated the responsibility must no later than 14 days after receipt of the replacement advice record referred to in rule 19.2.2 confirm, in writing, that – …… Unlike rule 19.2.3, which clearly suggests that the duty to inform the replaced insurer rests on the replacing insurer, rules 19.2.4 and 19.2.5 are not so clear. It is proposed that, for the sake of clarity, the introductory parts of rules 19.2.4 and 19.2.5 refer to "the replacing insurer" or "a replacing insurer" instead of just "the insurer" and "an insurer" as shown.	✎ Agreed. See amendment to rule 19.2.4.

No	Section	Commentator	Comment	Response
			19.2.5 If at any time a~~n~~ replacing insurer establishes that an intermediary failed to disclose to the insurer that a policy is a replacement policy after the insurer requested the intermediary to provide such confirmation in accordance with rule 19.2.1, the insurer must –	
227.	**Rule 19.2.4**	FIA	Rule 19.2.4 - we would agree with this but must point out that the current ASISA RPAR form hardly meets the requirements of the FAIS General Code Section 8(1)(d) requirements.	The reference in Rule 19 to the replacement advice record refers to the advice required to be recorded by section 9(1)(d) of the FAIS General Code – i.e. the advice specifically related to the replacement. It does not refer to the Replacement Policy Advice Record (RPAR) currently required by ASISA. The ASISA RPAR does not satisfy the requirements of sections 8(1)(d) and 9(1)(d) of the FAIS General Code.
228.	**Rule 19.2.4**	FirstRand	Clause 19.2.4 has been amended from the previous version of the PPR – which required reporting to the registrar of FAIS. However, it is not clear what would be the further steps if 19.2.4 is not complied with? Clause 19.2.5 refers to a referral to the registrar in instances where the replacement was not disclosed to the Insurer, whereas 19.2.4 refers to non-compliance with the FAIS General Code of Conduct? We re-affirm our previous comments in response to earlier drafts of the PPR – namely that there must be distinct accountabilities between a Product Supplier and an FSP. Recommend that these clauses be totally revised to take cognisance of the above, perhaps to require (a) the Insurer to provide factual management information in respect of the replacement advice records mentioned in 19.2.5 and (b) the FSP to be subject to stringent prescribed monitoring on the replacement advice records contemplated in 19.2.4?	The previous PPRs did not require reporting to the Registrar of FAIS. Both drafts refer to the Registrar, which per the preamble in Chapter 1 means the Registrar of Long-term and Short-term Insurance. If an insurer does not comply with the requirement it will be in contravention of the PPRs, which may attract significant penalties under the FSR Act. Regarding further steps if 19.2.4 is not complied with: Through the amendments to the LTI Regulations once promulgated, there will be a requirement requiring non-payment or reversal of commission in the event that the confirmation contemplated rule 19.2.4 cannot be provided. Rules 19.2.4 and 19.2.5 serve different purposes. The former requires the replacing insurer to monitor the extent to which the replacement advice record complies with FAIS requirements. The latter deals with the situation where the replacing insurer

No	Section	Commentator	Comment	Response
				becomes aware of the fact that an intermediary has failed to identify a transaction as a replacement We hold the view that accountability is clear as financial advisory and intermediary services are regulated under the FAIS Act, and insurance is regulated under the STIA and LTIA.
229.	**Rule 19.2.4**	BASA	Clause 19.2.4 has been amended from the previous version of the PPR – which required reporting to the registrar of FAIS. However, it is not clear what would be the further steps if 19.2.4 is not complied with? Clause 19.2.5 refers to a referral to the registrar in instances where the replacement was not disclosed to the Insurer, whereas 19.2.4 refers to non-compliance with the FAIS General Code of Conduct? We re-affirm our previous comments in response to earlier drafts of the PPR – namely that there must be distinct accountabilities between a Product Supplier and an FSP. these clauses be totally revised to take cognisance of the above, perhaps to require (a) the Insurer to provide factual management information in respect of the replacement advice records mentioned in 19.2.5 and (b) the FSP to be subject to stringent prescribed monitoring on the replacement advice records contemplated in 19.2.4?	See comment directly above.
230.	**Rule 19.2.5(a)**	Alexander Forbes	What steps will the Registrar take once they receive a report – will their review the intermediary and take action?	The Registrar will exercise its powers in terms of existing legislation to investigate and take appropriate action. Note that failure to advise the insurer of a replacement also constitutes a contravention of the FAIS General Code of Conduct.
RULE 20: TERMINATION OF POLICIES				
231.	**Rule 20.2.1**	**ASISA**	20.2.1 If an insurer intends to terminate a policy because of circumstances other than – …the insurer, despite any terms and conditions provided for in a policy, must give the policyholder at least ~~a month's~~ 30 days written notice of the intended termination.	Partially Agreed. See amendment to Rule 20.

No	Section	Commentator	Comment	Response
			We request that a month is changed to 30 days for the same reasons as in our comment on rule 4.1.	
232.	**Rule 20.2.1**	**ASISA**	The circumstances listed in rule 20.2.1(a)-(c) do not require of the insurer to give the policyholder notice of the intended termination. Therefore, it is proposed that rule 20.2.2 should be changed so that the insurer is not liable for any period after termination in the circumstances set out in rule 20.2.1(a)-(c).	✎ Noted. In the interest of certainty the rule has been amended.
233.	**Rule 20.2.1**	**FirstRand**	The circumstances listed in rule 20.2.1(a)-(c) do not require the insurer to give the policyholder notice of the intended termination. It is suggested that rule 20.2.2 be amended to reflect that the insurer is not liable for any period after termination in the circumstances set out in rule 20.2.1(a)-(c).	See the response directly above.
234.	**Rule 20.2.1**	**BASA**	The circumstances listed in rule 20.2.1(a)-(c) do not require the insurer to give the policyholder notice of the intended termination. Rule 20.2.2 be amended to reflect that the insurer is not liable for any period after termination in the circumstances set out in rule 20.2.1(a)-(c).	See the response directly above.
235.	**Rule 20.2.4**	**ASISA**	The transitional period for this rule is 12 months. Member details are a major challenge to obtain, in particular contact details. The period of 12 months from publication of these rules may simply not be long enough for any insurer to align its affairs properly in this regard. In order to align with Rule 13.4, for which a transitional period of 24 months is allowed, we recommend that the transitional period for this rule is also 24 months. It is untenable for the insurer to give written notice of termination to every member as it must be remembered that the contracting party, funder of the premiums and decision maker in respect of these policies is the employer / retirement fund policyholder, not the member. ASISA members are also concerned about the statement that the insurer will remain liable under the policy for the shorter of (a) a period of a month after the date on which the insurer receives proof that the policyholder and all members of the group scheme are made aware of the intended termination of the policy; or	✎ Partially agreed. See proposed amendment to the transitional periods allowing 24 months to comply with rules 20.2.5 and 20.2.6. Also see amendments to the rules to address concerns raised in the comment.

No	Section	Commentator	Comment	Response
			(b) the period until the insurer receives proof that the policyholder and all members of the group scheme have entered into another policy in respect of similar risks as those covered under the policy that the insurer intends to terminate. What will happen when the policyholder does not provide the necessary proof? How is an Insurer meant to make all members aware? It is submitted that this is not possible. Hence we suggest that the wording of this section to be changed to read similar to Rule 1.5 and Rule 1.6(b), i.e. stating that "despite rule 20.2.4, in circumstances where an insurer can demonstrate that due to the nature of the fund or group scheme it is not reasonably practicable for the insurer to engage directly with the member in the normal course of business", for purposes of achieving rule 20.2.4(a), the insurer must have arrangements in place with the policyholder concerned that facilitate and support the provision of the required information by the policyholder to the member. A further concern is the reference to "similar risks" in rule 20.2.4 (b) because it does not cater for the scenario where the policyholder deliberately decides to cover / provide different benefits and/or remove some existing benefits. A question that arises is when will the termination of Insurer 1 begin?	✎ Agreed. See amendments to the rules.
236.	**Rule 20.2.5**	**ASISA**	20.2.5 In the event that the insurer is unable to obtain the proof referred to in 20.2.4 above, the insurer must be able to prove that – (b) it took ~~all~~ reasonable steps to – (i) ensure the contact information of the policyholder and members of the group scheme are correct, and (ii) contact the policyholder and members of the group scheme. As long as the insurer took reasonable steps to confirm details and contact the policyholder and can demonstrate this, it should be sufficient - suggest that "all" be deleted	✎ See amended Rule.

No	Section	Commentator	Comment	Response
237.	**Rule 20.3**	ASISA	It is submitted that the requirement for the insurer to secure the written consent of each member in these circumstances is unduly harsh and unreasonable. For example: • If the insurer is of the opinion that the new policy is less favourable to the members than the policy that is being replaced, and one of the members refuses to consent to the entering into of the new policy, would this mean that the policyholder cannot move the insurance to the new insurer, even if all the other members are satisfied with the transfer? Surely this cannot be the intention. The same problem would arise if some of the members are not necessarily dissatisfied with the transfer, but simply fail to react when they are requested to consent to the transfer. • The insurer would often not have the members' contact details prior to the placement of the insurance with the insurer, which would make it impossible to comply with this provision. It is not clear whether Rule 20 is meant to apply to compulsory group schemes as it was our understanding that it was intended for voluntary group schemes. Making it applicable to compulsory employer group schemes gives rise to further problems such as: • Consent from each member of an employer group scheme should in any event not be required - the benefits provided for in terms of the employer group scheme is as a result of what has been contracted to in terms of the conditions of employment - the employer is the decision maker as to who underwrites these employee benefits and not each employee. • The employer may be changing the benefits due to the employer having negotiated different benefits with its employees. The insurer underwriting these benefits cannot interfere with what has been agreed to in terms of the employment contract. • As mentioned in our general comments, the employer has obligations in terms of the BCEA and LRA to notify employees of benefit changes in the group policy	Noted. See amendment to Rule 20.3.3 in this regard. See rule 13.4 in this regard. The insurer will have to have the contact details as set out in Rule 13. Rule 20 applies equally to all group schemes. Noted. See amendment to Rule 20.3.3 in this regard. If the employer has obligations in terms of the BCEA and LRA to notify employees of benefit changes in the group policy it is not clear how these provisions in the PPRs contradict that. It places a requirement on the insurer and not on the employer.

No	Section	Commentator	Comment	Response
			It is the strong view of ASISA members that the consent requirements should apply to a policyholder as defined in the Act.	
238.	**Rule 20.3.3**	Telesure / 1Life	"If the group scheme is intended to *substitute or replace* a previous group scheme policy" It is unclear as to what criteria the Regulator will use to determine when a group scheme policy is "replaced" or "substituted" in the absence of any definition provided in this regard. Does this mean that a definition provided for in the regulations pertaining to individual risk policy will be considered?	The grammatical meaning of the terms "substitute" and "replace" will apply, i.e. an existing group scheme policy will be terminated and replaced or substituted by a new group policy.
239.	**Rule 20.3.3 (a)**	Telesure / 1Life	"(a) in the case where the new group scheme policy will have terms and conditions that are equally favourable or more favourable to the members than the policy that is being replaced or substituted, provide each member of the group scheme with the relevant information referred to in rule 11.3.8 at least a month prior to entering into the new policy" Issuing of policy documents 30 days prior to the entering into of a new policy might be impractical. We propose that this Rule be aligned to section 48 (1) (c) to read as follows: …….. provide each member of the group scheme with the relevant information referred to in rule 11.3.8 as soon as possible but not later than 60 days after the parties entering into the new policy.	Disagree. Members should at least be notified prior to the change in policy, as it may impact their rights thereunder and lead to unfair outcomes for such members. If they are only notified 60 days after the policy is entered into it may impact their cooling off rights in terms of Rule 4, in as far as it relates for group schemes in which member participation is voluntary.
240.	**Rule 20.3.3(b)**	Telesure / 1Life	"in the case where the insurer is unable to conclude the new group scheme policy will have terms and conditions that are equally favourable or more favourable to the members than the policy that is being replaced or substituted, secure the written consent of each member." Where written consent is not/ cannot be obtained from the individual member, will the Old insurer (the cancelled insurer by the scheme) be required to continue to carry the risk of such members?	✎ Noted. See amendment to rule 20.3.3.
241.	**Rule 20.3.4**	ASISA	The rationale for this requirement is not understood. Group policies normally are subject to an annual premium review. If the policyholder does not accept	In view of the potential impacts on members where their cover is substituted or replaced, we believe it is a necessary protection to not

No	Section	Commentator	Comment	Response
			the revised premium, they cancel the policy and commence with another policy with another insurer. It is inappropriate that the new insurer cannot impose waiting periods as is the case with any new risk policy that is issued.	allow any new waiting periods to be imposed This is a current provision for assistance business group schemes in rule 12 of the current LT PPRs. We are not aware of any concerns in applying it to assistance business group schemes and consider it appropriate to be extended to all group schemes for purposes of protecting the members.
242.	**Rule 20.3.5 (b)**	Telesure / 1Life	" The lives insured under the new group scheme to be entered into are substantially the same as the lives insured under the previous group scheme" In order to ensure full adherence to this rule, it would be prudent to get clarity on what would constitute "substantially". Would it be when more than 50% of the lives insured are affected or 80% and above?	This is consistent with principle-based approach to regulation and the grammatical meaning of the word 'substantially' would apply. An insurer should apply its own judgement as to whether the lives insured are substantially the same, and should be able to motivate its views. In other words, if the overlap is insignificant or minimal it would not constitute *prima facie* evidence as referred to in 20.3.5.
CHAPTER 8: ADMINISTRATION				
243.	**Associate**	BASA	We propose that "associate" should be defined as in the Short- Term Insurance Regulations which states that: "'associate' - (a) has the meaning assigned to it in the General Code of Conduct; and (b) in addition to paragraph (a), includes, in respect of a juristic person, – (i) another juristic person that has a significant owner or member of the governing body of such other person that is also a significant owner or member of the governing body of such other person of the first mentioned juristic person; and	Disagree. See the preamble to the Definitions section in Chapter 1, under 2.1 which states that: *"In these rules "the Act" means Long-term Insurance Act, 1998 (Act No. 52 of 1998), including the Regulations promulgated under section 70 of the Act, and any word or expression to which a meaning has been assigned in the Act bears, subject to context, that meaning unless otherwise defined,-…"* This means that any word that is defined in the Act or Regulations has the same meaning here – unless differently defined.

No	Section	Commentator	Comment	Response
			another juristic person that has a person as a significant owner or member of the governing body who is an associate (within the meaning of paragraph (a)) of a significant owner or member of the governing body of the first mentioned juristic person;";	"associate" therefore has the meaning assigned to it in the Regulations, and repeating the definition is not necessary.
244.	**Rule 10**	ASISA	Rule 10: 6 months after publication of this notice in the Government Gazette The provision of 6 months to ensure compliance is insufficient in relation to the changes required to be implemented by the Rule. It is submitted that a 12 month period for implementation be provided for.	Disagree. It would not be appropriate that current advertisements that do not comply with the rule remain in use or that new non-compliant advertisements continue to be published for as long as 12 months.
245.	**Rule 15**	ASISA	Rule 15: Date of publication of this notice in the Government Gazette Rule 15 should only be implemented 6 months after publication as some time is needed to implement system changes and do system development.	Agree. Transitional period for Rule 15 will be extended to 6 months.
246.	**Rule 17 and 18**	ASISA	Rules 17 and 18: 12 months after publication of this notice in the Government Gazette We request that Rules 17 and 18 in relation to group schemes should only be implemented 18-24 months after publication.	Agree. Transitional period for Rule 17 and 18 will be extended to 18 months in respect of group schemes.

No	Section	Commentator	Comment	Response
247.	**Rule 19**	ASISA	Rule 19.2 prescribes the process that an insurer must follow in the event of a replacement of an individual risk policy and comes into effect 6 months after date of publication in the Government Gazette. Regulation 3.9A of the draft LTIA Regulations states that an insurer must either withhold commission until the process set out in rule 19.2 has been followed, or where commission has been paid, reverse such commission if the confirmation required ito the process is not provided. In terms of Part 8 of the draft LTIA Regulations, par 8.3(b) the Regulation 3.9A will become effective 3 months after effective date of the Regulations. Assuming that the LTIA Regulations and the PPR's will be published at the same time, the effective date of the replacement rule in the PPR's will be 3 months after the effective date of Reg 3.9A. Put differently, Reg 3.9A will be effective and reference a process that is not effective yet. We suggest that the transitional periods of these two requirements be aligned and that both refer to a transitional period of 6 months. In addition if a "replacement advice record" is going to be prescribed by the FSB then additional time will be needed as this will involve system development. A time period of 12 months is then requested.	Noted in so far as it relates to the Regulations. Appropriate transitional periods will be allowed for the regulations.
248.	**Rule 20**	ASISA	Rule 20: 12 months after publication of this notice in the Government Gazette Refer our comment on rule 20.2.4. We suggest that this rule commences 24 months after publication in the Government Gazette.	Agree. Transitional period for Rule 20 will be extended to 24 months to align to the data management rule.

SHORT-TERM INSURANCE ACT, 1998: REVISED DRAFT REPLACEMENT OF THE POLICYHOLDER PROTECTION RULES MADE UNDER SECTION 55

No	Section	Commentator	Comment	Response
CHAPTER 1: INTERPRETATION				
Application				
249.	**Chapter 1 1.2 – Interpretation: Application**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
250.	**Chapter 1 1.2 – Interpretation: Application**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
Definitions				
251.	**"associate"**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
252.	**"associate"**	SAIA	• We propose that "associate" should be defined as in the Short-Term Insurance Regulations which states that: "'associate' - has the meaning assigned to it in the General Code of Conduct; and in addition to paragraph (a), includes, in respect of a juristic person, – o another juristic person that has a significant owner or member of the governing body of such other person that is also a significant owner or member of the governing body of such other person of the first mentioned juristic person; and another juristic person that has a person as a significant owner or member	See the preamble to the Definitions section in Chapter 1, under 2.1 which states that: *"In these rules "the Act" means Long-term Insurance Act, 1998 (Act No. 52 of 1998), including the Regulations promulgated under section 70 of the Act, and any word or expression to which a meaning has been assigned in the Act bears, subject to context, that meaning*

No	Section	Commentator	Comment	Response
			of the governing body who is an associate (within the meaning of paragraph (a)) of a significant owner or member of the governing body of the first mentioned juristic person;"	*unless otherwise defined,-…"* This means that any word that is defined in the Act or Regulations has the same meaning here – unless differently defined. "associate" therefore has the meaning assigned to it in the Regulations, and repeating the definition is not necessary.
253.	**"group schemes"**	FIA	Group scheme - we note that an operative clause for this rule is for "lives insured" and as such we would have expected this rule to be in the long term PPR (e.g. for employee group risk benefit schemes such as group life, dread disease, PHI covers, etc.). We assume that the inclusion in the short-term PPR is in respect of covers such as group PA and travel type policies where the insuring of individual lives is contemplated. We are not certain that the term applies to other "group schemes" in the short-term insurance sector for covers such as fire, accident, motor and liability where policies are individually rated within an overarching preferential rating structure agreed for the group. Clarity is requested that may then give rise to further comment.	The intention was to only apply "group schemes" to group policies where lives are insured (similar to long-term), i.e. accident and health policies therefore the reference to lives insured. The definition mimics the definition of "group scheme" as defined in the LTIA Regulations.
254.	**"group scheme"**	FIA	Group scheme - insurable interest will not always apply (for example where an employer sets up a scheme but the claims payments are made directly to staff).	It is unclear in what circumstances insurable interest would not apply in respect of an insurance policy. The example provided also does not provide any clarity.
255.	**"group schemes"**	FirstRand	The definition erroneously refers to "lives insured". It is suggested that the definition be amended to reflect that "short term insurable interests" are insured.	The reference to "lives insured" is deliberate. Please see response to comment number 253.
256.	**"group schemes"**	SAIA	• We would recommend that a Group Scheme in the Short-term Insurance Act not be limited to a life insured and that it instead only refer to insured. • Currently, this definition is written as though the Policyholder is the 'employee', and that the employee details are known to the insurer whilst this may not be the case with all employer based schemes. • Each of the clauses will need to be reviewed should the definition of "Group Schemes" need to be changed. Each clause will need to be re-	• Disagree, please see our response to your previous comment. • It is unclear why it is stated that the definition is written as if the policyholder is the 'employee'. • The intention was to only apply the definition of "group scheme" to group

No	Section	Commentator	Comment	Response
			tested to determine whether it is still applicable to "Group Schemes"; "Employer Schemes" and "Credit Schemes", if this definition is to remain a catch-all. • In the Insurance Regulations Credit Life policies are noted as "Credit Schemes" under "Group Schemes". Almost all credit life policies are individual policies not under "Group Schemes". • This definition does not cater for the variations in employer based schemes which provide for employee benefits. As such, this definition cannot apply to all forms of group schemes.	policies where lives are insured (similar to long-term), i.e. accident and health policies- hence the reference to lives insured. • Please see above- the definition of group scheme will not be changed. • Please see above- the definition does not apply to all forms of group policies.
257.	**"group scheme"**	BASA	This definition is written as though the Policyholder is the 'employee', and that the employee details are known to the insurer. However, this is not the case with all employer based schemes. Each of the clauses will need to be reviewed should the definition of "Group Schemes" need to be changed. Each clause will need to be re-tested to determine whether it is still applicable to "Group Schemes"; "Employer Schemes" and "Credit Schemes", if this definition is to remain a catch-all. In the Insurance Regulations Credit Life policies are noted as "Credit Schemes" under "Group Schemes". Almost all credit life policies are individual policies not under "Group Schemes". This definition does not cater for the variations in employer based schemes which provide for employee benefits. As such, this definition cannot apply to all forms of group schemes.	Please see response directly above.
258.	**"no-claim bonus"**	SAIA	• A clear distinction needs to be drawn between "no-claim bonus" and "cash back bonuses". It is understood that the two are based on the same principle and are intended to achieve the same objectives - to reward loyal clients who do not claim frequently. • We propose a refinement in the definition to state that "no-claims bonus" is earned after 12 months on no claims.	Please note that cash back bonuses would meet the definition of "loyalty benefit", specifically paragraph (a) of said definition. Also, the proposed rule 10.14.1 makes it clear that cash- or premium-back bonuses are included in "loyalty benefit". ✎ In the final version we have included the wording in 10.14.1 referring to cash- or premium-back bonuses in the definition of "loyalty bonus" and removed the same wording from 10.14.1. We do not agree that a time period for

No	Section	Commentator	Comment	Response
				eligibility for a no-claim bonus should be prescribed.
259.	**"outsourcing"**	DMA	The definition of "outsourcing" erroneously refers to 'long-term insurance business'.	✎ Agreed. Correction made.
260.	**"outsourcing"**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
261.	**"outsourcing"**	FirstRand	The definition erroneously refers to long-term insurance business. It is suggested that the words "long-term insurance business" be replaced with the words "short-term insurance business".	✎ Agreed. Correction made.
262.	**"outsourcing"**	BASA	The definition erroneously refers to long-term insurance business. It is suggested that the words "long-term insurance business" be replaced with the words "short-term insurance business".	✎ Agreed. Correction made.
263.	**"outsourcing"**	SAIA	The definition of Outsourcing is expressly stated to refer to functions that are integral to the business that insurer provides which would be performed by the insurer in conducting long-term insurance business. The express mention of long-term insurance to the exclusion of short-term appears to be a drafting error as outsourcing is also applicable to Short-term insurance business. We recommend that this be changed to include short-term insurance.	✎ Agreed. Correction made.
264.	**"policy"**	FIA	Policy - We refer to previous comments and the regulator's responses to concerns raised around the extension of the PPR's to juristic entities under the R2m threshold which are all noted. However, we feel that further consideration needs to be given to the introduction of the PPR to this segment in respect of the rules requiring immediate application set out under 2.2 of Chapter 8 in order to provide a longer period of grace in which the industry can address the implementation issues in order to achieve compliance in an orderly manner. In particular the requirements of Rule 12.2 regarding intermediary agreements as read with the new requirements regarding items to be	Noted. In the absence of details on which exact rules will be impacted by the change to include small businesses and SMMEs, and how much additional time is needed, it is considered that the proposed transitional arrangements are appropriate. ✎ Agreed. See proposed extension of time for application of rule 12.2.1 and

No	Section	Commentator	Comment	Response
			included in such agreements arising out of both the PPR and the amendments to the regulations. These will require an overhaul to the wordings for such agreements and once settled will involve a re-contracting process for tens of thousands of individual agreements. We propose 6 months for new agreements (on the basis that the industry will need time to first understand the full impact of the regulatory changes as finally published and the impact on agreement wordings) and 12 months for existing agreements to be amended.	12.2.2 on existing agreements to 12 months in Chapter 8.
265.	**"policy"**	SAIA	• We note that this is a typographical error and request that "is less that" be amended to "is less than" • Many small businesses may be owned or run by well-educated financial service savvy individuals. Turnover (T/O) or Asset value are not in themselves a measurement of those needing protection. The reality is some will receive the protection (that do not need it) and others that may fall outside of these parameters (who may very well need the protection). Inherited business, lucky break, preferred supplier based on BEE etc. can result in a business falling outside the threshold but this does not necessarily mean that they are financial service savvy. • Intermediaries are available to appropriately advise small business owners (with all of the back-up protection around that such as FAIS and obligatory PI cover); • A business can vacillate in and out of the ambit of these rules without an insurers knowledge thus it makes it near impossible for insurers to comply (e.g. day 1 of the insurance period their T/O may be above the threshold but if the business falls on hard times they may fall within the parameters). Insurers may not know and can easily fall foul of the legislation through no fault of their own.	• ✎ Agreed. Correction made. • Noted. However, currently commercial lines policies are excluded from the ambit of the PPRs. We acknowledge that the extension to small business will not protect everyone, but the extension represents a significant improvement. Further research will need to be conducted to determine how best the protections afforded under the replacement PPRs may be further extended. If an insurer believes that a particular juristic customer requires a greater degree of protection despite falling outside the ambit of the definition, they are free to apply these PPRs to such customer. • Please note that the approach is consistent with the approach adopted under other legislation such as the CPA.
266.	**"potential policyholder"**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.

No	Section	Commentator	Comment	Response
267.	**"related service"**	SAIA	The definition of related services is very wide and duties are imposed on insurers for such related services performed by an "associate" of an insurer.	Noted.
268.	**"services as intermediary"**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
269.	**"service provider"**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
270.	**"service provider"**	SAIA	This is defined as any person (whether or not that person is the agent of the insurer) with whom an insurer has an arrangement relating to the marketing, distribution, administration or provision of policies or related services. This may include an intermediary, thereby the insurer would assume responsibility for the intermediary. We recommend that the intermediary by excluded from the definition.	Disagree. Intermediaries are deliberately included in the ambit of the definition. Please note that the term "service provider" is only used in a limited number of Rules, where we believe it is appropriate to include intermediaries.
CHAPTER 2: FAIR TREATMENT OF POLICYHOLDERS				
RULE 1: REQUIREMENTS FOR THE FAIR TREATMENT OF POLICYHOLDERS				
271.	**Rule 1 s1.4 (a)**	Alexander Forbes	The TCF framework is noted however, this outcome remains difficult to prove, as it is purely subjective.	The approach gives effect to an outcomes based approach to regulation.
272.	**Rule 1.4 (d) read with Rule 1.9**	Alexander Forbes	An insurer would not always know what advice was given to policyholder and it is rather onerous to expect such foresight in instances where an insurer cannot mitigate the risk due to contractual limitations with an intermediary. Despite the amendment made we still hold the view that this outcome cannot be shifted to the insurer and further that advice given to a policyholder is covered under the FAIS Act.	Rule 1.9 appropriately mitigates the application of rule 1.4(d) in respect of an insurer's oversight over independent intermediaries- i.e. the insurer need only take reasonable steps to mitigate the risk of unsuitable advice.

No	Section	Commentator	Comment	Response
273.	**Rule 1.4 (d)**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
274.	**Chapter 2: Rule 1.7**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
275.	**Chapter 2: Rule 1.7**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
276.	**Rule 1.9**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
277.	**Rule 1.9**	SAIA	• Whilst we agree with the intention of this provision designed to avoid the creation of conflict of interest, it places a very onerous obligation on the insurer to ensure that advice received from independent intermediaries is suitable and it may be practically difficult to implement. • The insurer can provide the intermediary with training on the terms and conditions of the product, the extent of cover, and so on. • The Regulator is suggesting that the insurer must take some responsibility for the guidance, proposal or recommendation ultimately provided to the client on the available financial products. • It is worth noting that advice provided to the customer is by the intermediary is based on various options presented to the customer as well as the intermediary's professional guidance. • As pointed out in the previous comments round of comments, the rendering of advice is regulated under FAIS. We suggest that the provision be rephrased to require the insurer to make training on their product available to the intermediary as is required with the TCF outcomes.	Rule 1.9 appropriately mitigates the application of rule 1.4(d) in respect of an insurer's oversight over independent intermediaries- i.e. the insurer need only take reasonable steps to mitigate the risk of unsuitable advice. We do not agree that the insurer's responsibility in this regard should be limited to providing product knowledge.

No	Section	Commentator	Comment	Response
278.	**Rule 1.10**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
CHAPTER 3: PRODUCTS				
RULE 2: PRODUCT DESIGN				
279.	**Rule 2.1**	DMA	The requirements relating to how an insurer must develop product needs to take into account product complexity as well as consumer sophistication – i.e. the rules should be applied proportionately. Products sold in direct models, for example, are often simple products targeted at the mass market which typically appeal to a wide range of consumers. Death as well as accident cash cover are relevant examples.	Same response as under the Long-term Insurance PPRs matrix.
280.	**Rule 2.1**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
281.	**Rule 2.2**	Alexander Forbes	The signing by a managing executive on new or product changes places administrative burden on such executive. Can this function not be delegated although ultimate accountability will still rest with the managing executive as set out in s10.3.1	Disagree. We maintain that product lines of an insurer must be signed off by a managing executive to ensure that products are designed to achieve fair customer outcomes. As per our response to ASISA's comment on the previous draft PPRs (as contained in the response matrix), it is our opinion that in view of the significance of product design in achieving fair customer outcomes, it is considered appropriate that accountability for this function lies at this level of seniority and is not further delegated. The managing executive concerned should exercise their own

No	Section	Commentator	Comment	Response
				judgment in determining the extent of their reliance on other processes and personnel before the required sign-off.
282.	**Rule 2.2**	DMA	*"…a managing executive of the insurer."* To ensure efficiency of the insurer and consistency within the PPRs, we suggest the following words be inserted (to align with the provisions of clause 10.3.1): "…a managing executive of the insurer **or a person of appropriate seniority to whom the managing executive has delegated approval.**"	Disagree. See response directly above.
283.	**Rule 2.2(a)**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
284.	**Rule 2.2(a)**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
285.	**Rule 2.2**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
286.	**Rule 2.2**	SAIA	• It may not be practical to always have a managing executive sign off each product design we suggest that it includes a senior manager within the business who has had the authority delegated by the managing executive, it would be useful to have a similar provision under the marketing rules. • The managing executive should be allowed to delegate the approval process to a competent team or an established committee with the right sets of skill and required level of seniority. • Operationally, the approval process should only be dependent on a single individual. This would impact operational effectiveness of the business and getting customers the required products suited to their needs as efficiently as possible.	Disagree. See response to comment number 281.

No	Section	Commentator	Comment	Response
RULE 3: CONSUMER CREDIT AND CREDIT LIFE INSURANCE				
287.	**Rule 3.1**	FirstRand	It appears as though this section should form part of the long-term insurance PPRs. It is requested that clarity be provided on this.	It does form part of the LTIA PPRs. It is, however, also applicable to short-term insurance hence the reason why it is also provided for in the STIA PPRs. Note that the definition of "credit life insurance" cross-references to the definition in the National Credit Act. This definition covers both long-term insurance policies and certain short-term insurance accident and health policies. Also note that those provisions of Rule 3 that apply to consumer credit insurance more broadly (not only credit life insurance) also apply to short-term insurance over the assets purchased on credit (such as property, motor vehicles, furniture and other items).
288.	**Rule 3.1**	BASA	It appears as though this section should form part of the long-term insurance PPRs. It is requested that clarity be provided on this.	See response directly above.
289.	**Rule 3.1.1 and 3.2.1**	FIA	Rule 3.1.1 and 3.2.1 - why refer to credit life policies in the short term PPR unless the term is being applied loosely to short term policies which may not include payment on the death of the creditor? If the application to short-term is confirmed then re 3.2.1 - although this rule refers to insurers, where an insurer mandates an independent intermediary to perform the function on its behalf we need to confirm our understanding that an insurer/ intermediary only needs to assist a policyholder when specifically requested. The insurer/ intermediary is not intended to assume a default responsibility on all credit life policies to notify a bank/finance house when a policy is cancelled or terminated or the premium is not paid or the insurance is being substituted.	Please refer to section 106 of the National Credit Act. The rule is therefore also applicable to the STIA PPRs. Also see response to item 287 above. Also, please note that the requirement is limited to the insurer ensuring that the policy and the costs associated with that policy comply with any credit life insurance regulations. The FAIS Act applies. The intermediary is therefore still responsible for any obligations placed on it in terms of the

No	Section	Commentator	Comment	Response
				FAIS Act in respect of the financial services it renders in relation to the policy.
RULE 4: COOLING-OFF RIGHTS				
290.	**Rule 4.1**	Alexander Forbes	We have noted your comments however still hold the view that "a reasonable date from which a policyholder received the policy contract" will expose the insurer to a lot more risk in that the "the reasonable date "is not easily determined.	The insurer will have to determine what would be a reasonable date in the context of its internal business procedures and processes. This is a long-standing existing Rule under the long-term insurance PPRs and has not posed significant implementation challenges.
291.	**Rule 4.1**	SAIA	• Changing "30 days" to "a month" creates confusion in the interpretation of this section and we suggest that the section should be changed back to "30 days" or that "a month" should be defined in the Rules. • "Variation" is defined as an act that results in a change to the premium, any term, any condition, any policy benefit, any exclusion or the duration of the policy. • Clarity is sought as to whether this variation is restricted to an act by the insurer or whether it also would include an act by the policy holder?	• ✎ Agree in respect of changing "month" to 31 days. • In the draft PPRs "variation" would include a variation by either the insurer or policyholder (note however that "variation" excludes any explicit pre-determined or determinable variation stated or provided for in the policy), ✎ However, rule 4 has been amended to only apply to variations requested or initiated by the policyholder and not the insurer as Rule 11.6 already provides adequate protection where a variation is imposed and initiated by an insurer.

No	Section	Commentator	Comment	Response
292.	**Rule 4.2**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
293.	**Rule 4.2**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
294.	**Rule 4.2**	SAIA	• If the customer has paid premium to enjoy cover for a month and that same customer cancels a policy in day 10, the customer will be refunded the balance of the premium from day 11 to 30/31. This refund will also exclude any admin costs incurred by the insurer. • We recommend that risk cover will need to be defined to ensure alignment of application across the industry.	Noted. However, this is the existing wording in the LTIA PPRs and up to now it has not caused interpretational difficulties as far as we are aware. Note that Rule 4 only applies to policies with a term of longer than 31 days.
295.	**Rule 4.3**	FIA	4 Cooling off - It is noted that this doesn't provide any cooling-off period under true monthly policies which are common. The same opportunity and consequences for cancellation should apply to monthly as well as non-monthlies so as not to prejudice monthly policyholders. Rule 4.3 - the allowance of a 60 day period seems unduly generous and consideration should be given to shortening this.	In our view the same risks to unfair outcomes for policyholders do not arise because of the nature of such policies as is the case with policies of longer duration. The policyholder can in any event cancel the policy at any time without any prejudice to the policyholder. ✎ Agreed. The period has been changed to 31 days.
RULE 5: NEGATIVE OPTION SELECTION OF POLICY TERMS OR CONDITIONS				
No comments received				
RULE 6: DETERMINING PREMIUMS AND EXCESSES				
296.	**Rule 6.1**	SAIA	• The rule dealing with benefit expectations of the policy holder is vague and may be seen as undermining the insurer's right to underwrite the policy in terms of the risk being presented. • An excess is an essential tool of underwriting the risk and the policyholder would always expect to have the lowest excess possible.	• The reason for your assertion that the requirement could be seen as undermining the insurer's right to underwrite the policy in terms of the risk being presented is unclear.

No	Section	Commentator	Comment	Response
			• As pointed out in the feedback from the Regulator, determination of premium and excesses is at the sole discretion of the insurer. We are aware that the Regulator appreciates that the each Underwriter takes into consideration various factors in their models when assessing a risk and providing premium. • It is however unclear as to what criteria the Regulator will use to determine if one insurer's model reasonably balances the interests of the insurer and the reasonable benefit expectations of a policyholder against the other on similar risks. Please provide clarity in this regard.	Please refer to our responses in the comments matrix on the previous draft of the PPRs. • Noted • Noted • Whether the insurer's model reasonably balances the interests of the insurer and the reasonable benefit expectations will depend on the facts of each particular matter and insurer model. An insurer will have to be able to demonstrate how it considered the criteria.
297.	**Rule 6.2**	Renasa	1. We refer to the proposed replacement of The Policyholder Protection Rules outlined in Board Notice No. 153 of 2017, and wish to address comments to you in regard to certain sections of the proposals. 2. We again request you to reconsider your stated position in relation to the charging by Insurers of administration fees and the proposals contained in Section 6.2. 3. We previously addressed submissions to you on this issue and in this regard, we refer to our letter dated 6 March 2017. 4. We have considered the response that you have furnished to those submissions and wish to comment thereon as set out hereunder. 5. We note that you believe that the prohibition on the charging by an Insurer of a fee "is necessary to address the current inconsistent approach by Insurers in relation to which policy costs are included in the premium and which are not ". 6. You have expressed the view that current practices undermined the policyholders' ability to comp are comp any costs and the making of informed decisions between products. You have however, advanced no reasons or evidence to support this contention. 7. It is our respectful submission that current practices do not in fact impede the ability of policyholders to make informed choices. 8. On the contrary, policyholders make decisions in relation to insurance products on the gross cost to them of the purchase of such products i.e. the total cost in terms of the debit to client, rather than the individual costs of	We have noted all your previous submissions. Please note that our responses have been consistent in this regard and the rationale for this requirement has been explained as early as 2014 In the draft "Declaration of undesirable or irregular business practice – Charging of fees by insurers in addition to premiums". Our view remains the same. Your response seems to focus solely on clarity it may bring to policyholders and ignores the other reasons why the rule is necessary. We disagree with your assertion relating to transformation. A consistent approach needs to be applied to ensure consistent prudential reporting, consistent application of the commission regulations and level playing fields. We fail to see how applying the same requirement consistently would impede transformation.

No	Section	Commentator	Comment	Response
			specific services. 9. The model of reflecting the actual net risk premium charged for policy benefits, which is reflected separately from administration and other related charges levied by the Insurer, has much to commend itself. In this regard we refer to our previous submissions as contained in our letter of 6 March 2017. 10. A policyholder on the model we propose, is able to determine precisely what the real cost of the provision of policy benefits is and what costs are associated with the provision of those services. This enables a policyholder to see precisely how other costs such as brokers commission, binder or outsource fees are calculated and to determine the cost efficiency of an insurer. It is a more transparent model. Including costs to insurers within a single premium figure obscures those costs. 11. We do not believe that there is any factual evidence to support the position set out in your response to comments on the replacement of the policyholder protection rules. We believe, in particular, that our submission that policyholders base decisions upon the total cost of the provision of insurance services to them, as contained in the debit to client is, in fact, correct. 12. It is our submission that not permitting administration costs incurred by an insurer to be reflected separately on a schedule but simply requiring a single premium inclusive of all costs to be reflected on the schedule, will have the effect of increasing the cost of the insurance to policyholders. This is not in the interests of policyholders. 13. This increase is brought about by the increase in the commission paid by Insurers to Intermediaries as well as increased binder and outsource fees, having regard to the fact that these costs are determined as a percentage of the risk premium paid by the Insured. Furthermore, every time that the insurer increases the risk premium the amount paid to intermediaries will increase automatically thereby magnifying the increased risk premium. Not only will the insurer have to pay more to the intermediary but the policyholder will be paying more for what is essentially the same service being rendered by the intermediary. 14. Lumping costs associated with the administration of a policy in with Risk Premium, distorts commission and other contractual payments made to an Intermediary.	

No	Section	Commentator	Comment	Response
			15. In addition, the proposed amendment to PPR will result in increased reinsurance costs to insurers, having regard to the fact that these costs are also determined as a percentage of the risk premium paid by the insured. This increases an insurers cost of doing business and will ultimately impact on the cost of insurance to the insured public. 16. We do however, fully support the prohibition on any party, other than the insurer, adding any other fee or charge to the premium payable under a policy, save where this is otherwise expressly permitted by law. Our submission is that the proposed amendments to PPR will disallow insurers to reflect their administrative costs separately to the risk premium. 17. It is our submission that, when looked at from the perspective of the total costs of providing insurance benefits to consumers, the most cost-effective model for a consumer is that which we propose and that the negative consequences to both policyholders and insurers of lumping everything together as part of a single premium, far outweigh the criticism you have advanced that current practices within the industry make it difficult for policyholder s to compare costs and to make informed choices . 18. As stated, we do not believe there to be any empirical evidence to support such a position. It matters not whether binder and outsource fees relate to activities which insurers could perform themselves and hence are costs which the Insurer would have incurred itself in relation to the provision of policy benefits. 19. Costs are costs and including these costs as part of the premium, has the effect of distorting the basis upon which other charges are calculated, and, at the end of the day, all costs are ultimately passed on to a consumer. 20. We also believe that insufficient attention has been given to the practical implementation s of the proposed changes. The proposed changes will entail substantial amendments to many business models followed within the industry and will involve significant changes in areas such as: - a. Binder and outsource Agreements b. Reinsurance structures and arrangements c. The systems employed by insurers and intermediaries d. Schedules and disclosure notices. 21. In any event, were the proposed changes to be implemented, in our	

No	Section	Commentator	Comment	Response
			view, it would be impractical, given the extent of the above consequences of such changes, for such changes to be implemented inside of two years. *Transformation* 22. It is further our submission that the proposed amendments to PPR requiring insurer fees to be included in premium will favour larger insurers which cede less to reinsurance and will therefore serve as a further barrier to entry into the industry of new entrants, which will also have to suffer the increased costs of intermediary services (see 13 above) essential in providing efficient services to policyholders. 23. Junior insurers will be faced with significantly higher operating costs. The amendments will have the effect of favouring larger insurers with greater capital resources over smaller industry players who fulfil an important role in the provision of financial services. 24. The amendments will therefore further frustrate transformation initiatives.	
298.	**Rule 6.2**	SAIA	•An insurer may not charge a policyholder or a member of a group scheme "Any fee or charge" in addition to the premium payable under the policy. • On-boarding costs are not included in the premium. This may be prejudicial to the policy holder in that the policy holder that stays on longer, will pay more, if this is included in the premium calculations. • Clarity is sought regarding the concern around on-boarding fees?	Please see response above. It is necessary to have a uniform application of what "premium" is to ensure a consistent application of the regulatory framework.
299.	**Rule 6.2**	XL Transit	I write as a small niche entrepreneurial UMA that competes against the big corporate insurers. We have, I believe, a very significant role in the market and our stakeholders all see tremendous value proposition from our involvement in our market. However whilst I completely understand and agree wholeheartedly on the cancellation of broker fees and administration fees in some cases, in our case the insurer fee is actually very much a transparent disclosure of our costings as a UMA. The reality is that as a UMA we have an insurance treaty that has specific remuneration clauses applicable to the UMA. Whilst the carrier or licenced insurer who facilitates the arrangement does have a role in terms of providing licence, solvency, capitalization in some cases etc. The insurer in this instance charges a fee which is around the 5% mark. So whilst the reinsurer remunerates the UMA for broker commissions and its fee it often does not provide sufficient remuneration to cover the insurer fees. Thus the fee is recouped via the inclusion of said fees as clearly disclosed in our	The rule applies to the premium charged by the insurer. The insurer must in determining the premium take into account all costs associated with insuring the risk that the policy addresses. The rule does not prohibit fees to UMAs. The rule requires the insurer to take into account any fees it agreed to pay to a UMA in determining the premium. The rule is necessary to ensure a consistent approach to ensure consistent prudential reporting, consistent application of the commission regulations and level playing fields.

No	Section	Commentator	Comment	Response
			policy document. Were the fee to be removed under compulsion it would effectively remove about a third of a UMA's remuneration! This would then bring into question the viability of the business to the detriment of all stakeholders….but of course on the contrary to the benefit of the large corporates! Again! I write specifically with regards to niche UMAs here. I think were the clause 6.2 to be implemented on UMAs it would result in just further divisionalization of the UMA market, which is EXACTLY what the corporates want. It will kill entrepreneurship in its purest form and ultimately result in less job creation. There will be those that will of course continue at a significantly reduced income and correspondingly increased cost, but for those looking into the UMA market as a possible home for entrepreneurs in a very corporate environment well who would want to? It's a huge amount of work and pressure and the rewards are diminishing by regulation.	
300.	**Rule 6.3**	SAIA	• We submit that there should be consistency and if the fee is allowed for claims admin fees, it should be allowed for premium collection expenses and other genuine expenses of the insurer that is not related to the actual risk as well. • There is a substantial amount of work that goes into preparing a commercial and/or specialized policy. To cater for this, additional fees are charged on inception of the policy and in some instances spread through the life of the policy. • We would welcome further discussion around this as the rule only applies to policies governed by the PPR and no other commercial policies. We believe that there should be a consistent rule on this for all policies. We would suggest additional technical work be done by the Regulator with the industry to understand the impact of this rule on policyholders. While this is being reviewed, the Regulator could consider referring application of this rule to a later date.	• Premium collection is included under the definition of "services as intermediary" and must therefore be remunerated via commission. Your comment is therefore not understood. • See response to comment 297 that sets out the reason as to why this rule is necessary. • ✎ Please note that claims admin fees have been removed from the ambit of rule 6.3.
RULE 7: VOID PROVISIONS				
No comments received				

No	Section	Commentator	Comment	Response
RULE 8: WAIVER OF RIGHTS				
301.	**Rule 8**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
RULE 9: SIGNING OF BLANK OR UNCOMPLETED FORMS				
No comments received				
CHAPTER 4: PROMOTION, MARKETING AND DISCLOSURE				
RULE 10: ADVERTISING				
302.	**General**	BIAC	**Advertising and Distribution**: The adverts should clearly state the status of the distribution channels. The adverts must be uniform in stating its distribution channel. State whether the distribution channel is tied agents, independent financial advisors or unknown channel to FSB. There are distribution channels which are doing our job without being licensed by FSB. **Policyholders must be provided with full information regarding the distribution channel being used by insurance companies as advertised.** Short term insurers should not only be allowed to flight their **cheap premiums** in big letters and write their excesses in small prints including the age of the clients license, and usage of the car e.g. whether the premium covers only private use or also business use.	Please see response to your comment under the LTIA PPRs matrix. We believe that your concern regarding advertising that include excesses in small print will be addressed by this draft rule.
303.	**"advertisement"**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.

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304.	**"advertisement"**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
305.	**"comparative"**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
306.	**Rule 10.2.3**	Alexander Forbes	We have noted the amendment. Kindly correct the grammatical error.	✎ Error corrected.
307.	**Rule 10.2.3**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
308.	**Rule 10.2.3**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
309.	**Rule 10.2.4**	Alexander Forbes	Please indicate the purpose of this section having noted s10.2.3	✎ Please note that rule 10.2.4 will be deleted.
310.	**Rule 10.2.4**	DMA	This provision is, with respect, unconstitutional. A law cannot be of retrospective application.	Same response as under the Long-term Insurance PPRs matrix.
311.	**Rule 10.2.4**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
312.	**Rule 10.2.4**	SAIA	• This section is read to apply retrospectively on all advertisements. • Some advertisements run for a year with a particular slot on the chosen medium commissioned for that period. Whenever this rule becomes applicable, the insurer will be required to reassess and perhaps pull some advertisements based on this rule. • We would rather suggest that the rule be applicable a year after year the rule comes in effect as this provides reasonable and sufficient time to the insurer to align its advertisements with the proposed requirements.	Disagree, inappropriate advertisements cannot continue to be aired for 12 months.
313.	**Rule 10.3.1**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
314.	**Rule 10.3.1**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
315.	**Rule 10.3.3**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.

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316.	**Rule 10.3.3**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
317.	**Rule 10.3.4**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
318.	**Rule 10.3.4**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
319.	**Rule 10.3.4**	SAIA	This rule places an obligation on the insurer that where the advertisement is produced by a person other than the insurer, if the insurer 'ought to know', it should mitigate the risk of non-compliance. Clarity is sought as to how this would be practical with intermediaries.	An intermediary might decide to advertise an insurer's products without the insurer's approval. In such an instance the insurer must, where it becomes aware or should reasonably be aware of the advertisement, take reasonable steps to mitigate the risk of the advertisement not being consistent with the rule. We do not believe that this is an unpractical requirement.
320.	**Rule 10.3.5 read with 10.2.4**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
321.	**Rule 10.3.5 read with 10.2.4**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
322.	**Rule 10.3.5 (c)**	SAIA	• We suggest that this section should either be removed or revised since it is almost impossible to comply with it. • Should an insurer find that an advertisement is not consistent with rule 10, it is reasonable to expect that the advert should be withdrawn or corrected, but notifying every person, including potential policy holders, would be a task that is not reasonable as insurers will not be able to pinpoint which clients signed up with the insurer based on that advertising. • We are uncertain what is expected from the insurer in these instances. We respectfully submit that it cannot be expected that the insurer should contact all policy holders and potential policy holders to advise them of the fact that an advertisement was not consistent with rule 10? The rule further requires insurers to do so for all advertisements published within a period of 6 months before this rule comes into effect.	The requirement does not require the insurer to pinpoint which clients signed up with the insurer based on the advertising. It only requires the insurer to notify persons who it knows or reasonably assumes relied on the advertisement. Where advertisements were, for example, directed at specific persons known to the insurer, then we would expect the insurer to take steps to notify such persons of the inappropriate advertisement. ✎ Please note, however, that the words

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				", or reasonably assumes," will be deleted. Therefore, the insurer will only have to notify specific persons that it knows received the advertisement. We believe that this is a fair compromise and will erase any unintended or impractical consequences of the requirement.
323.	**Rule 10.4.3**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
324.	**Rule 10.4.5**	Alexander Forbes	We note your responses hereto however; the requirement to include risks, limitations and charges is not always feasible in respect of all short term insurance policies. This on its own can also be misleading to clients in instances where the risk of a client has an impact of the charges/premiums. Having to clearly explain the required will increase costs as such information will again be provided to policyholders or potential policyholders. Kindly reconsider this requirement.	Please refer to rule 10.4.6 which provides an exception to the requirement in rule 10.4.5.
325.	**Rule 10.4.5**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
326.	**Rule 10.4.5**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
327.	**Rule 10.4.6**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
328.	**Rule 10.4.8**	Alexander Forbes	This section introduces the targeted policyholder. It is advisable to reconsider this addition together the definition of a potential policyholder.	Please note that "policyholder" for purposes of this rule includes a potential policyholder. Therefore, the rule refers to a targeted policyholder and targeted potential policyholder. An advertisement can target both a policyholder and a potential policyholder. We therefore see no concern with the current wording.

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329.	**Rule 10.4.9**	SAIA	… and from materials and descriptions omitted from the advertisement. • Above is too wide and provides leeway for potential policyholders to apply subjective perceptions when making conclusions on the advertisement.	✎Please see revised wording.
330.	**Rule 10.4.10**	SAIA	• We agree that the advertisement should not be misleading to potential policyholders however, during certain periods, and depending on arrangements made with suppliers in some instances, certain additional benefits are made available due to the nature of the policy and the period in which the application of the policy applies. That the policyholder will only qualify for these benefits during this specific time is always true to the nature of that risk. • Whereas the intention of the clause is appreciated, the policyholder's risks are assessed at point of sale, with the policy's terms and conditions, including exclusions, limitations etc. clearly explained. • The risk of urgency is sufficiently reduced during this time as, according to FAIS requirements, the potential policyholder is provided with sufficient time to make an informed decision.	The Rule provides that advertisements should not be designed to "exaggerate" the need for urgency which could encourage the average targeted policyholder to make unduly hasty decisions. In the examples you provide, it does not appear that this is the case.
331.	**Rule 10.6**	SAIA	Drafting recommendation: • In clause 10.6.1, reference is made to rule 10.15. If one reads 10.15 it contains a clause 10.15.4(c) where adherence to 10.6 is required – this creates a circular reference. • We recommend that clause 10.6.1 be amended to refer to " in accordance with rules 10.15.1 to 10.15.3…" or simply delete 10.15.4(c) in totality then the reference in 10.6.1 can remain as is.	✎ Partially agreed. Rule 10.15.4(c) will be amended as follows: "(c) all requirements of rule ~~10.6,~~ 10.15.1 and 10.15.2 are complied with in relation to the identification of the insurer."
332.	**Rule 10.6.1**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
333.	**Rule 10.6.2**	Clientele General	In terms of direct marketing strategies, non-branded campaigns are used in the market to generate leads. This can be in the form of a SMS or generic message on websites. It is purely a call to action, once the prospective client is interested in a product, he/she will contact the number provided, and then the required disclosures in terms of the Insurer etc. will be made. The response on the initial comment from the FSB was noted. However further clarity and/or confirmation is required that the proposed	The example provided attempts to persuade the public (or a part thereof) to transact in relation to a policy (as legal cover would constitute a policy) and would therefore constitute an "advertisement" in relation to a policy. The fact that the advertisement does not mention a specific product, insurer or

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			rule will not result in unbranded, call to action messages (for example an SMS stating “Are you interested in Legal cover? Reply 1 if you want more information.”) being disallowed? It should be noted that these messages do not mention a specific insurer, product, premium or benefits. We kindly seek confirmation on that such campaigns will be allowed.	premium is irrelevant (contrary to what you are saying it does mention a specific benefit). Such advertisements would therefore not meet the requirements of the advertising rule once it becomes effective.
334.	**Rule 10.7.1**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
335.	**Rule 10.7.2**	Alexander Forbes	Clarity is required in respect of the term “targeted policyholder” How is an insurer meant to balance this requirement and further what’s the purpose of hereof.	An insurer must consider its target market and ensure that the language used is appropriate for the target market.
336.	**Rule 10.11.1**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
337.	**Rule 10.11.1(a)**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
338.	**Rule 10.11.1(e)**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
339.	**Rule 10.13.1**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
340.	**Rule 10.13.1**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
341.	**Rule 10.14**	DMA	Where the loyalty bonus is not optional it serves no purpose to disclose the cost of the benefit to the customer as a separate amount to the premium. This will only serve to confuse the customer. The importance of disclosures is to give clarity to a customer as to which part of the product is premium, fee etc. The cost of the loyalty bonus (especially non-optional bonus) is included in the premium so would provide no further relevant information to the customer.	Same response as under the Long-term Insurance PPRs matrix.
342.	**Rule 10.14**	DMA	We do not understand these provisions to apply to a ‘bundled product’ (as contemplated in clause 11.4.2(h)), where insurance and non-insurance benefits are provided as a single bundle of indivisible benefits.	Same response as under the Long-term Insurance PPRs matrix.

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343.	**Rule 10.14.1**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
344.	**Rule 10.14.1**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
345.	**Rule 10.14.2**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
346.	**Rule 10.14.2**	FirstRand	Same comment as under Long-term Insurance PPRs rule10.14.3(a).	Same response as under the Long-term Insurance PPRs matrix.
347.	**Rule 10.14.2**	BASA	Same comment as under Long-term Insurance PPRs rule10.14.3(a).	Same response as under the Long-term Insurance PPRs matrix.
348.	**Rule 10.15**	SAIA	We recommend that clause 10.15.4 (c) be deleted– as per point above	See response to comment number 331.
349.	**Rule 10.15.4**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
RULE 11: DISCLOSURE				
350.	**General**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
351.	**Rule 11.2.1 (read with Rule 10.14.3 (a))**	BASA	Please provide clarity on whether there is a requirement to disclose the cost of a loyalty benefit and a no-claims bonus in terms of Rule 11, if the cost comprises less than 10% of the total premium payable under the policy?	Same response as under the Long-term Insurance PPRs matrix.
352.	**"direct marketing"**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
353.	**"direct marketing"**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.

No	Section	Commentator	Comment	Response
354.	**"significant or unusual exclusion or limitation"**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under Long-term Insurance PPRs.
355.	**"significant or unusual exclusion or limitation"**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under Long-term Insurance PPRs.
356.	**Rule 11.3.1**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
357.	**Rule 11.3.6**	SAIA	• The effect of this rule is that all intermediary agreements will have to be amended to ensure compliance. This is welcomed. • Clarity is sought as to whether the insurer is required to ensure that its agreements are all compliant on the effective date alternatively, whether insurers will be able to amend their agreements as and when they are reviewed? • If compliance is expected as at the effective date, this may prove to be extremely onerous on insurers who use intermediated models. • We therefore suggest that insurers be allowed to amend contracts on review as the law would take precedence over the agreement until it has been amended, thus the harm mitigated.	Please note that this Rule becomes effective 12 months after the publication date. Insurer therefore has 12 months to comply with the requirement (and in essence 12 months to amend all tis agreements).
358.	**Rule 11.3.7(c)**	FirstRand	Clause (c) does not allow for duly contextualized reading if it does not start with the word "must". It is suggested that the word "must" be inserted at the beginning of clause c, as set out below: (c) must take reasonable steps to mitigate risks to policyholders of the independent intermediary failing to meet its disclosure obligations in terms of the intermediary agreement or any applicable law.	✎ Agreed. Error corrected.
359.	**Rule 11.3.7(c)**	BASA	Clause (c) does not allow for duly contextualized reading if it does not start with the word "must". It is suggested that the word "must" be inserted at the beginning of clause c, as set out below:	✎ Agreed. Error corrected.

No	Section	Commentator	Comment	Response
			(c) must take reasonable steps to mitigate risks to policyholders of the independent intermediary failing to meet its disclosure obligations in terms of the intermediary agreement or any applicable law.	
360.	**Rule 11.4.1(b)**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
361.	**Rule 11.4.1(b)**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
362.	**Rule 11.4.1 (b)**	SAIA	• Insurers are in agreement with the principle of disclosing pertinent information to the client and discussing premiums, excesses etc. Direct marketers are concerned about the volume of information that needs to be disclosed prior to entering into the policy. • We suggest that it would be much more effective and in the interest of the customer to provide detailed disclosure / information documents that can be emailed, provided on an app, web or other platform where the client can indicate receipt of the documents and have the right to cancel the policy should they find that they are not comfortable with the policy. • We suggest that through a combination of telephonic disclosure and written disclosure during a telephonic sales conversation, the insurer should still be able to conclude the contract with the client after pointing out the importance of reading Key Information Documents (KIDs) and the fact that the client can contact the insurer at any time to change cover or cancel it.	Noted. ✎See revised wording in rule 11.
363.	**Rule 11.4.2**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
364.	**Rule 11.4.2 (d) (iv)**	FIA	Rule 11.4.2 (d) (iv) - we would suggest that “to” be changed to “and” to express the correct intent. (Commission is payable by the insurer to an intermediary over which the policyholder has no responsibility or control.)	✎ Partially agreed. See amendment to paragraph (d).
365.	**Rule 11.4.2(g)**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under Long-term Insurance PPRs.
366.	**Rule 11.4.2 (i)**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under Long-term Insurance PPRs.

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367.	**Rule 11.4.2(i)**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
368.	**Rule 11.4.2(i)**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
369.	**Rule 11.4.2(e)(iii)**	SAIA	• Premium increases are based on inflation and individual risk profiles. Advisors will not be able to foresee how premiums will increase and they will thus they may not be able to factually confirm this with the clients. • Clarity is sought from the Regulator as to what is expected of advisors in relation to the clients in this context.	The intention is that policyholders must be appropriately informed of possible premium increases, the frequency thereof and factors that will be taken into calculation when calculating the increase, i.e. inflation, claims history, cost of repairs/replacement etc. This may differ from insurer to insurer and goes to underwriting factors. Policyholders must understand the implications of this. The insurer will have to provide this information to an intermediary where it relies on an intermediary to disclose this information to a policyholder.
370.	**Rule 11.5.1(b)**	SAIA	Clarity is sought as to what is meant by “the timing”. A general statement that policy benefits will be made available upon receipt of all the required information to validate the claim may be possible, but to provide a specific time period would not.	It means the insurer must give an estimation of how long, approximately, it will take to pay out policy benefits. For example, death benefits will be paid within 48 hours.
371.	**Rule 11.6.3**	SAIA	• Changes to the policy will only be effective 30 days after notification of such change. • Clarity is sought as to how cooling off rights apply in such instance as the policyholder holder already has 30 days to consider the proposed change.	✎ Please see response to comment number 291.
372.	**Rule 11.6.4**	FirstRand	Same comment as under Long-term Insurance PPRs rule 11.6.4.	Same response as under the Long-term Insurance PPRs matrix.
373.	**Rule 11.6.4**	BASA	Same comment as under Long-term Insurance PPRs rule 11.6.4.	Same response as under the Long-term Insurance PPRs matrix.

No	Section	Commentator	Comment	Response
374.	**Rule 11.6.4**	SAIA	• We note that the PPRs are silent about a situation where the insurer wants to cancel the policy due to fraud committed by the policyholder. • Would the insurer still be obliged to give a month's notice despite that possibility of another fraudulent claim within that month' notice?	Please note that rule 11.6.4, read with 11.6.3 applies to changes to a policy, not termination. Your comment is therefore unclear.
375.	**Rule 11.6.5**	FIA	Rule 11.6.5 (c) - we would suggest adding "and/or exclusions" before "… on renewal…"	A change to an exclusion will be included under a change to a term and condition and we therefore think the wording is appropriate.
CHAPTER 5: INTERMEDIATION AND DISTRIBUTION				
RULE 12: ARRANGEMENTS WITH INTERMEDIARIES				
376.	**Rule 12.2.2**	SAIA	• This rule remains problematic since it will have practical implications for Insurer/UMA relationships where the UMA as the agent of the Insurer, could be appointed to enter into the agreements on behalf of the Insurer in terms of agency (the UMA is a mandated signatory who binds the insurer to the agreement and is thus not a party to the agreement – the agreement is still between the insurer and the intermediary). • Because the UMA is the specialist they are in a much better position to verify the actual product knowledge of the intermediary before the intermediary agreement between the insurer and the intermediary is entered into. • Clarity is sought from the regulator as to how these agreements are to be practically executed.	Rule 12.2.2 was specifically inserted in response to a comment received on the previous draft of the PPRs suggesting that third parties (such as binder holders) are entering into intermediary agreements on behalf of insurers. This is to clarify that this is not allowed. An intermediary agreement must be between the insurer and the intermediary as contracting parties, regardless of whether the intermediary is a juristic person or a natural person. The requirements does not detract from an arrangement that the insurer has with an agent to facilitate the relationship between the insurer and its contracted intermediaries. It merely requires the parties to the contract to be the insurer

No	Section	Commentator	Comment	Response
				and the intermediary. The transitional period inserted for this rule in Chapter 8 is intended to allow insurers sufficient time to align existing agreements to this rule.
377.	**Rule 12.2.4 read with 12.2.1**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
378.	**Rule 12.2.4 read with 12.2.1**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
379.	**Rule 12.2.4**	SAIA	• In terms of the RDR the FSB is proposing that an intermediary be entitled to charge so called advice fees to a customer, however in terms of this requirement the insurer is made the watch dog of those fees. • This is impractical and will impede the negotiation of such fees between a customer and intermediary as the insurer will have to resort to a tick box approach to monitor such fee. It is suggested that this be deleted and the previous position as set out in the Regulations be applied.	Disagree. The rule does not apply to advice fees. The requirements around the charging of advice fees will be part of future developments under the RDR, and cannot be entrenched in current legislation.
380.	**Rule 12.2.4**	SAIA	• These rules do not apply to a policy where the policyholder is a juristic person with a turn-over above a threshold prescribed. It is proposed that these general principles should have application irrespective of the personality of the client and its turn-over. Notably a sole proprietor or the same size enjoys protection although it may have the same bargaining authority as a juristic entity. • We note that this rule was amended substantially compared to the proposal initially contained in the insurance regulations. Insurers will not be able to establish whether the fee is charged for the purposes as set out in the regulation.	• Noted. In view of the potential impacts on small business and small business owners that may be vulnerable to unfair treatment we view the additional protections afforded by the PPRs as appropriate. If a sole proprietor is not particularly vulnerable the additional protections will still not do any harm. The requirements are good business practice for insurance business in the interest of the fair treatment of customers and should generally be in place for cases well above the threshold. • The section referenced is Rule 12.2.4, however the comment seems to relate to rule 12.4. The requirement will no

No	Section	Commentator	Comment	Response
			• Insurers are not privy to the discussions and negotiations between an intermediary and the policyholder. The insurer will further not have an in depth understanding of whether the services rendered by intermediaries and/or other persons as provided for in the said rule relates to intermediary services, outsourcing or binder services. • It is our submission that the insurer would require an in depth understanding of the operating model of the intermediary as well as the relationships in place with various product suppliers in order to establish this. • This equally applies to the requirements relating to the fee being reasonably commensurate to the service being provided. • It is our respectful submission that the intermediary should adhere to these requirements and the fact that the insurer is merely facilitating fees on behalf of intermediaries should not create such an onerous burden on them. It is our opinion that these provisions should rather be included in the FAIS General Code of Conduct in order to ensure that intermediaries adhere to these principles. In terms hereof, an insurer is settled with the obligation of ascertaining that a fee payable by client to an intermediary is explicitly agreed to and the purpose for which the fee is levied is agreed to by the client in writing. • In addition, the insurer must ensure that the service is for a service other than intermediary service and that it is reasonable. These principles pertaining to fees payables which are welcomed only applies if an insurer facilitates the deduction or charging of a fee payable by a client to an intermediary.	longer be provided for in the Regulations. The requirement will only be imposed by this rule. The requirement has been extended beyond fees payable to an intermediary to any fees payable as facilitated by the insurer. • The insurer pays the remuneration for services as an intermediary in the form of commission. Outsourcing and binder services are for services rendered to the insurer and the fees for these services are payable by the insurer. This rule relates to deduction or charging of any fee payable by *a policyholder* to an intermediary or any other person. Also, the rule only applies where the insurer collects the fee on behalf of another person. • The insurer should have an entrenched culture of fair treatment of its policyholders. The insurer cannot distance itself from its responsibilities towards its policyholders to ensure fair outcomes, not only in relation to the insurance products but in all dealings with policyholders. • ✎ Noted. See proposed change to the rule. • Disagree. This is intended to replace the current S 8.5 fee which has been

No	Section	Commentator	Comment	Response
			• It is submitted that the protection of policyholder from abuse is equally applicable where the fee is collected by the intermediary for its own account. • The protection should also be extended to instances where the intermediary is collecting directly from client without the insurer facilitating the deduction or charging. • The intermediary must be regulated to ensure the same outcomes notwithstanding that an insurer is not active in the facilitation of deduction or charging of such fees.	repealed from the STI Act. It places an obligation on the insurer and goes further than intermediary • Noted. Consideration will be given to these suggestions as part of the Tranche 2 of the amendments as mooted to in the supporting documents published with the first draft of the replacement PPRs.
381.	**Rule 12.4.1**	SAIA	Clarity is sought regarding the meaning of "facilitate" as stated in 12.4.1 and define "facilitation" as per the heading of 12.4	The normal grammatical meaning of the word 'facilitate' applies i.e. to process, action or enable deduction or charging of any fee payable by a policyholder to an intermediary or any other person.
CHAPTER 6: PRODUCT PERFORMANCE AND ACCEPTABLE SERVICE				
RULE 13: DATA MANAGEMENT				
382.	**Rule 13.1**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.

No	Section	Commentator	Comment	Response
383.	**Rule 13.4**	Clientele	*"An insurer must at a minimum, for the purposes of complying with Rule 13.3, have access to the names, identity numbers and contact details of all its policyholders."* It was noted in the response to previous comments that "identity number" includes an official passport number. To avoid confusion, we propose that the words "or official passport number" be added to the rule.	Same response as under the Long-term Insurance PPRs matrix.
384.	**Rule 13.4**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
RULE 14: ON-GOING REVIEW OF PRODUCT LINE PERFORMANCE				
No comment received				
RULE 15: PERIODS OF GRACE				
No comments received				
RULE 16: RECORD KEEPING				
No comments received				

No	Section	Commentator	Comment	Response
CHAPTER 7: NO UNREASONABLE POST-SALE BARRIERS				
RULE 17: CLAIMS MANAGEMENT				
385.	**Rule 17.3.1(d)**	SAIA	Clarity is sought with regard to the following: • When will the payment be considered "late payment" for the purposes of this rule? • After which period will interest accrue? • Will the prescribed interest rate apply? The circumstances referenced in this clause could be interpreted in two ways: • the clause may be suggesting that the insurer must pay interest for late claim payments • Or that the insurer can decide whether they are paying interest, in what circumstances, and disclose it accordingly. Please provide clarity in respect hereof.	The insurer must ensure the fair treatment of its policyholders. Accordingly, where it would be fair to pay interest for late claim payments it will be expected. Although the rule is not prescriptive as to when interest is payable, the insurer must apply its judgement taking into account market practice, its business model and the reasonable expectations of its policyholders. The regulator will not prescribe the interest rate. As per rule 17.3.1(d) the claims management procedure must set out the circumstances in which interest will be payable in the event of late payment of claims, the process to be followed in such an instance a*nd the rate of the interest payable.* The insurer therefore has to apply its judgement as to what would constitute a fair interest rate and include it in its processes.
386.	**Rule 17.3.1 (d)**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.

No	Section	Commentator	Comment	Response
387.	**Rule 17.4**	SAIA	• In terms hereof, the board of directors of an insurer has responsibility to approve the claims management framework. • Clarity is sought as to whether it is permissible for the Board to delegate the approval responsibility to an executive committee?	No, the board remains ultimately responsible for approval of the claims management framework.
388.	**Rule 17.4.3**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
389.	**Rule 17.4.3**	SAIA	• A deeming provision is contemplated for receipt of claims by an independent intermediary or binder holder authorised to manage claims. • The Regulations employ the phrase settlement of claims for binder holders whilst intermediary services are stated to include processing of claims. • What does manage claims mean and is it in anyway different from the two concepts in the Regulations, i.e. claim settlements and processing claims?	Managing claims will include both settling and processing of claims.
390.	**Rule 17.4.3**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
391.	**Rule 17.8.4(b)**	SAIA	• This clause may be a challenge to comply with, as providing indicative timelines upon receiving a claim is difficult considering the unique nature of certain claims. • The scale and complexity of claims are often determined after a more detailed investigation. Providing a timeline upfront may mislead or misinform the claimant.	The rule refers to 'indicative timelines' instead of 'exact timelines'. The insurer can advise the claimant that these are estimated timelines based on the average claim but if further investigation is required then it may influence the timelines. It is about proper communication with claimants and keeping them appropriately informed during the claims process.
392.	**Rule 17.8.4(b)**	BASA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.

No	Section	Commentator	Comment	Response
393.	**Rule 17.8.7**	SAIA	• In terms hereof, an insurer is required to register a claim not later that the first Business day after receipt of a claim. • We would recommend that an exception be considered for Catastrophic events in respect of which registration may extend beyond the first business day of receipt, particularly where claim forms are utilised.	In our view the legislation should not provide for unusual or exceptional circumstances. It is also not clear what timeframes would be reasonable in such catastrophic circumstances or how this should be accommodated in legislation. The regulator in considering any non-compliance by an insurer will take into account any exceptional circumstances that may have led to the non-compliance in line with the principles of fair administrative justice.
394.	**Rule 17.10.1(a)**	Clientele	*"Where the insurer charges an administrative fee for the management of a claim, or any excess is payable by the policyholder, such fee or excess –* *(a) must be clearly disclosed to the policyholder as required by rules 11.4.2(f)(iii) and 11.5.1(c);"* Kindly clarify which rule you are referring to, seeing that Rule 11.4.2(f)(iii) does not exist in the current draft.	Noted. ✎ Referencing corrected. The rule is intended to refer to 11.4.2(d)(i).
395.	**Rule 17.10.1(a) and (b)**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
RULE 18: COMPLAINTS MANAGEMENT				
396.	**General**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under Long-term Insurance PPRs.
397.	**General**	SAIA	Where complaints are lodged with an independent intermediary, performing intermediary services on the client's behalf, are these excluded from the ambit of the insurer to report on?	No, these complaints are not excluded entirely. They should be dealt with in accordance with the processes required by Rule 18.3.1(i).

No	Section	Commentator	Comment	Response
398.	**"complaint"**	FIA	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
399.	**"complainant"**	SAIA	Does the definition of complainant include "third party" claimants?	Yes. The definition refers to "a person who submits a complaint". This, read with the definition of complaint, will include a third party claimant who would be regarded as having a "direct interest" in the matter as required by the definition.
400.	**"upheld"**	FirstRand	Same comment as under Long-term Insurance PPRs.	Same response as under the Long-term Insurance PPRs matrix.
RULE 19: TERMINATION OF POLICIES				
401.	**Rule 19.2.1 read with 20.2.2**	FirstRand	Same comment as under Long-term Insurance PPRs rule 20.2.1.	Same response as under the Long-term Insurance PPRs matrix.
402.	**Rule 19.2.1(b)**	FIA	Rule 19.2.1 (b) - we feel that consideration could be given to allowing insurers to cancel immediately in certain situations, such as blatant fraud. We would suggest that (c) could be removed as common law would allow for cancellation if in breach of contract anyway.	Please see response to this question raised by your organisation in the previous draft of the PPRs. Refer to the document tiled "*Comments matrix - FSB response to public comments received PPRs December 2016-version"* as published with the draft PPRs. Contractually, if there is fraud the contract is voidable, and therefore the insurer can cancel the agreement immediately. There is no need to specifically provide for this in the rule as it is governed by law of contract.

No	Section	Commentator	Comment	Response
				Disagree that (c) should be removed as "in law' included the common law.
403.	**Rule 19.2**	SAIA	• It may be prejudicial for an insurer to have to wait 60 days or for confirmation that the client has obtained new insurance on a policy that has been cancelled. • There are situations where a client is a moral risk or where there is a change in the risk that the insurer cannot be expected to cover for longer than 30 days. • Furthermore where a client has a high claims history or is a moral risk, it is unlikely they will find alternative cover within the time period allowed. • What is the purpose of this provision? It cannot be to compel an insurer to continue providing insurance to a client that is a moral risk for the insurer? What happens if no proof of insurance is provided? Does that mean the cancellation cannot be effected? • We submit that the rule should be amended to provide that the insurer needs to confirm the client has received the notice and the 30 days should run from there. 30 days' notice should be sufficient.	• Disagree. The insurer must notify the policyholder in writing a month in advance. We are of the view that the policyholder, in the interest of fairness, should receive notification of the intended termination and be afforded the opportunity to obtain alternative cover. If the insurer contacts the policyholder to confirm if the policyholder has obtained alternative cover, then it may well be a period shorter than 60 days. • Where there is a material change in the risk covered under the policy as set out in rule 19.2.1 the notice requirement will not apply. • Noted. In such instances rule 19.2.2(a) will apply. • Please refer to rule 19.2.3 that sets out the alternative to where proof of cover cannot be provided. As per our response to similar questions raised by your organisation in the previous draft of the PPRs the insurer will not be liable to remain on risk indefinitely. • Please refer to rule 19.2.2(a). For purposes of clarification this means: (a) Either the insurer must remain on risk for a period of a month after the date on which the insurer receives proof that the policyholder has been made

No	Section	Commentator	Comment	Response
				aware of the intended termination of the policy; *(in the commentator's words: confirm the client has received the notice)* OR (b) the insurer must remain on risk until it receives proof that the policyholder has entered into another policy. Whichever is the shorter of the two.
404.	**Rule 19.2.2**	FIA	Rule 19.2.2 - we are concerned that this is not practical or reasonable as the period is not long enough to allow for situations where the insurer is cancelling and the broker has to move a "book" of business? Will insurers not simply "default" to 19.2.3 or would they be required to demonstrate that they have made due effort to comply under 19.2.2? We would suggest deleting 19.2.3.	Please refer to the exact wording of 19.2.3 which states that "*the insurer must be able to prove that".* The insurer will therefore be required to demonstrate that they have made due effort to contact the policyholder.
405.	**Rule 19.2.2(a)**	SAIA	• Changing "30 days" to "a month" creates confusion in the interpretation of this section and we suggest that the section should be changed back to "30 days" or that "a month" should be defined in the Rules.	Noted. ✎See amendment to rules to provide for 31 days.
406.	**Rule 19.2.2 (a)**	SAIA	• A short-term insurance policy does not require continuation. • We request that it is removed from the regulations, alternatively provide clarity of the insertion.	This rule is similar to the existing rule 7.4 in the ST PPRs. This rule will ensure the fair treatment of policyholders in affording them an opportunity to obtain cover elsewhere before their cover terminates. This rule does not force the insurer to remain on risk, but merely to give the policyholder fair notification of termination of a policy.
407.	**Rule 19.2.2**	SAIA	• Clarity is requested on the extent that the Insurer is required satisfy themselves that the policyholder is covered for similar risks.	• If the insurer can satisfy itself that the policyholder is covered for similar risks i.e. it no longer needs

No	Section	Commentator	Comment	Response
			• If the policyholder cancels a comprehensive insurance policy and the policyholder goes and insures himself for third party cover only, is the insurer required to remain on cover seeing that the policyholder has not found suitable cover for a similar risk? • It is our suggestion that it remains sufficient that the Insurer remains on cover for 30 days or until such time the insurer can demonstrate that they have exercised reasonable efforts to inform policyholders of the cancellation through their selected mode of communication.	the cover by the first mentioned insurer, then it can cancel the cover. • The insurer is not required to assess the suitability of the cover, only that similar risks are covered. • Yes, and this will apply. Receiving proof of alternative cover will suffice in alternative. There is not an obligation on the insurer to confirm alternative cover.
408.	**Rule 19.3.4**	FIA	• Rule 19.3.4 - what if the replacement scheme has to be "re-underwritten"? We would suggest considering applying this to "existing member"' only.	In view of the potential impacts on members of group schemes where their cover is substituted or replaced, we believe it is a necessary protection to not allow any new waiting periods to be imposed. This is a current provision for assistance business group schemes in rule 12 of the current LT PPRs. We are not aware of any concerns in applying it to assistance business group schemes and consider it appropriate to be extended to all group schemes for purposes of protecting the members.
CHAPTER 8: ADMINISTRATION				
409.	**Period allowed in which to comply**	Alexander Forbes	An extended period of 12 months is required in respect of rules 1.1 – 1.4, as this requirement is subjective or not clearly defined by the regulator. Business further has a number of operational, policy changes and client notifications, which must be implemented in order to be compliant with this section.	Disagree. Rules 1.1 to Rule 1.4 contains a combination of principles that are already required of insurers as per the six TCF outcomes which has been consistently communicated to the industry since 2011. The FSB has been clear since the publication of the *TCF Roadmap* in March

				2011 that the TCF regulatory framework will comprise a combination of market conduct principles and explicit rules. As explained in the TCF Roadmap, *"delivery of TCF therefore requires the development of a regulatory framework that will effectively balance principles-based and rules-based regulation to ensure that regulated firms deliver the desired outcomes of discipline and transparency in a consistent manner."*[1] These principles should already be entrenched conduct of insurers and should be part of the organisational culture. The final PPRs will become effective a year after the first drafts of the PPRs were published and the ultimate aim of fair outcomes for policyholders have always been clear.
410.	**Transitional arrangements – Rule 12.2.2**	SAIA	• We request that the transition period is extended from 6 months to 12 months. The operational process of re- contracting with a large number of intermediaries will take some time to complete and it is our view that 6 months may be insufficient	✎Agreed. Transitional period for Rule 10 will be extended to 12 months
411.	**Rule 12.4**	SAIA	It is suggested that the rule comes into effect 6 months after publication of the notice in the Gazette. This does not allow the insurer sufficient time to put systems in place to ensure compliance with the rule. We submit that a 12 month transitional period be granted should the rules remain.	✎Agreed. Transitional period for Rule 12.4 will be extended to 12 months

[1] See p.12 of the TCF Roadmap, 31 March 2011, available on the FSB's website www.fsb.co.za.

GENERAL COMMENTS:

412.	**General**	ASISA	ASISA and its members appreciate the opportunity to provide comments on the second draft of the Policyholder Protection Rules (PPR's) and for the thorough consideration of our comments on the first draft as reflected in the comments matrix provided. It was also very helpful in considering the second draft to have the track changes version provided. The distinction in this version of the PPR between policyholders and members of funds and group schemes is helpful to some extent but there is still confusion as to the extent of the insurer's obligations towards members of group schemes and a need to distinguish between voluntary and compulsory group schemes. In Rule 1.6 there is a concession upfront that at times it may not be practical for an Insurer to engage directly with members, and in Rule 1.6(b) it therefore provides that because of this the insurer must ensure arrangements are place with the policyholder. It is very important to consider the implications of having two contracting parties involved here, who need to agree to the terms (because it cannot be one sided). ASISA members do not think that to place all the obligations on the insurer will achieve the intended results. The policyholder plays an important role in these arrangements, and this should be recognized. It is our submission that the parties need to agree to their respective obligations, and insofar as obligations of the insurer extend to members/employees, then the policyholder has an absolutely essential role to play in facilitating that, without which the insurer will not be able to achieve the objectives that the rules are intending. Retirement funds and the boards of trustees as well as fund administrators have legal obligations under the Pension Funds Act and FAIS. The situation is different with employers and it makes the compliance burden more difficult for insurers if the employer does not cooperate. The employer does have obligations in terms of the Basic Conditions of Employment Act (BCEA) and Labour Relations Act (LRA) to notify employees of benefit changes in the group policy. Another key concern of members is the requirements in rules 13.4 for insurers to have contact details of all policyholders which include members of funds and group schemes as well as the requirement to obtain consent from all members for termination of a group scheme. These are not practically achievable in all cases and suggestions have been made in this regard.	Noted. See the changes in the rules where specific comments were considered and agreed to. In general we do not think that a distinction between voluntary and compulsory group schemes will be appropriate as the PPRs aim to address the abuses that arise in respect of both voluntary and compulsory group schemes. The insurer must when entering into a group scheme policy, ensure that the necessary policies, processes and procedures are in place for consistent delivery of fair outcomes depending on an assessment of what that would mean within the specific context and nature of the policy. The rule allows flexibility for the insurer to apply its mind as to how best to meet the requirements. The PPRs can only apply to insurers and cannot impose obligations on employers. It is the responsibility of the insurers wishing to enter into these types of arrangements to ensure that the outcomes sought to be achieved by the PPRs are adequately considered and addressed in the structure and design of the arrangements, for example by imposing specific requirements on employers through

				the terms and conditions of the actual policy. The suggestion with regards to contact details is noted. See amendment to rule 13 and rule 20 with regards to members of group schemes.
413.	**General**	BAIC	**Short term insurers** are now asking for the purchase receipts of the insured items irrespective of the date on which they were bought. Policyholders keep the receipts for a maximum period of two years of the guarantee period and thereafter its spring cleaning. And most, if not all policyholders insure what they already have and not what they are going to have. The issue of demand for receipts needs to be reconsidered. **Very few policyholders if there are any have been able to recover their excess from their insurer. The response from the insurer is that it is not worth pursuing, but they had claimed against the third party, the cost of repairs. How do they claim against the third party without considering their policyholders' financial inconvenience? The total cost of repairs must be recovered and the policyholder must have the excess paid, refunded**	Noted. An insurer is entitled to request proof of the insured property, however the insurer must ensure that the policyholder understands its claims process and that it may request proof of the value of the insured item. This concern goes to having an appropriate claims management framework, communication with claimants and sufficient disclosure. We are of the view that the new rules on claims management and disclosure will go a long way in ensuring the fair treatment of policyholders in this regard. With regard to excesses, an insurer can choose to pursue subrogation if it has covered the policyholder's loss. If an insurance company decides to pursue subrogation, it has to inform the insurer of their intention to proceed with legal steps against the third party. As set out above, the obligation is on the insurer to have an appropriate claims management framework and communicate appropriately with claimants – advising a policyholder of its rights to claim against the third party and to pursue recovery of the excess would be considered

				appropriate communication. With regards to both the examples set out by the commentator, if a claimant is dissatisfied with the conduct of the insurer, he/she may lodge a complaint with the relevant ombudsman to investigate the circumstance around the claim.
414.	**General**	DMA	General Comment: We suggest based on the developments in the RDR and what is contained in the FAIS General Code of Conduct, that a distinction is drawn between advice and non-advice, sales execution only models for disclosure purposes. The FAIS General Code recognizes, and correctly in our view, that the need for additional disclosures to ensure policyholder protection is necessary where advice is being given and, by implication, that less onerous disclosure requirements should apply to the marketing of products in non-advice models.	Noted. See the definition of "direct marketing" and applicable provisions in Rule 11 on Disclosure. See various changes to the structure and specific provisions of Rule 11 on disclosure which is intended, among other things, to ensure alignment with the complementary FAIS disclosure obligations. Note however that the provisions are not identical. Also see new provision in that rule which deal with the respective disclosure responsibilities of the insurer and intermediary. Regardless of who makes the disclosures, in terms of the PPRs the insurer remains responsible to ensure that the disclosures are made regardless of whether it is done by the insurer or a service provider of the insurer. In our view the disclosure requirements in the PPRs and the FAIS Act are complementary and not contradictory.

415.	**General**	FIA	While we take note of the FSB's comments on our earlier submission, we do not accept this. The FIA would like to see full alignment between the disclosure requirements that financial advisers and intermediaries face in terms of section 7 of the FAIS General Code of Conduct and the disclosures envisaged in the PPR amendments. We believe that it is in the interest of consumers that, when a financial adviser discloses product benefits, values, terms, conditions, and exclusions to clients, he / she can depend on the product disclosures supplied by the product supplier for purposes of compliance in terms of the FAIS General code of conduct. The rationale is that product suppliers design products, which they market to financial advisers, and in turn financial advisers market the same product to customers. Surely, if financial services providers are required to disclose product benefits, features, terms, conditions, and exclusions to clients, one would expect product suppliers to disclose the same to the people who distribute their products? It is important to note that this request by the FIA does not refer to the Key Information Disclosure (KID) documents. It was agreed by all the stakeholders in the TCF Product Disclosure Work Group that the KID documents would focus on the essential product information and that these documents would not represent all disclosures as required in terms of section 7 of the General Code of Conduct. Therefore, we would request that the amendments in the Policyholder Protection Rules should include rules that will enable financial advisers and intermediaries to present one document prepared by the product supplier in question, which at the same time will contain all the product information necessary to disclose to a client as required in terms of section 7 of the Code. There are numerous benefits for all stakeholders in the financial services industry if product suppliers would be required to draft comprehensive disclosure documents in terms of the Policyholder Protection Rules, namely: 1. It would create a level playing field for disclosures pertaining to product suppliers and financial services providers. 2. It will no longer be necessary for financial services providers to draft their own disclosure documents in respect of products designed by product suppliers. 3. This will avoid much duplication that is currently going on in the industry and it will reduce the level of paperwork that consumers must deal with when they purchase financial products. The FIA is further of the view that the designers of financial products should	Noted. The comment only relates to a single scenario where products are developed by the product supplier and 'marketed' to advisers to sell. This is but a single business model in an industry of vastly different business models and approaches to marketing of products. The PPRs are applicable to all insurers and has to be drafted accordingly. Only considering a single type of distribution model would be impractical and defeat the purpose of the PPRs. The concerns by the commentator will be addressed by Rule 12 which provides that the insurer must take reasonable steps to satisfy itself that an independent intermediary and its representatives meet the applicable FAIS product knowledge competency requirements in respect of the insurer's own policies. Rule 11 on Disclosure is complementary to the FAIS disclosure obligations and not contradictory. It would not be practical for the disclosure requirements in the PPRS to be identical to the FAIS requirements as it applies to different role-players in the value chain. Rule 11 specifically deals with the respective disclosure responsibilities of the insurer and intermediary. Regardless of who makes the disclosures, in terms of the PPRs the insurer remains responsible to ensure that the disclosures are

			be subject to exactly the same product disclosure requirements to intermediaries as the latter are required to disclose to consumers. We firmly believe that product disclosures in plain and simple language and readable font size should be the responsibility of product suppliers. This will result in one standard for product disclosures for financial advisers and customers alike. If product suppliers are regulated according to the same standards as financial services providers, it will enhance the quality of product training to financial services providers and it will enhance the quality of product disclosures to the consumer at the same time. Thus the FIA is of the view that these disclosures must be identical. In our view, it makes no sense to have different product disclosure standards whether the disclosures are made by an intermediary in terms of the FAIS Act or whether disclosures are made by a product supplier in terms of the PPR, they should be identical. These provisions need to be consistent with the provisions in section 8(1)(c) of the General Code of Conduct, which does not only refer to investments. There is no basis for an intermediary to meet a higher standard in terms of the General Code of Conduct opposed to a product supplier in terms of the PPR. And Under Short-term insurance: General We are concerned that the FAIS requirements around the replacement of financial products makes specific reference to “existing long-term insurance contracts or policy” while Section 8 of the General Code of Conduct seems to cover all financial products. We would suggest that consideration should be given to the introduction of some form of process around the replacement of short term policies under PPR to clarify the situation.	made regardless of whether it is done by the insurer or a service provider of the insurer. That said, the intermediary can by no means distance itself from its responsibilities towards the fair treatment of policyholders and appropriate disclosures. We disagree with the comments that an intermediary has to meet a higher standard in terms of the FAIS General Code of Conduct opposed to a product supplier in terms of the PPR. Noted. In our view the risks associated with regard to the replacements of policies in long-term insurance is very different to the risks in short-term insurance. In considering including requirements for short-term insurance there will have to be sufficient consultation with all industry role players. This can be considered for future amendments, and the regulator is open for further engagement if there are examples of abuses and unfair outcomes for policyholders that have to be addressed.

416.	**General**	PSG	THE RISK OF A SYSTEMIC FAILURE Due to the considerable amount of changes required to comply with the new Regulations, PPR as well as the Conduct of Business Reports for Insurers as well as FSP's, implementation of the new categorisation and other system changes will take at least 12 to 18 months to effect. We are aware that not only ourselves but most of our product suppliers have started significant system changes to comply with these requirements. This is in addition to the normal changes required by changing market conditions. We have a growing concern that there will not be sufficient time to do thorough system or error testing on many of these changes. Nor is the impact of multiple changes on each other being considered. This may lead to a catastrophic system failure in a systemically important financial institution. We therefore urge you to constantly liaise with the insurers to prevent this from happening.	Noted. The transitional arrangements in Chapter 8 have been inserted to address this concern. In the absence of specific requests for extension or comments on which exact transitional periods would not be sufficient with reasonable proposed alternatives, it is accepted that the industry views these periods as sufficient. Constant engagement with insurers and industry associations regarding ongoing progress to ensure compliance and understanding of the impact of the changes on business models and resources will form a natural part of the ongoing supervision processes.
417.	**General**	OLTI	Consent to insure We note that the "Consent required to insure a life" section has been deleted. We can understand why insurers objected to this. We note the intention of further research on this issue. However, we wish to express our concern about this issue, particularly where large sums insured are involved. Would it not be possible to have an upper limit for policies where consent is not required? This would address the concern of funeral insurance underwriters. Although there may not be a large number of cases where there is a "moral hazard", our experience (which is obviously limited to complaints) suggests that it may be an increasing trend. We note the objections to this requirement by direct insurers. There are certain direct insurers that even now insist on speaking to the life insured where it is a different party to the policyholder. It is not impossible to do direct insurance business in this way and to obtain the necessary consent, it may of course take longer to write the business.	Concerns noted. There are a number of factors to be taken into consideration when including rules in this regard not limited to the increased cost of underwriting and cultural concerns. The comment from the Ombudsman will be taken forward as part of research into possibly including this in future legislation.

418.	**General**	SAIA	The SAIA maintains its support of regulatory interventions for the broader implementation of fair consumer treatment, the protection of insurance consumers, financial awareness and the integrity of the financial system. The SAIA appreciates the consultative approach by the FSB to date and welcomes the opportunity to engage further with the FSB on the proposed replacement of the Policyholder Protection Rules under the Short-term Insurance Act.	Noted.