

MOONSTONE
COMPLIANCE AND RISK MANAGEMENT

Disclosure Requirements

When, What and How . . .

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Disclosures – FAIS Requirements

General Code of Conduct

- S 3(1)(c)(i) – Disclose any conflict of interest
- S 4 – Information on Product Supplier
- S 5 – Information on Provider
- S 7 – Information on Financial Service
- S 8(d) – Information on Replacement of a product

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PPR Disclosure Requirements

Rule 11 - Disclosure

Applies to Long-Term and Short-Term Policies

Effective 1 January 2019

Obligations imposed on the Insurer (Rule 11.3.6)

But . . .

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PPR Disclosure Requirements

Rule 11 - Disclosure

Rule 11.3.7 . . . *the insurer must*

- *ensure that the intermediary agreement clarifies the respective responsibilities of the insurer and the intermediary . . .*
- *ensure that all applicable information required by this rule is in fact provided to the policyholder at the appropriate times*

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PPR Disclosure Requirements

Role of the Intermediary

“In ordinary language an ‘intermediary’ is one who ‘acts between others; a go-between’ . . . a person who is interposed between a ‘client’ (or a group of clients), on the one hand, and a ‘product supplier’ on the other hand.”

Tristar Investments v The Chemical Industries National Provident Fund (455/12) [2013] ZASCA 59

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PPR Disclosure Requirements

Role of the Intermediary

S 2 of the General Code of Conduct:

“A provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry.”

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PPR Disclosure Requirements

Role of the Intermediary

Barend le Grange, Head: Individual Member Support at Sanlam

*... the first challenge that needs to be addressed is that clients feel that there is **insufficient information that is being provided** to them by retirement funds and advisers. . . . When there is information, the most common criticism is that there is **a lot of jargon** in a policy.*

FAnews 3 July 2019 - Jonathan Faurie

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PPR Disclosure Requirements

Rule 11.3

General disclosure requirements

- **Language** and format
- **Timing** of the provision of information
- **Content** of the provision of information
- **Responsibilities** of insurers and intermediaries
- **Identification** of the insurer
- **Group schemes** and funds

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PPR Disclosure Requirements

Rule 11.4

Disclosure **before** a policy is entered into

- Name of Insurer
- Type of policy
- Policy benefits
- Charges, commissions, fees
- Premiums
- Cooling off rights
- Exclusions
- Obligation to disclose material facts

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PPR Disclosure Requirements

Rule 11.5

Disclosure **after** inception of a policy

- Evidence of cover
- Timing and manner of benefits
- Commissions, fees and excesses
- Exclusions or limitations
- Right to cancel
- Right to claim benefits
- Any material representations by the policyholder

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PPR Disclosure Requirements

Rule 11.5

Disclosure **after** inception of a policy

- Rule 11.5.2 - The information referred to in rule 11.5.1 must be provided to the policyholder in a format which is clearly distinguishable from the policy. (*Effective 1 July 2019*)

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PPR Disclosure Requirements

Rule 11.6

Ongoing disclosures

- Ongoing information on terms and conditions
- Information on changes to terms and conditions
- Information on renewal of policy
- Information on policy loans and cessions (LTIA)
- Information on non-payment of premium (STIA)
- Information on the insurer

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PPR Definitions

“Complaint”

means an expression of dissatisfaction by a person to an insurer or . . . to the insurer's service provider relating to a policy or service provided or offered by that insurer which indicates or alleges . . . an expression of dissatisfaction . . . that:

- a) the insurer or its service provider has **contravened or failed to comply with** an agreement, a law, a rule, or a code of conduct which is binding on the insurer or to which it subscribes;
- b) . . . or
- c) . . .

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Questions?

Thank You!

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