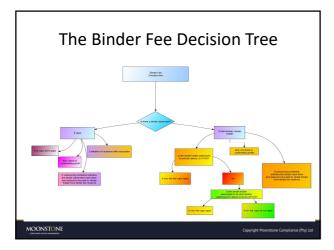


## **Snapshot View**

- This is a first tranche. More as part of RDR and Insurance Act
- Capping of fees final
- Cell structures defined
- Associate relationships expanded
- Prohibition between UMA and associated intermediaries slightly softened
- Strict governance rules
- FSB pre-notification

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# Understanding the Fee Caps

BINDER FUNCTION		MAXIMUMY FEE PAYABLE	
Enter into, vary or renew a policy - section 48A(1)(a) ("function (a)")	Function (a) only	3.5%	
Determine the wording of a policy - section 48A(1)(b) ("function (b)") Determine premiums under a policy - section 48A(1)(c) ("function (c)")	Function (a) and one or more of functions (b) - (d)	5%	
Determine the value of policy benefits under a policy - section 48A(1)(d) ("function (d)")	One or more of functions (b) - (d) only	0%	
Settle claims under a policy - section 48A(1)(e)		4%	

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### Exemptions from fee caps

- Only Insurer can apply
- Must be a specific business case, no "blank cheques" or carte blanche
- Insurer should you actual costs
- Currently application brought via Insurance Department Analyst responsible for insurer
- FSB will be creating application and dedicated template

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### **Cell Captive Update**

- Still waiting but it related to Insurance Act and Prudential requirements
- Suspect still only allow 3<sup>rd</sup> party Cells to provide affinity products
- Widening of what will be considered affinity arrangements

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#### What's Next?

- Alignment of STIA and LTIA to terms used in FSR and Insurance Act
- Insurance Act

  Proposed amendments to premium collection regulations:

   Alignment of LTIA and STIA rules to be similar

   Requirement that premiums be paid into separate account

   Rules i.r.o. timing of payments to insurers

   Deeming provisions for premiums received

   Oversight by insurers

  Avaiting:
- Awaiting:
  - Regulations regarding Policy Data Administration Services and fees

	ON