

**MOONSTONE**  
COMPLIANCE AND RISK MANAGEMENT

# The New Insurance Regulations: The Long and the Short

Billy Seyffert

Copyright Moonstone Compliance (Pty) Ltd

---

---

---

---

---

---

---

---

## 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

MOONSTONE  
Copyright Moonstone Compliance (Pty) Ltd

---

---

---

---

---

---

---

---

## The Binder Fee Decision Tree

MOONSTONE  
Copyright Moonstone Compliance (Pty) Ltd

---

---

---

---

---

---

---

---

## Understanding the Fee Caps

BINDER FUNCTION		MAXIMUM 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)")	Function (a) and one or more of functions (b) - (d)	5%
Determine premiums under a policy - section 48A(1)(c) ("function (c)")		
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%

MOONSTONE

Copyright Moonstone Compliance (Pty) Ltd

---

---

---

---

---

---

---

---

---

---

---

---

## 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

MOONSTONE

Copyright Moonstone Compliance (Pty) Ltd

---

---

---

---

---

---

---

---

---

---

---

---

## 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

MOONSTONE

Copyright Moonstone Compliance (Pty) Ltd

---

---

---

---

---

---

---

---

---

---

---

---

## What's Next?

- Alignment of STIA and LTIA to terms used in FSR and 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
- Awaiting:
  - Regulations regarding Policy Data Administration Services and fees

---

---

---

---

---

---

---

---