

**10 April 2018**

*Insurance Alert*

In respect of the implementation and compliance with the next tranche of rules that must be complied with by 15 June 2018. Remember that the PPRs apply to natural persons and juristic persons whose asset value or annual turnover is less than ZAR2 million.

Below are some practical tips for implementation and compliance with the second tranche of rules:

<b>Short-term and long-term insurers:</b>	
Rules 6.2 – 6.4 (Determining premiums)	Insurers must ensure that they are aware of what permissible fees they may or may not charge in addition to premium(s). An "insurer fee" is not chargeable in addition to premium(s). Fees and charges are only permitted if explicitly provided for in the policy or in terms of legislation. Also remember that disclosures need to be updated to ensure that it is clear and prominent to policyholders as to what these fees actually are. This must be done prior to entering into the policy.
Rule 10 (Advertising)	Insurers will need to put in place an advertising policy that complies with the advertising of insurance products as stipulated in this rule.
Rule 14 (Ongoing review of product performance)	Insurers need to ensure that there are processes in place to constantly review product performance. This is a principle of treating customers fairly (TCF) with which insurers would already be complying.
<b>Long-term insurers only:</b>	

<p>Rules 15.1-15.8 (Premium reviews)</p>	<p>Insurers must ensure that there are processes in place to review premiums where the policy provides for a review. Remember to ensure that your review processes are compliant with TCF.</p> <p><i>Note: in terms of the proposed amendments to the PPRs, Rule 15.1 to 15.8 will come into effect on 15 June 2018, but Rule 15.9-15.12 will come into effect on <b>1 July 2018</b>.</i></p>
<p>Rule 19 (Replacement of policies)</p>	<p>Insurers will need to ensure that they have updated their administrative systems and that their staff and intermediaries are aware of the process required to replace another insurance policy with theirs. In addition, compliance will need to ensure that if any non-disclosure by an intermediary is established then this must be reported to the Registrar. Further, depending on when the non-disclosure is established, the policyholder must also be notified. Intermediaries are therefore required to ensure that they comply with their obligations under the Financial Advisory and Intermediary Services Act 2002 or face potential transgressions under insurance legislation as well as claims under their professional indemnity insurance policy.</p>

On **2 March 2018**, the Financial Services Board published for comment proposed amendments to the Policyholder Protection Rules are required by **13 April 2018** with the proposed amendments to come into effect on **1 July 2018**.

If you're unsure how these changes may affect your business or need any other assistance, please contact us.

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