

27 February 2018

With the introduction of the new policyholder protection rules, hereafter called "the PPRs", there has been concern and confusion on the commencement dates of the rules and when compliance with the rules is required. Remember, the PPRs apply to natural persons and juristic persons whose asset value or annual turnover is less than ZAR2 million.

The notice for the new long-term and short-term PPRs was published on 15 December 2017 in the *Government Gazette*. Further, this notice states that the rules come into operation on 1 January 2018. Although some rules actually came into effect when the notice was published, this does not necessarily mean that each individual rule came into effect on 15 December 2017. Neither does it mean that all of the rules ought to be complied with by 1 January 2018. So what does this mean? When is compliance with the rules then required? Below are time frames for the first tranche of rules.

The rules that must be complied with **immediately** include:

Short-term and long-term insurers:

Rule 1.1 - 1.4 and 1.10

(Requirement for the fair treatment of policyholders)

Rule 2; 3; 5 and 6.1; 6.5 - 9

(These rules deal with product design; credit life and consumer credit insurance; negative option selection of policy terms or conditions; determining premiums and excesses; void provisions; waiver of rights and signing of blank or uncompleted forms)

Rule 12.1-12.3 (except for 12.2.1 and 12.2.2 insofar as they relate to existing intermediary agreements)

(Arrangements with intermediaries and other persons)

Short-term insurers only:

Rule 15

(Periods of grace)

Alert 2 will cover some practical tips on these rules.

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