

## Adapting to regulation



# Legislative Recap

Sanlam Employee Benefits: Group Risk, a division of Sanlam Life Insurance Limited, hereafter referred to as Sanlam.

## Embracing change introduced in 2018

The modern business landscape is changing at an unprecedented rate. While it can be daunting to undertake new ways of operating, it's often for the better. These changes are introduced with good reason and protect customers and businesses. Below follows a summary of the legislative changes introduced during 2018.

### Amendments to the Long-term Insurance Act (LTIA) Regulations

As from **1 January 2018** updated commission scales are available. This amendment increased the maximum commission payable as a percentage of the annual premium that an insurer may pay in respect of a group scheme or a fund policy.



### Financial Intelligence Centre Act (FICA), 2001 and the Financial Intelligence Centre Amendment Act, 2017

As from **1 November 2018**, Sanlam performs additional due diligence on all parties in response to anti-money laundering, countering the financing of terrorism, anti-bribery and corruption and anti-tax avoidance requirements.

Customer Due Diligence ("CDD") was one of the key amendments to FICA. Previously FICA referred to Client Identification and Verification which had a much narrower interpretation than CDD.

With CDD there is a greater responsibility to know who you are doing business with - obligations such as additional due diligence, establishing beneficial ownership, ongoing due diligence, what to do when you doubt the veracity of previously obtained information and what to do when your customers are Domestic Prominent Influential Persons or Foreign Prominent Public Officials, or family and known associates, is included under CDD.

The due diligence will be performed at on-boarding, during certain party\* interactions, during party maintenance and at party exit. Sanlam reserves the right to cancel the insurance immediately if any of the obligations are not met.

\*party: claimant or beneficiary



## The revised Policyholder Protection Rules (“PPR’s”)

Legislative changes to the Policyholder Protection Rules (PPR’s) came into effect in 2018 (effective January and further amendments were made on 28 September, which came into effect on 1 October), which required group risk insurers to be more active and engaged in delivering better outcomes and by placing a duty on insurers to monitor the execution of and compliance with the various provisions of the PPR’s.

The PPR’s have a huge impact on the way that insurers do business; in order for insurers to meet the new requirements, employers, funds and brokers must also change the way that they interact with insurers.

These Rules now formally incorporate the six Treating Customers Fairly (TCF) outcomes into our law.

One of the key changes introduced by the PPR’s, is that many of the obligations relating to policyholders contained in the PPR’s also apply in respect of individual members of a group scheme or fund policy, as well as potential policyholders and members. This includes providing certain information to, and collecting information from the policyholder and members.

Emphasis is placed on the insurer’s responsibility to communicate directly with individual employees and fund members and to keep them informed during all stages of the product life cycle. This is to be carried out in addition to keeping the policyholder (i.e. employer or retirement fund) informed, thereby ensuring fair treatment of policyholders and members.

The prescribed information to be provided includes disclosures that could affect the rights, obligations or benefits of a member - such as premium, benefit structure or underwriting requirements (e.g. restrictions and exclusions in the policy). The information that insurers are required to collect about members include (as a minimum) their names, identity numbers, and contact details such as the mobile number and email addresses.

