



ASSOCIATED COMPLIANCE

FOR A COMMON PURPOSE

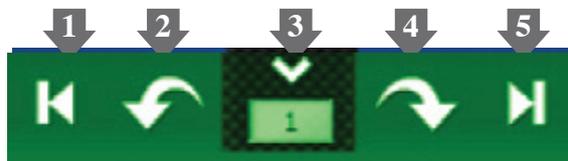
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FROM AC

Incentives - A further update

Following a submission to the FSB, we were invited to discuss this issue in more detail. The meeting was a frank and open discussion and the feedback provided by the FSB was that some form of market-wide communication was warranted (probably the FSB FAIS Newsletter) to ensure that all players understand what is good practice. It was stressed that once this had been done they would expect any future transgressions to be reported via the Irregularity Reporting mechanism.



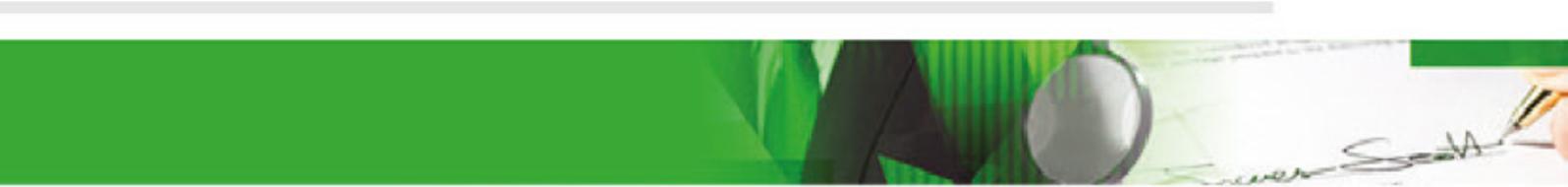
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Because of these interactions, it is assumed, at recent onsite visits by the FSB we have seen that there is an increased awareness by the analysts of these incentives and very focused questions of the FSP as to their involvement in such activity.

SABC and “free” funeral insurance

We wrote about this in our August Newsletter. We have subsequently established that the cover is being underwritten by African Unity Limited (<http://axme.co.za/sabc/>). The product is distributed by a company known as Axme using an Android marketing tool which tells the prospective policy holder that advertising done on the policy holder’s phone is what pays the premium. There are lots of conditions regarding the amount of the cover, at what point it becomes available, and how many adverts need to have been done. “Free” is something that we would question. It’s all very confusing and we were not surprised to learn that the FSB are having a look at this company and the methods being employed.



FICA Amendment Bill – Some further notes

We felt it important to expand on some of the issues mentioned in previous newsletters regarding the changes that will be required once the FICA Amendment Bill is written into law. Below are some salient points to focus on when reviewing your current anti-money laundering programme:

The new risk-based approach will require affected entities to understand the money laundering risk of each client rather than simply ticking the “Know Your Client” boxes. Specifically, the requirements will add “source of funds” and “beneficial owner” identification to the requirements. This will entail determining to some level of comfort (decided by you, the institution) that the sources of funds match client profiles. Beneficial owner identification is detailed in the Amendment and will require digging through shareholding, directors and other responsible persons to determine who the ultimate beneficiaries are – quite a task given the potential for adding layers to misdirect exactly these types of checks. These activities would also need to be conducted on any transactional monitoring (i.e. predominantly once-off transactions).

Additional information and due diligence will be required regarding Politically Exposed Persons (PEPs), Prominent or Influential Persons (PIPs) and Domestic PIPs (DPIPs) – but this does not automatically cause them to be considered “High risk.” Note though that foreign ministers will always be considered “High risk.”

There must be evidence that senior management have made the final decision to take on higher risk clients and the rationale for this as well as a clear continual due diligence programme for these clients. Clearly due diligence activities on clients will necessitate institutions actively engaging with and developing trust relationships with clients which, if done well, will also benefit the institution.

It was again mentioned during the FIC Roadshow that checks should be made against the United Nations (UN) sanctions and screening lists and that other UN Security Council lists will be added and notified by Directive. We are investigating offerings by online systems that would allow this to be handled in an efficient manner.



Institutions must identify how their businesses could be targeted in terms of money laundering and terrorist financing and this must be dealt with in their Risk Management Compliance Programmes (RMCPs). Training on the Act and RMCP is the responsibility of the Money Laundering Control Officer (MLCO) to ensure that there is adequate understanding of the business' procedures and the risk profiles of clients. MLCOs currently not taking active roles in developing and managing these programmes are in for a rude awakening! As much as the MLCO uses the RMCP as a tool to manage compliance, the executive management are ultimately responsible for implementing the rules and compliance with the Act and Regulations, meaning that they will carry the brunt of the fallout of non-compliance!

Due to the increased amount of information the risk-based due diligence programmes entail, there will be significantly more records to keep. These can be stored as per the current systems if it is readily available and the FIC is made aware of the third parties holding the information. The proviso being that the Protection of Personal Information Act requirements will soon be applicable to this information.

The goAML system has been set up to receive batch reporting. The website has software to download as well as the source code to assist in developing automated and batched submissions. Obviously this will greatly assist cash transaction reporting where there are large volumes to submit.

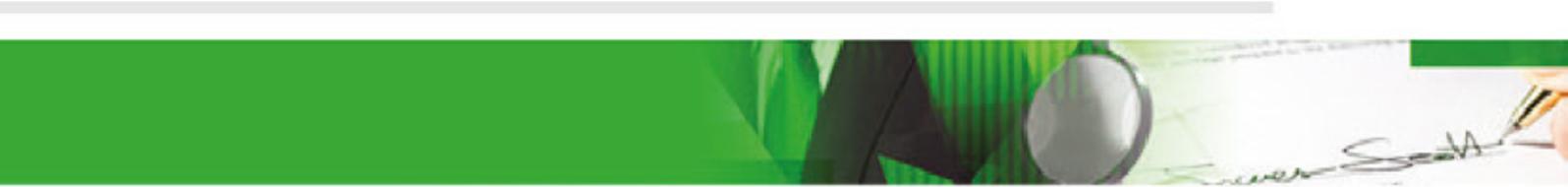
Next month: FIC Enforcement – what's changed under the Amendment Bill?

Protection of Personal Information - Article No. 2

Following on from last month's initial article, we will now focus on Condition 1 that deals with the accountability/responsibility for the processing of personal information.

Condition 1 – Accountability / Responsibility

Now that we have established that POPI applies to you, this article will focus on Condition 1.



Section 8 of the POPI Act states:

“Responsible party to ensure conditions for lawful processing:

The responsible party must ensure that the conditions set out in this chapter, and all the measures that give effect to such conditions, are complied with at the time of the determination of the purpose and means of the processing and during the processing itself.”

The responsible party who is defined in the Act as “a public or private body or any other person which, alone or in conjunction with others, determines the purpose of and means for processing personal information”, must accept the responsibility for personal information protection and therefore, is accountable.

To understand the practical application of accountability, the following Canadian case serves as an example:

Mirza Nammo and TransUnion of Canada Inc.

In this case, the complainant’s information maintained by TransUnion was inaccurate, and when the complainant asked how this had happened, TransUnion blamed the collection agency, CBV Collection Services Ltd (CBV).

The circumstances of the case were that Mirza Nammo had applied for a loan from the Royal Bank of Canada, who subsequently rejected his application due to an adverse credit record or rating. When he asked CBV why he had an adverse credit record, they told him that “...the information they supplied to TransUnion related to a man with a different name, a different date of birth, a different Social Insurance Number, living in a different province and who had never lived at any of the addresses where Mirza Nammo had lived.”



The court found that one of the central objectives of privacy legislation is to “encourage those who collect, use and disclose personal information to do so with a degree of accuracy appropriate to the use to which the information is to be put and to correct errors quickly and effectively. More specifically, the court found as follows:

“Lastly, it (TransUnion) failed to take **responsibility** for its error...” (our emphasis)

From the above, we can see that accountability relates to accepting and taking responsibility and ownership.

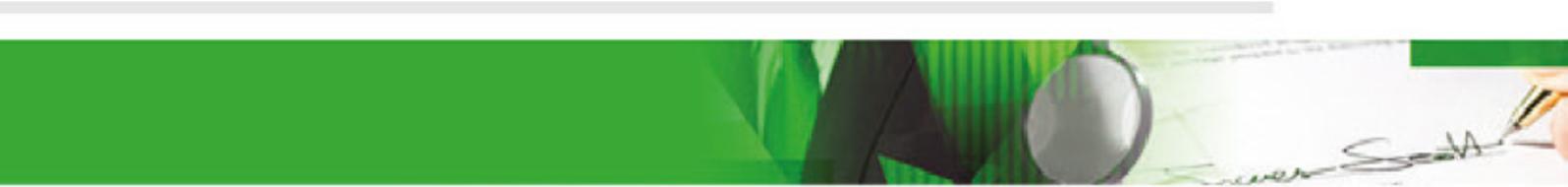
So, what do we have to do to fulfil our responsibilities?

Firstly, we must ascertain who is responsible for compliance in the first instance.

This responsibility falls squarely on the shoulders of the ‘responsible party’, “... who alone or in conjunction with others, determines the purpose of and means for processing personal information – the why and how”. (A Guide to the Protection of Personal Information Act, Elizabeth de Stadler and Paul Esselaar).

Once the aforementioned has been established, it will be your responsibility to:

- i. Comply with all the conditions;
- ii. Appoint an individual (or individuals) to be responsible for compliance within your business;
- iii. Protect all personal information held by your business or transferred to a third party for processing; and
- iv. Develop and implement Protection of Personal Information policies and procedures.



To achieve, your responsibilities, businesses will be required to develop (if you have not done so already), a “Privacy Management Policy and Procedures programme,” by:

- a. Providing the designated Information Officer support and the authority to intervene on privacy issues relating to your businesses operations;
- b. Analyse and document all personal information handling practices, including establishing:
 - i. What personal information does the business collect and is it sensitive?
 - ii. Why you collect the personal information?
 - iii. How do you collect the personal information?
 - iv. What do you use the personal information for?
 - v. Where do you keep the personal information?
 - vi. How is your personal information kept secure?
 - vii. Who has access to or who uses the personal information in your possession?
 - viii. To whom do you disclose the personal information in your possession?
 - ix. When is, the personal information disposed of?
- c. Develop, document and implement policies and procedures to protect personal information by:
 - i. Defining the purposes of its collection;
 - ii. Ensuring that the information is correct, complete and current;
 - iii. Obtaining consent;
 - iv. Limiting its collection, use and disclosure;
 - v. Ensure adequate security measures;
 - vi. Develop or update records retention and disposal procedures and timeframes (cognisance must be taken of the retentions periods required by legislation);
 - vii. Develop, document and provide appropriate training for employees;
 - viii. Develop, document and implement breach and incident management protocols.



The Benefits of Implementing a privacy management programme

By implementing a privacy management compliance programme, you will be able to demonstrate to the regulator, customers, employees, partners and shareholders that you are compliant and it will also assist with the fostering of a culture of privacy throughout your business.

“...Such policies and practices should ensure accountability in all aspects of an organization’s operations....” (“Gaps in Microsoft’s Accountability Impede Response to Customer’s Privacy Complaint” PIPEDA Report of Findings #2014-009, February 10, 2014).

Refer to the article from Norton Rose Fulbright under The Insurance Gateway section of Interesting Things we have read that provide the most recent detail on the start-up of the office of the regulator as well as, the POPI regulator to commence duties on 1 December 2016.

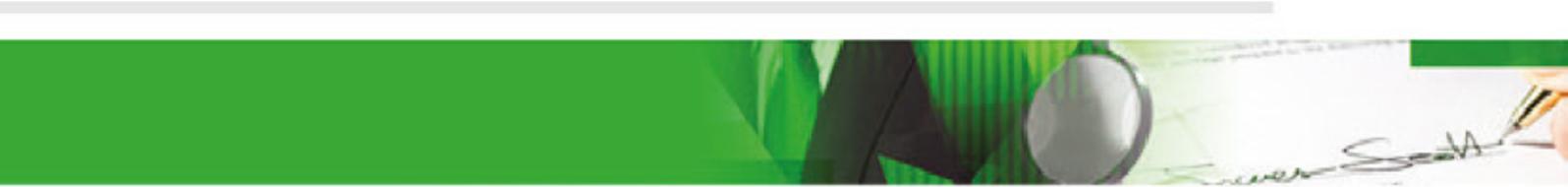
Onsite Visits at Motor Dealers by the Regulator

The Financial Services Board (FSB) have conducted onsite visits at three of our Motor clients in the past two months. They are targeting FSPs with Juristic Representatives (JRs) specifically focusing on premium collection and disclosures. These visits were also focused on the receipt of financial product related incentives.

With regards to Juristic Representatives, the FSPs had to:

- 1. Provide a premium collection procedure which includes the process flow relating to premiums and Juristic Representatives**

The FSB discovered that in some instances customers pay the full amount into the dealership bank accounts even though the Juristic Representative has provided details of bank accounts for payment of the vehicle and another relating to premiums on financial products. In these cases, the amount received in terms of the financial products was immediately distributed to either the collection agent or the underwriter.



Even though the Juristic Representative was innocent, it was neither overlooked nor accepted as mitigating circumstances. The FSB demanded elimination of these scenarios. As the split invoicing system is flawed, consideration should be given to the full amount owed by the client being paid to the collection agent. The onus will be on the agent to settle the dealership and underwriter respectively.

2. Provide business documentation of the Juristic Representative

The business documentation was analysed to ensure that all the relevant disclosures relating to the license holder, administrators, insurers and the like were made. Websites were reviewed to ensure that the Juristic Representatives' status was clearly noted and that the clients would not be confused as to whom they were dealing with.

The receipt of incentives for the sale of financial products has become a major concern of the FSB and they were very specific in their investigations, presenting the following:

1. A detailed list of incentives received per financial product over a specific period

The period varied from one analyst to the other. This list also needed to include the value and recipient of the benefits. We have subsequently discovered that the value of some of the incentives received is much larger than we have been told.

2. Reasons why the receipt of these incentives has not been reported as a material irregularity to the FSB

The justification thereof by various parties in the distribution chain, conflicts with our and the FSB's views. It was made clear that the FSB would expect any continued or new transgressions in relation to incentives to be reported via the Irregularity Reporting process.



Poor practices relating to “Know Your Client” obligations in terms of FICA

We have recently become aware of a practice where sales staff at a motor dealer have purchased blank lease agreements from a local newsagent with the intention of using them to “create” a proof of address for clients who were unable to provide their own. In instances where clients do not have proof of residence the sales person provided the prospective client with one of these lease agreements that is then completed and submitted as a “valid” proof of residence. We are particularly concerned that these individuals do not take the FIC requirements seriously or do not understand the requirements and implications of not meeting them.

They are not rules that have been set to complicate business transactions. They are there to rid our country of potential money launderers and/or terrorist financiers and we urge all entities out there to adhere to these rules, diligently.

The allegation is currently under further investigation.

Complaints Management

We are still awaiting publication of the amendment to the definition of ‘complaints’ under the FAIS legislation to align it to TCF principals, and have been working an upgraded register to assist clients to manage complaints within this new definition. We are having a few challenges as to how far we go with this project:

- To what extent will insurers supply a tool to their binder holders (initially) and brokers and ask (demand) that these be used?
- Will such a tool be a market standard or a specific insurer standard?
- Is the current draft we have developed in Excel capable of managing the demands/constraints of the insurers’ Conduct of Business Return standards?
- Will FSPs be willing to spend money on a tool to manage the “new” complaint? Do they see a need to do so?

We don’t have all the answers to these questions, but will continue to fine tune our draft and await the draft Board Notice before we decide how to take this project forward.

FROM AC HAS

Generation who and what?

We often read about and use phrases that we don't really understand! It will probably be impossible for us to understand and comprehend every word or phrase, especially if such a word or phrase belongs to a specific body of language. However, when a phrase or word gets used frequently, especially by market researchers and in the interest of the greater public, then it becomes important to have a reasonably good idea what these words/phrases mean.



In my line of work, I often get to deal with Managers who sit with their hands in their hair, groaning and complaining that they just don't understand why their staff can't get the work done! BUT, do our Managers really understand the workforce that they are dealing with? Now this is where the words and phrases come in... Baby Boomers, Generation X, Millennials, and a new one - Afrillennials! To really understand and get the best out of your workforce, it has become imperative for leadership teams to really understand what makes their workforce tick.

Baby Boomers were born between 1946 and 1964 and are associated with rejection or redefinition of traditional values as these were all post war babies. Baby Boomers were seen to be the wealthiest and most active generation who also received high levels of income and were recognised as living abundantly, even excessively, in terms of a materialistic nature. This generation is seen to be very competitive and expect employers to pay their dues.



Generation X'ers were born between 1966 and 1976 and are often referred to as the “lost” generation because this generation was exposed to lots of day-care and divorce. This is a difficult lot to manage as they are a sceptical generation characterised by a “what’s in it for me” attitude. In contrast, though, the Generation X’ers seem to be one of the most educated generations and according to research, seems to have matured into family orientated individuals showing higher levels of caution than what their parents demonstrated.

Generation Y/Millennials were born between 1977 to 1994 and are known to be very sophisticated and technology wise. They are also characterised by their sense of entitlement and narcissism with an emphasis on personal empowerment and wealth and a decrease in the interest of keeping abreast with what is happening in the rest of the world. According to an article by Andy Coe from Graylink, Millennials are overtaking older employees as South Africa’s largest representative generation of workers, and are therefore introducing a very different mindset that business will have to come to terms with when recruiting and training the new workforce.

And now, the **Afrilleniials** – born from 1990 onwards – currently between the ages of 16 and 26 and already making up nearly 10% of employed workers in South Africa, with again, an entirely new set of needs and expectations of the workplace. Afrilleniials grew up with television, internet and cell phones and if there is a tech shortcut, they will find it to work smarter. Flexibility in your workplace will be an advantage.

Andy Coe says that companies are getting it wrong by using the “one-size-fits-all approach” in their recruitment and management styles. Companies are not thinking enough about what will motivate their respective audiences. The key is therefore to effectively address and take advantage of the different values and expectations of each generation.

Baby Boomers may favour more traditional ways of learning through, for example, PowerPoint, whereas younger Millennials may lean towards hi-tech and interactive technology-based forms of learning. Millennials don't work well under inflexible management styles and dislike the formality of regular meetings. While Generation X'ers appreciate an email with positive feedback, Millennials prefer status and would respond much better to office-wide communication congratulating them on their achievements.

These are just a few examples of how employers need to apply their minds when dealing with their employees. If you are scratching your head because of constant conflict with certain employees, maybe considering where the employee fits in in terms of generational characteristics and tweaking the "how" you are dealing with the employee, might lead to some success!

And just when believe that you have it all under control, start planning on what will attract and motivate the next generation - the Afrillentials!



For enquiries, email bronwynn@associatedcompliance.co.za or has@associatedcompliance.co.za.

From AC Proofed

Phrases that should be banned from business emails

Take a look at the next four or five emails that you get. Are they clear and precise, or do they sound as if they were written by a lawyer in a Charles Dickens novel? Worse yet, do they sound like they were written by a lawyer in your own company?



Don't get me wrong, lawyers are there to protect you, to dot the i's and to cross the t's; but it is your job to deal with your clients, and part of that means writing in such a way that you come across as human, caring, up to date, and personal.

By eliminating certain phrases, you can make your correspondence significantly more professional. Also, you will improve the image of your company, settle claims more amicably, sell policies more easily, get information quicker, and cut out thousands of wasted words.

Here are some phrases that you can either delete or find substitutes for:

Enclosed please find

This one doesn't make sense at all. After all, what do you have to "find"?

That reminds me of a joke. A guy goes into a restaurant and orders a steak dinner. Later, the waiter walks over to the table, smiles at him and asks "How did you find your steak?" The guy looks at the waiter and says, "I just moved the mashed potatoes--and there it was!"

Enough said! There's nothing to "find." Use "enclosed is..." or "I've enclosed."

Forwarded or Forwarding

Always use “sent” or “sending” instead of “forwarding” or “forwarded.” Using any variation of “forward” implies that you’re merely moving information around. This can give the impression that what you’re providing is of lesser importance. Variations of “sent” are a little more direct, and they make the reader feel more involved rather than leaving them feeling like they got the same junk that everyone else got.



FYI

This is rude and can easily become a tool in passive aggressive communication when forwarding an email from someone else. It doesn’t take that long to write a short message such as “This is the email I was telling you about.”

I hope you’re well

This is a hollow formality, and the person reading your email will immediately recognise it as one. You aren’t that invested in them. They’re not the centre of your world. You don’t go to bed at night worrying about their wellbeing. This statement is nothing but filler.

Just

If you’re using this word as a sentence filler, it quickly loses its meaning. Many people use it in phrases like “I just wanted to reach out” and end up sounding apologetic for contacting the recipient. By removing “just”, you’ll add more gravity to your words and sound more excited about the communication.

Kindly

“Please” works better than this old-fashioned word.



Please be advised

A lawyer-like phrase that is almost always superfluous. The mere fact that you are writing an email means that you are telling them something. Instead of writing “Please be advised that your premium is overdue.”, rather write “Your premium is now overdue.” Instead of “I advised him to call me tomorrow,” it would be better to write “I asked him to call me tomorrow.”

Please do not hesitate to contact me

I’ll refrain from writing, “If I had a Rand for every time I see this phrase used...” because then I’d be using a cliché to criticise a cliché! Think about it: if someone wants something from you, they will not hesitate to ask. Give them your contact information and tell them how you want them to use it.

Please note that

This is another “Please be advised” and completely unnecessary. Rather leave it out.

And if you need help, remember that AC-Proofed can assist.

Kim Hatchuel

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FROM AC DEVELOP

Last month we worked on our director development program. We must admit that the response has been limited, but given the proposed Fit and Proper amendments (specifically the inclusion that the entire honesty, integrity and good standing requirements will apply to juristic entities and must be demonstrated through its corporate behaviour **and through the personal behaviour of its directors** and shareholders), the need to ensure that directors understand their roles and responsibilities is clearly becoming a risk to be managed. You would be well advised to give this training some serious thought.



FROM THE FSB

Proposed Amendments of Fit and Proper requirements for Financial Service Providers and Representatives

This is by far the most important document released by the FSB this year given its impact on FSPs, Representatives and insurers. It was released on 21 October 2016 and invites comments by 15 December 2016. The changes will probably be implemented in the first quarter of 2017.

There are three separate documents:

1. An explanatory memorandum on the proposed changes. [Click here](#) to download this.
2. The draft Board Notice itself – some 66 pages.
3. A summary of the Regulator's responses to the submissions made to the 2015 document – 110 pages.



Given the level of detail and importance of these proposals, it will take us some time to analyse the contents and assess the possible impact. We plan to provide a more comprehensive assessment during November.

For now, we provide an overview of the explanatory memorandum which focuses on the key areas of differences from the 2015 draft. For a reminder of the key aspects of the original draft refer to the AC Newsletter of January 2016 [click here](#).

- Chapter 1: Some new definitions are proposed, for example:
 - A new category for participatory interest in a hedge fund;
 - A new category for structure deposits;
 - To provide for the concept of “automated (robot) advice.”
- Chapter 2: Includes an extensive list of indicators of what could be considered a breach of the honesty and integrity requirements. Honesty and Integrity is to be extended to include the term “good standing” and will apply to juristic entities demonstrated through its corporate behaviour and the personal behaviour of its directors and shareholders.
- Chapters 3 and 4: Deal with competency and CPD requirements. The need for qualifications and first level regulatory exams are retained, but with provisions for lower standards when dealing with certain types of products and/or representatives only involved in intermediary services that provide an “execution of sales” process, which refer to call centre agents (but not exclusively). Products are to be split between Tier 1 and 2. Tier 2 is simple products such as funeral, short- and long-term deposits, personal lines A1 and long-term B1A and B2 A (limited underwriting). The second level regulatory exams are to be dropped and replaced with a combination of:
 - Class of business training (generic knowledge relevant to a particular product and market or particular business sector) delivered by an accredited provider. This may well force employers and/or insurers/UMAs to seek accreditation to ensure training they provide meets the required standards. How feasible this accreditation process will be for smaller FSPs is not clear but the prospect of additional costs is likely.

- 
- Product specific training (specialist or specific knowledge of a particular product). There is no requirement that this training be undertaken by an accredited provider and can be done in conjunction with class of business training. This training will **NOT** count towards CPD requirements.

While there are standards laid out there are no minimum hour or frequency standards set.

The proposals do allow for Key Individuals and Representatives (not under supervision) already appointed when the changes come into effect to be deemed competent on product-specific training and any amended experience requirements. Those appointed prior to 1 January 2015 will be deemed competent for the class of business training. Those appointed from 1 January 2015 and any representative under supervision at the effective date of the changes will have 12 months to complete the required training.

Continuous Professional Development (CPD)

CPD will not apply to:

- Representatives only licenced for Funeral and Friendly Society benefits;
- Representatives of a Category I FSP only licenced for:
 - Advice in respect of Tier 2 financial product and/or
 - Intermediary services in respect of a financial product.

Where it does apply, CPD activities must be accredited and tracked by a professional body as recognised by SAQA (effectively the IISA and FPI). To what extent membership of one of these bodies will be needed will now need to be established, but we expect that a new “FAIS CPD member” membership category will be created. Key Individuals and Representatives will need to join and pay a fee as the cost of running a CPD program is considerable.



Each annual cycle will run from 1 June to 31 May each year. The hours will range from:

- Six hours where Key Individuals and Representatives are only licenced for one “sub class of business within a single class of business” e.g. Short-term would be a class and Commercial lines engineering would be a sub class.
- Twelve hours for more than one sub-class within a single class e.g. Short-term and all sub-classes of commercial business (engineering, motor, liability, property).
- Eighteen hours where there is more than one class i.e. Short-term Personal and Commercial lines.

The proposals allow for pro rata hours when being appointed for the first time within a reporting cycle, and during absence from work because of maternity leave or extended sick leave or similar.

While not clearly set out as a requirement, our initial thoughts are that each person must take ownership of their own CPD records and provide them to the FSP as and when required.

- Chapter 5: Additional requirements relating to:
 - Governance (the adoption/documenting/implementing of an effective governance framework appropriate to the nature, scale and complexity of the FSP’s business).
 - Outsourcing of functions to persons other than Representatives. Requirements on managing the outsourced function, which include functions that have to be done in a particular way to comply with FAIS or any other Act, a function that is integral to the nature of the authorised financial services and any material important operational function of the FSP.
 - The appointment of Representatives. This will impact on the recruitment standards adopted by an FSP with a number of pre-employment screening processes to be undertaken e.g. financial history/status and for a juristic representative that they have the necessary operational ability.
 - Automated advice i.e. no people involved in the advice/sales process.

- 
- Chapter 6: Financial Soundness requirements. This will extend to the solvency requirements to Juristic Representatives and require the FSP to monitor this on an ongoing basis.
 - Chapter 7: Repeals and Transitional provisions. The key transitional standards we summarised under Chapters 3 and 4 above.

Annual Astute FSB Day

We attended this day late in September. There were two FSB based presentations:

Caroline da Silva: A mixed bag presented from the background to the regulatory changes, RDR status, access to products and services by all sectors of society and new proposed regulatory requirements around “robot advice”. [Click here](#) to download the presentation.

Farzana Badat, HOD Insurance Compliance: Her presentation - **Managing Conduct of Business Risk. The importance of Data in assessing culture** - dealt with why data and its transfer to and access by insurers is so vital going forwards. This is a topic that will be highlighted frequently as the regulator pushes all concerned to achieve the status of insurers having real time access to data and the regulator seeing the results of the use of that data. [Click here](#) to download the presentation.

Linked to the data requirements was a presentation by Juanita Smit from the FSB’s insurance compliance department, presented at the recent Centriq regulatory landscape seminar on the Conduct of Business Returns required to be submitted by insurers. This requirement will impact on all binder holders as they will need to ensure that their insurer gets the required data in the correct format to enable the insurer to report to the regulator. Everyone involved will need to understand the ability of their IT platforms to both capture and report at this level. [Click here](#) to download the presentation.

COVER magazine for September has a related article “Big data, big solution...” that you may find interesting and it should make you start to realise how much work has already gone into the data transfer issue.

The FSB are tidying up their records

We have seen that analysts at the FSB are paying careful attention to discrepancies between their records of FSP's profiles and details reported on recent annual reports. Things such as whether an FSP collects client funds/runs a separate bank account are being identified, queried and where necessary corrected. If you receive a letter raising any kind of query, please send it to us and we will respond to the analyst.

FROM THE FIA

The FIA ran their road shows during September. For those members who were not there or those FSPs who keep asking if they should be members, here is a copy of their published review that provides all the issues addressed. [Click here](#) to download a copy.

INTERESTING THINGS WE HAVE READ

Insurance Gateway

The Impact of Upcoming Regulatory Changes on UMAs

An article by Kaylin de Coning Jacobsz, Compliance Officer at Renasa Insurance Company Limited. A nice summary of upcoming regulatory changes that may well have an impact on UMAs.

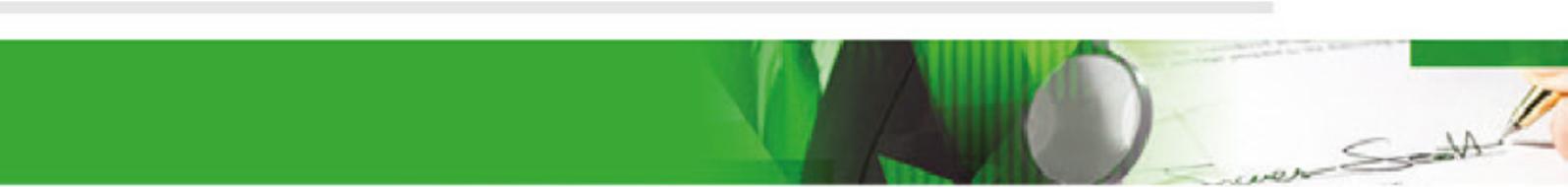
[Click here](#) to read the article.



POPI Regulator to commence duties on 1 December 2016

An article by Nerushka Bowan from Norton Rose Fulbright. A short summary of functions of the Information Regulator and the next steps for the POPI.

[Click here](#) to read the article.



Insurer pays for flawed application form

An article from Moonstone that highlights the need to ask the correct questions on a proposal form (and by extension direct marketing scripts).

[Click here](#) to read the article.

This matter could easily have been a FAIS Ombud matter as the policyholder said that he had told his broker who the nominated riders were.

Avoiding the unintended consequences of new legislation

An article from Moonstone written before the Fit & Proper draft amendments were released that deals well with the issue of handling change and what the issues are.

[Click here](#) to read the article.

Due Diligence Revisited

Moonstone discussing the recent Appeal Board ruling on a determination by the FAIS Ombud on a complaint regarding an investment in the ill-fated Bluezone property syndication.

[Click here](#) to read the article.

FSB fines Discovery Life Limited and Regal Financial Services (Pty) Limited

Fines for paying take-on bonuses to four new financial advisors where the final agreement was provided just one day after the effective date (4 December 2014) of Section 3A of the general code of conduct. Discovery's fine was R2,5m and the advisors had to pay the bonus back.

Regal also concluded a similar employment structure after 4 December 2014 which cost them a mere R200,000.

We suspect that the FSB felt compelled to issue such fines given the high level of publicity in the run-up to the imposition of the restrictions so saw these "day late" deals as an ideal opportunity to send a message.

[Click here](#) to read the FSB press release.

The Changing Face of Intermediation - what is to become of the Jack of all trades?

An article by Johan Botes: Manager Southern Regions Renasa Insurance Company Ltd on the choices facing the broker going forward.

[Click here](#) to read the article.

FANews

Top risks that continue to linger in the arena

An article that reports on the results of an international survey on the ‘banana skins’ present in the financial sector, with over 30 submissions from South Africa and 40 from Africa. Are the issues the same? Have a read and see what players thought of issues such as market conduct, solvency regulations and cyber risk.

[Click here](#) to read the article.

Taking the hit and still making progress

A presentation from the recent Masthead Masterclass seminar by Daleen Harris of Old Mutual dealing with suitable advice and the need to keep records. Interesting perspective and worth a read whether you are short- or long-term.

[Click here](#) to read the article.



Cover

Brokers in a Post RDR environment: An interview with Jaques Coetzer of Sanlam

No reading here – get yourself a coffee and listen. As we have said before prepping for RDR is vital.



And a second cup of coffee as you listen to Brian Foster also talking about RDR.

And a related article from Brian also published via Cover entitled Five most important questions about RDR.

[Click here](#) to read the article.



Other

Youi (Outsurance in New Zealand and Australia)

An article on transgressions of regulatory controls by Youi in New Zealand with some interesting links back to issues in South Africa. We know our broker clients like to hear these stories.

[Click here](#) to read the article.

Weather warnings - do brokers have a responsibility to advise their clients?

We came across an article recently from Hollard in the RiskSA e-magazine that provided information on weather warnings in which they urged brokers to communicate with their clients on the subject.

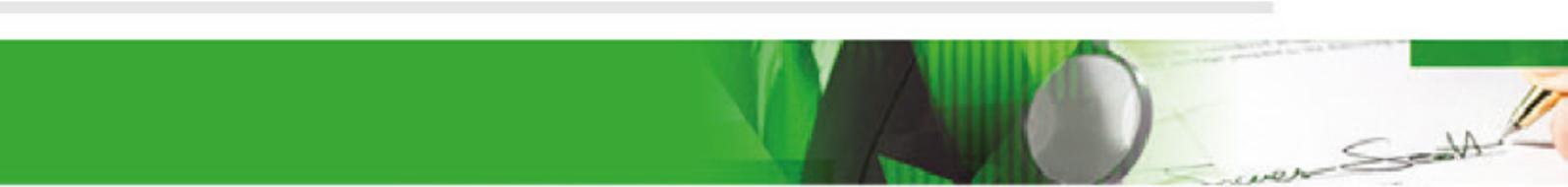
[Click here](#) to read the article.

ASISA

Life insurers thwart fraudulent and dishonest claims worth almost R1 billion

[Click here](#) to download the media release on the level of fraud within the life sector – staggering numbers.





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