



Financial Sector
Conduct Authority

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DATE:	13 June 2018	E-MAIL:	lezanne.botha@fsca.co.za

All Registered Long-term Insurers

Attention: Public Officers

Dear Sir or Madam

FINANCIAL SECTOR REGULATION ACT, NO. 9 OF 2017 (FSR ACT): EXTENSION OF PERIOD FOR COMPLIANCE – LONG-TERM INSURANCE ACT, NO. 52 OF 1998 (LTIA) – RULE 19 OF PPRS AND REGULATION 3.9A OF REGULATIONS: REPLACEMENT OF POLICIES

1. We refer to the replacement of the Policyholder Protection Rules made under section 62 of the LTIA (PPRs) and the amendments to the Regulations made under section 72 of the LTIA (Regulations), as promulgated on 15 December 2017 in Government Gazette Nos. 41321 and 41334 respectively.
2. The replacement of the PPRs was made effective as of 1 January 2018 with certain rules subject to specific transitional arrangements as set out in section 2.2 of Chapter 8 of the PPRs. In terms of these transitional arrangements, Rule 19 of the PPRs which sets out requirements relating to the replacement of policies, will take effect 6 months after the date of publication of the PPRs.
3. The insertion of Regulation 3.9A into the Regulations, which includes special provisions concerning the payment of commission for replacement risk policies and which explicitly cross references Rule 19 of the PPRs, will take effect on 1 July 2018.
4. We have received numerous requests from long-term insurers and representative bodies to allow for an extension of time to comply with Rule 19. Reasons cited for the request include substantial system changes and application enhancements that are required to ensure compliance with the requirements of Rule 19 and, by implication, Regulation 3.9A.

5. Concerns were also raised regarding possible further systems and operational implications that would need to be considered once the Replacement Advice Record (RPAR) has been finalised by the Financial Sector Conduct Authority (the Authority).
6. In light of the above practical implementation challenges the Authority has taken a decision to, in terms of section 279(1) of the FSR Act, provide long-term insurers with an extended period of time to comply with Rule 19 of the PPRs and Regulation 3.9A of the Regulations until 1 January 2019.
7. The Authority is also considering publishing guidance to address potential interpretational inconsistencies that have been raised in respect of Rule 19.
8. The final RPAR template is intended to be published by the end of August 2018 along with a thematic response document setting out key comments that have been received and the Authority's general responses thereto.
9. Kindly contact our offices should you have any queries in this regard.

Yours faithfully,



Caroline Da Silva
Divisional Executive
For the Financial Sector Conduct Authority