



Government Gazette

REPUBLIC OF SOUTH AFRICA

Regulation Gazette

No. 7275

Vol. 440

Pretoria

15

February

2002

No. 23105



AIDS HELPLINE: 0800-123-22 Prevention is the cure

**NATIONAL TREASURY
NASIONALE TOESOURIE**

No. R. 164

15 February 2002

FINANCIAL SERVICES BOARD**AMENDMENT OF REGULATIONS UNDER THE LONG-TERM INSURANCE ACT, 1998 (ACT
No. 52 OF 1998)**

The Minister of Finance has made the regulations in the Schedule under section 72, read with section 49 of the Long-term Insurance Act, 1998 (Act 52 of 1998).

SCHEDULE***Definition***

- 1 In these regulations "the Regulations" means the regulations published under Government Notice R. 1492 of 27 November 1998 as amended by Government Notice No. R. 197 of 1 March 2000

Amendment of Part 3 of the Regulations

- 2 Part 3 of the Regulations is hereby amended-

- (a) by the substitution for paragraph (a) of the definition of 'representative' in regulation 3.1 of the following paragraph:

"(a) employed or engaged by a long-term insurer for the purpose of rendering services as intermediary only in relation to policies entered into or to be entered into by-

- (i) that insurer;
- (ii) another insurer which is a subsidiary or holding company of that insurer; or
- (iii) another insurer which has entered into a written agreement with that insurer in terms of which persons employed or engaged by that insurer may render services as intermediary in relation to the other insurer's policies; and";

- (b) by the substitution for regulation 3.5(2) of the following regulation:

"(2)(a) If a premium or any part thereof is-

- (i) for any reason refunded by the long-term insurer or, in the case of a multiple premium policy which is not-
 - (aa) a fund policy; or

(bb) a fund member policy other than a fund member policy which funds a retirement annuity fund, for any reason not paid on its due date, including that the policy has been made paid-up or surrendered, but excluding termination upon a health event, a disability event or the death of a life insured, during the first two premium periods in the case of a policy referred to in items 1.1, 2.1, 3.1 and 5.1 of the Table, the commission payable in terms of this Part shall be recalculated by reference to the scale and shall not exceed the percentage of maximum commission in column A or B, respectively, and any amount of commission which has already been paid in excess of the commission as so recalculated, shall be reversed by the long-term insurer and refunded to it by the person to whom it was paid:

Premiums received with and equivalent value to monthly premiums for-	Column A Maximum percentage of primary commission payable	Column B Maximum percentage of secondary commission payable
0-6 months	nil	not applicable
7months	29,17	not applicable
8months	33,33	not applicable
9months	37,5	not applicable
10months	41,67	not applicable
11months	45,83	not applicable
12months	50	not applicable
13months	54,17	8,3
14months	58,33	16,7
15months	62,5	25
16months	66,67	33,3
17months	70,83	41,7
18months	75	50
19months	79,17	58,3
20months	83,33	66,7
21months	87,5	75
22months	91,67	83,3
23months	95,83	91,7
24months	100	100

- (ii) in the case of any policy not mentioned in subparagraph (i), for any reason refunded by the long-term insurer, or for any reason not paid on its due date, any commission paid by the long-term insurer shall be reversed and refunded to it by the person to whom it was paid;
- (b) Subparagraphs (i) and (ii) of paragraph (a) shall-
 - (i) not apply to the extent that, and for so long as, payment of an unpaid premium is effected by means of the maintenance of the policy in force as contemplated in section 52(2) or (3);
 - (ii) be deemed not to have been applicable if and to the extent that, any premium or part thereof which was unpaid is later paid to the long-term insurer, and in that event any reversed commission refunded to the long-term insurer may again be paid to the person by whom it was refunded."; and
- (c) by the substitution for the expression 'nil' in columns 3 and 4, respectively, of item 7 in Annexure 1 of the expression 'not regulated'.

3 These regulations shall come into operation on 15 February 2002.