



## Long Term Insurance Regulations – Group Scheme Commission Scales

The amendments to the Regulations to the Long Term Insurance Act have been promulgated. They give effect to a number of business conduct reforms undertaken and consulted on, over the last few years.

Of particular significance is the change to the Regulations for the commission that is allowed under a group scheme or fund policy. The amendment proposes an increase to the bands from 1 January 2018, effectively making allowance for inflation bracket creep.

Legislated maximum commission from 1 January 2018:

Annual contribution	Percentage
First R200 000	7,50%
Next R100 000	5,00%
Next R300 000	3,00%
Next R1 400 000	2,00%
Above 2 000 000	1,00%

In addition, special first year commission may be requested on quotes where the scheme is new to the industry. The amount is the lesser of 7,5% of the total premium payable during that period of 12 months, or R7 500.

This amendment will affect all schemes where the client has agreed to the maximum regulated commission or to a percentage of the commission scale. Momentum FundsAtWork will implement the change automatically on these schemes from 1 April 2018 and not from 1 January 2018, as a result of the short notice that was provided to the industry to change their systems. This means that the new commission scales will be used for contribution and premium reconciliations processed from 1 April 2018.

Any scheme with a non-standard commission agreement will not be adjusted automatically. Please contact your portfolio manager or client service team if you have any questions about these arrangements.

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