

INTERMEDIARY NEWSFLASH



Commission regulation changes

After many years of static fund policy commission scales, the Long-term Insurance Act regulations have been amended with effect from **1 January 2018**. The amendment was gazetted on **15 December 2017**.

The new commission scales are set out below, with a comparison to the previous scale included for your information.

MAXIMUM COMMISSION AS PERCENTAGE OF ANNUALISED PREMIUM UNDER A GROUP SCHEME OR FUND POLICY	ANNUALISED PREMIUM OF WHICH THE AMOUNT New scale from 1 Jan 2018		ANNUALISED PREMIUM OF WHICH THE AMOUNT Old scale	
	EXCEEDS	DOES NOT EXCEED	EXCEEDS	DOES NOT EXCEED
%	R	R	R	R
7.5		200 000		142 000
5.0	200 000	300 000	142 000	245 000
3.0	300 000	600 000	245 000	529 000
2.0	600 000	2 000 000	529 000	1 550 000
1.0	2 000 000	UNLIMITED	1 550 000	10 000 000

Old Mutual SuperFund implementation of the new scales – from 1 March 2018

The new commission scales will become effective for Old Mutual SuperFund approved policies and Old Mutual SuperFund integrated risk policies from **1 March 2018**. The quotes system has been updated, and all quotes produced from Monday **26 February** will use the new scales.

Please note that all existing business, or all quotes produced before 26 February, which in turn may be accepted and launched after this date, used the “old” scales and thus the Intermediary and Distribution Fee percentages derived for these quotes will be at a lower level. These (lower) accepted rates will be maintained until the next Annual Rate and Fee Review, when new scales will automatically be applied, or when a requote is implemented by incorporating the new scales.