

STATEMENT ON THE PROPOSED AMENDMENTS TO THE PROPOSED AMENDMENT OF THE REGULATIONS MADE UNDER THE LONG-TERM INSURANCE ACT, 1998 AND SHORT-TERM INSURANCE ACT, 1998

1 PURPOSE

The Minister of Finance has published for public comment proposed amendments to the Regulations under the Long-term Insurance Act, 1998 (“LTIA”) and Short-term Insurance, 1998 (“STIA”) (“proposed amendments”), respectively. The proposed amendments focus mainly on aligning the Regulations with the Insurance Act and on improving the premium collection framework. The purpose of this document is to provide an overview of, and rationale for, the proposed amendments.

2 PROPOSED AMENDMENTS TO THE REGULATIONS

2.1 Alignment of “classes” of insurance business and terminology across the LTIA, STIA and the Insurance Act

The Insurance Act, 2017 (“Insurance Act”) was enacted on 18 January 2017. The Insurance Act provides the prudential legislative framework for insurers. The commencement date of the Insurance Act is still to be determined by the Minister of Finance, but it is envisaged that this date will be 1 July 2018.

Schedule 1 to the Insurance Act repeals all prudential requirements currently provided for in the LTIA and STIA. The remaining sections in the LTIA and STIA will remain in force in order to provide for an interim conduct of business legislative framework for insurers, pending phase two of the ‘Twin Peaks’ process and the implementation of the envisaged Conduct of Financial Institutions Act¹.

Alignment of the types of policies to the new classes and subclasses of insurance business

The Insurance Act introduces, amongst other things, new authorisation classes of insurance business. These authorisation classes are significantly more granular than the current “classes” or types of policies provided for under the LTIA and STIA.

The Insurance Act also defines various concepts in a manner that differs from how such concepts are currently defined in the LTIA and STIA².

Further, the Insurance Act provides for a two year period during which existing registrations under the LTIA and STA will be converted to licences under the Insurance Act in a phased manner. It is therefore imperative that the authorisation classes and terminology used in the Insurance Act are accommodated in the LTIA, STIA (including subordinate legislation) to mitigate regulatory arbitrage and ambiguity, and to ensure effective prudential and conduct of business supervision during the two year conversion period.

To ensure alignment between the LTIA, STIA and the Insurance Act, Schedule 1 to the Insurance Act amended the LTIA and STIA by differentiating between registered insurers and licensed insurers³ and defining the respective “classes” of insurance business in the context of both of these insurers. Put differently, the existing terminology in the LTIA and STIA will apply to registered insurers, and the

¹ <http://www.treasury.gov.za/twinpeaks/20131211%20-%20Item%202%20A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf>
<https://www.fsb.co.za/Departments/communications/Documents/2014%2012%2012%20Draft%20Market%20Conduct%20Framework.pdf>

² E.g. “policyholder”, “policy benefits” and the like.

³ Registered insurer being defined as an insurer that operates within the 2 year conversion period and a licensed insurer being defined as an insurer licensed under the Insurance Act, or converted from a registered insurer to a license under the Insurance Act.

Insurance Act terminology will apply to licensed insurers. This same approach as adopted in the LTIA and STIA has been perpetuated in the Regulations.

LTIA Regulations: Commission table & Insurance Act definitions of “group” and “individual”

In aligning the terminology and classes of insurance business as applicable to registered insurers and licensed insurers care was taken to ensure that the existing commission levels applicable to the existing “classes” of insurance business, as set out in the LTIA regulations, accurately map to the new classes of insurance business contained in the new commission regulations applicable to licensed insurers⁴.

Under the Insurance Act an insurer will only be able to conclude a “group policy” (as defined) with an employer, a fund⁵, or an association of persons where the association, employer or fund holds the insurance policy exclusively for the benefit of a beneficiary.

“Individual policy” is defined, in Schedule 2 of the Insurance Act, as a policy other than a group policy which has been entered into with a person. A group insurance policy, and an insurance policy, where the persons who are the life insureds under the policy are two or more persons without an insurable interest in each other, is specifically excluded from the definition of an individual policy. The latter exclusion was introduced to ensure that no circumvention of legislation can occur in that a group type policy⁶ can be written as an individual policy.

Despite this exclusion, provision is made for credit schemes (which has been defined as a “credit provider policy” in the amended regulations)⁷ and “employer schemes” (which has been defined as an “employer policy” in the amended regulations)⁸ to be written as an “individual policy”, even though such policies are in essence group policies.

Commission payable in respect of group types of policies is currently capped at “group commission” rates. To ensure the existing commission rates for these types of policies are perpetuated for licensed insurers, and seeing that these types of policies are “individual” policies for purposes of the Insurance Act, the draft commission regulations had to define a credit provider- and employer policy as a type of individual policy, but still apply “group commission” rates to these policies.

Specific comment is invited on the proposed amendments to the LTIA commission tables and whether the proposed amendments might result in any unforeseen consequences. To assist in better understanding the new commission tables under the LTIA Regulations and the rationale behind mapping the existing “classes” of insurance business in the LTIA (Table 1) to the classes of insurance business in the Insurance Act (Table 2), please see the Annexure at the end of this document.

It is envisaged that the alignment of terminology between the LTIA and STIA and the Insurance Act, as provided for in the proposed amendments, will not have a significant regulatory impact. The intention is for existing requirements to be perpetuated into the new regulatory framework under the Insurance Act. The proposed amendments will not create any new regulatory obligations on insurers. Instead it will ensure that licensed insurers, which are subject to the Insurance Act, are able to interpret the Regulations under the LTIA and STIA with reference to Insurance Act terminology. This will in turn

⁴ Please refer to Table 1 and Table 2 in Part 3 of the draft amendments to the LTIA Regulations.

⁵ A fund is defined as a friendly society or a pension fund.

⁶ Where an entity is the policyholder and its members or clients of the entity are the lives insured under the policy even though the entity has no insurable interest in the lives of the lives insured and the lives insured have no insurable interest in each other.

⁷ See paragraph 2 below for the definition of “credit provider policy”.

⁸ See paragraph 2 below for the definition of “employer policy”.

support consistency across the insurance regulatory framework and ensure a smooth transition for regulated insurers under the current regulatory framework to licenced insurers under the Insurance Act at the time of the conversion of their registrations.

2.2 Commission in respect of microinsurance and the Funeral class of life insurance business

The Insurance Act introduces a legal framework for microinsurers to promote financial inclusion and encourage entry of new providers into the market. The introduction of this framework was pre-empted by a policy document titled “The South African Microinsurance Regulatory Framework” published by the National Treasury in 2011 (“Policy Document”).

The Policy Document proposed, amongst other things, that the future microinsurance framework will include product standards to ensure that products are designed in an appropriate and simplified way to support an improved understanding of insurance products by consumers in the market. These product standards will be given effect to through amendments to the Policyholder Protection Rules made under the LTIA and STIA and Prudential Standards made under the Insurance Act. In addition, the Policy Document proposed that commission payable on policies sold by microinsurers (“microinsurance policies”) will be uncapped with the exception of commission in respect of credit life policies⁹.

The rationale behind not capping commission on microinsurance policies as set out in the Policy Document was to ensure the viability of microinsurers, as microinsurance policies will generally have low premiums and the commission required to viably sell such policies, though low in absolute terms, tends to be high relative to the value of the premium. Further, in as far as it relates to the uncapping of commission for microinsurance policies, it is expected that competition in this market will keep commission levels in check and not necessarily undermine consumer protection. This position will, however, be reviewed on an ongoing basis to assess whether any undesirable market practices develop with regards to the offering and payment of commission in this market. The approach set out in the Policy Document relating to commission on microinsurance policies has been provided for in the proposed amendments.

In addition, the majority of the current “assistance policies” as defined under the LTIA are funeral type policies. These policies, in the future framework under the Insurance Act, will have to be underwritten under the “Funeral” class of life insurance business as set out in Schedule 1 to the Insurance Act. As commission on assistance policies is currently not capped, the proposed amendments reflect commission in respect of the Funeral class of life insurance business as being uncapped. It is envisaged that the position to not cap commission for the Funeral class of life insurance business will not have any significant regulatory impact, as this approach aligns with the existing commission framework applicable to assistance policies under the LTIA.

2.3 Premium collection framework

Alignment between the LTIA regulations and the STIA Regulations

The legislative frameworks, in as far as they relate to premium collection by independent intermediaries on behalf of insurers, are currently not aligned across the LTIA and STIA. Sections 45 and 54(4) under the STIA and Regulation 4 under the STIA Regulations constitute the legislative framework governing premium collection under the STIA. The legislative framework governing premium collection under the LTIA is limited to section 47(3) of the LTIA (which is equivalent to section 54(4) of the STIA), but no

⁹ <https://www.fsb.co.za/departments/insurance/documents/policydocumentmicroinsurance.pdf>

requirements equivalent to section 45 of the STIA or Regulation 4 of the STIA Regulations are provided for in the LTIA.

Although section 47(3) of the LTIA provides some protection to policyholders, it currently only applies to a situation where an independent intermediary collects premiums on behalf of the long-term insurer concerned (in which case receipt of the premium by the intermediary is deemed to be payment to the long-term insurer concerned- i.e. the long-term insurer is on risk as soon as the independent intermediary receives the premium). In the past long-term insurers regularly evaded the application of section 47(3) by arguing that the independent intermediary who collects the premium is doing so on behalf of the policyholder, and not on behalf of the long-term insurer, in which instance section 47(3) would not apply. The effect is that receipt of the premium by the intermediary in such instance will not be deemed to be payment to the long-term insurer concerned, and therefore the long-term insurer would not be on risk when the independent intermediary receives the premium. Such a situation could possibly prejudice a policyholder in that if the premium is paid over to the independent intermediary and the independent intermediary does not remit the premium to the long-term insurer, the long-term insurer is not deemed to have received the premium and will be able to reject a claim should it arise during that period.

To remedy this potential of abuse, Schedule 1 of the Insurance Act inserted section 47A into the LTIA. The requirement in section 47A is equivalent to the requirement in section 45 of the STIA. The intention of this amendment is to provide more adequate protection to policyholders and to align the legislative framework governing premium collection across the LTIA and the STIA. To further align the legislative framework governing premium collection across the LTIA and STIA, it is proposed that the LTIA Regulations be amended to include equivalent requirements to those in Regulation 4 under the STIA.

Development of the premium collection framework appropriate to evolving market practices

In addition to aligning the requirements relating to premium collection in the LTIA and STIA, there is a need to address certain abuses that have been identified through supervision. Further to this it is essential that the regulatory framework for premium collection remains relevant to current practices in the market. To this end it was necessary to review the current framework set out in Regulation 4 of the STIA Regulations and further develop the framework to ensure that it remains appropriate for evolving market practices.

Requirements in Regulation 4 of the STIA Regulations for security in the form of guarantee policies

The existing requirements under Regulation 4 govern, amongst other things, the periods within which premiums must be paid over to an insurer after being collected, limitations on the number of persons that can collect premiums in respect of personal lines policies and reporting to be submitted to the insurer and the Intermediaries Guarantee Facility (“IGF”) by the person collecting the premiums. One of the most significant requirements under Regulation 4 is that a person may not be “authorised” for purposes of section 45 of the STIA unless the person has provided “security” by means of a guarantee policy¹⁰ or a contract (which, but for the fact that the undertaking concerned is given by a bank, would be a guarantee policy), and under which policy benefits are to be provided in the event of the failure of that person to meet those obligations.

The IGF was established by the short-term insurance industry for purposes of Regulation 4, i.e. to act as an insurer for the purposes of providing the security as contemplated in Regulation 4 and registered under the STIA. IGF is currently the only insurer that provides policies for the purposes of providing

¹⁰ Issued by a short-term insurer registered to do so in accordance with a guarantee facility created by short-term insurers generally for the purposes of providing such security.

intermediary guarantees to insurers as referred to in Regulation 4. The requirement for security in the form of a guarantee policy is primarily aimed at mitigating the insurer's prudential risk relating to authorising an intermediary to collect premium on its behalf.

A policy decision has been taken to remove the requirement for security in the form of a guarantee policy from the Regulations as it is the responsibility of insurers to ensure that those intermediaries it authorises to collect premiums on its behalf have the necessary governance and resources to do so and to mitigate risk associated with allowing an intermediary to collect premium on its behalf. Policyholders are protected by the deeming provision contained in section 47(3) of the LTIA and a similar requirement in the STIA Regulations.¹¹ Practically, it could very well mean that an insurer will still require some form of guarantee or fidelity insurance cover from an intermediary when allowing it to collect premiums on its behalf and will do so in the interest of good governance rather than as a consequence of a regulatory requirement.

Proposed amendments to the premium collection legislative framework

Due to the fact that the IGF requirements will be repealed from Regulation 4 and because several significant risks regarding premium collection have been identified in respect of the manner in which insurance premiums are dealt with by independent intermediaries collecting premiums¹², it was deemed necessary to improve the current legislative framework governing premium collection. The proposed amendments therefore propose to improve the premium collection legislative framework by, amongst other things, including:

- a prohibition on an independent intermediary delegating the authority to collect premiums provided to it by a short-term insurer;
- requiring that certain matters must be addressed in the written authorisation provided by the insurer to the independent intermediary;
- requiring that the independent intermediary collecting premiums must maintain a separate bank account for the premiums collected;
- prohibiting the independent intermediary from using the premiums collected for any business or commercial purposes; and
- imposing governance and oversight requirements applicable to a short-term insurer when allowing an independent intermediary to collect premiums.

It is acknowledged that some of the existing premium collection arrangements between short-term insurers and independent intermediaries will not be consistent with these amendments and such arrangements will have to be restructured. Further, short-term insurers that currently do not have appropriate oversight over the functions performed by independent intermediaries in respect of its current premium collection arrangements will have to set up appropriate governance structures. Seeing that there is currently no requirement in the LTIA Regulations governing premium collection, National Treasury acknowledges that the new requirements with regards to premium collection have the potential of having a significant impact on the long-term and short term insurance industry.

¹¹ The deeming provision currently contained in section 54(4) of the STIA has been repealed through Schedule 1 of the Insurance Act. For this reason a requirement similar to the current section 54(4) has been provided for in the draft amendments to the STIA Regulations.

¹² See, for example, the *Retail Distribution Review, 2014* published by the Financial Services Board in December 2014.

Notwithstanding the potential impact, National Treasury is of view that the need for and resultant benefits of these improved requirements for both the long and the short-term insurance industry outweigh the possible costs of complying with the new requirements.

Consideration will be given to appropriate transitional arrangements necessary for some of the proposed amendments to mitigate the possible impact thereof. Specific comment is invited from both industries on what the cost and other potential implications of complying with these new premium collection requirements will be, and on transitional amendments necessary to facilitate the implementation of these requirements.

2.4 Amendments to binder regulations – Procurement and transformation

The Financial Sector Code (FSC) issued in terms of section 9(1) of the Broad -Based Black Economic Empowerment Act, (Act No. 53 of 2003) as amended requires insurers to allocate a certain percentage of their total procurement spend to black owned enterprises. However, in practice there are instances where the allocation of insurers' procurement spend is decided by third parties. This usually happens when an insurer outsources a binder function and the appointment of service providers is incidental to the binder function. The binder holder appoints service providers, which service providers may not be included in the insurers' panel of service providers, resulting in these appointments not contributing to the insurer meeting its transformation commitments under the FSC.

To ensure that binder agreements between insurers and binder holders do not undermine an insurers' ability to meet its commitments under the FSC, the proposed amendments requires binder agreements to provide for mechanisms and measures that will assist the insurer in meeting procurement, enterprise and supplier development targets relating to the transformation in the insurance sector.

3 ENVISAGED EFFECTIVE DATE

It is expected that the proposed amendments to the Regulations will come into operation on 1 July 2018 to coincide with expected commencement date of the Insurance Act.

ANNEXURE: MAPPING OF EXISTING “CLASSES” OR TYPES OF INSURANCE BUSINESS REFLECTED IN THE LTIA TO THE CLASSES OF INSURANCE BUSINESS IN THE INSURANCE ACT

This Annexure explains the mapping of the existing “classes” or types of insurance business reflected in the LTIA to the classes of insurance business in the Insurance Act.

The column titled “Current Commission Table” sets out the items in the existing commission Table contained in the LTIA Regulations and the column titled “New Commission Table (Table 2)” maps the item in the current commission Table to the relevant item in the new commission Table applicable to licensed insurers (Table 2).

<i>Item</i>	CURRENT COMMISSION TABLE <i>Kind of policy or benefit component</i>	NEW COMMISSION TABLE (TABLE 2) <i>New Kind of policy or benefit component</i>
1	Individual policy, not elsewhere specified	See below.
1.1	not immediate annuity	<p>Policies under the existing item 1.1, i.e. life policies (with or without an investment component) that is not term cover, will now fall under:</p> <p>1. Policy not elsewhere specified</p> <p>(a) Not immediate annuity;* and</p> <p>* Policies falling under this item will therefore include policies, where an immediate annuity is not provided, written under the following classes:</p> <ul style="list-style-type: none"> • Life Annuity; • Individual Investment (other than in Individual Investment policy specified in item 2); • Income Drawdown <p>5. Risk</p> <p>(a) Individual Death</p> <p>(ii) Other than term cover</p> <p>(aa) other than an employer policy¹³</p>
1.2	immediate annuity	<p>Policies under the existing item 1.2 will now fall under:</p> <p>1. Policy not elsewhere specified</p> <p>(b) immediate annuity</p> <p>(i) not compulsory</p> <p>(ii) compulsory, not tied</p> <p>(iii) compulsory tied*</p> <p>* Policies falling under this item will therefore include policies, where an immediate annuity is provided, written under the following classes:</p>
1.2.1	not compulsory	
1.2.2	compulsory, not tied	
1.2.3	compulsory, tied	

¹³ See explanation in the body of the “Statement on the proposed amendments to the Regulations made under the Long-term Insurance Act, 1998 and Short-term Insurance Act, 1998” explaining the need to provide for credit provider- and employer policies.

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CURRENT COMMISSION TABLE		NEW COMMISSION TABLE (TABLE 2)
Item	Kind of policy or benefit component	New Kind of policy or benefit component
		<ul style="list-style-type: none"> • Life Annuity; • Individual Investment (other than in Individual Investment policy specified in item 2); • Income Drawdown
2	Fund member policy	<p>The definition of “fund member policy” has predominantly been retained (the only difference is that it now links back to the “Individual Investment”, “Income Drawdown” and “Annuity” classes- i.e, it is a subset of these classes). Terminology used in the new commission table is Fund Member - item 2 (which is a fund member policy). Requirements under Fund Member are exactly the same as the current requirements in item 2.</p>
2.1	funding a retirement annuity fund	
2.1.1	upon entry, not a transfer	
2.1.2	upon entry, a transfer from a fund other than a retirement annuity fund to	
2.1.2.1	a fund chosen by the member	
2.1.2.2	a fund not chosen by the member	
2.1.3	upon entry, a transfer from another retirement annuity fund	
2.2	not funding a retirement annuity fund	
2.2.1	upon entry, not a transfer	
2.2.2	upon entry, a transfer from another fund	
3	Life policy	See below.
3.1	other than term cover only	
3.1.1	Incorporated into a group scheme	
3.1.1.1	which is a credit scheme	<p>Policies under the existing item 3.1.1.1 will now fall under:</p> <p>6. Credit life (b) Credit provider policy¹⁴</p>
3.1.1.2	which is not a credit scheme	<p>Policies under the existing item 3.1.1.2 will now fall under:</p> <ul style="list-style-type: none"> • In respect of a group scheme where an employer is the policyholder (as provided for in subsection (a)(ii) of the definition of “Individual” as defined in the Insurance Act) – <p>5. Risk</p> <ul style="list-style-type: none"> (a) Individual death (ii) Other than term cover only (bb) Employer policy <ul style="list-style-type: none"> • In respect of a group scheme that meets the definition of “Group” as defined in the Insurance Act – <p>5. Risk</p> <ul style="list-style-type: none"> (b) Group death
3.2	term cover only	
3.2.1	Individual	<p>Policies under the existing item 3.2 will now fall under:</p> <p>5. Risk</p> <ul style="list-style-type: none"> (a) Individual Death (i) Term cover only (aa) Other than an employer policy <p>6. Credit Life</p>

¹⁴ See explanation in the body of the “Statement supporting the proposed amendments to the Regulations made under the Long-term Insurance Act, 1998 and Short-term Insurance Act, 1998” explaining the need to provide for credit provider- and employer policies.

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	CURRENT COMMISSION TABLE	NEW COMMISSION TABLE (TABLE 2)
<i>Item</i>	<i>Kind of policy or benefit component</i>	<i>New Kind of policy or benefit component</i>
		(a) Other than credit provider policy (i) Death event
3.2.2	Incorporated into a group scheme	
3.2.2.1	which is a credit scheme	Policies under the existing item 3.2.2.1 will now fall under: 6. Credit Life (b) Credit provider policy
3.2.2.2	which is not a credit scheme	Policies under the existing item 3.2.2.2 will now fall under: <ul style="list-style-type: none"> In respect of a group scheme where an employer is the policyholder (as provided for in subsection (a)(ii) of the definition of “Individual” as defined in the Insurance Act) – 5. Risk <ul style="list-style-type: none"> (a) Individual Death <ul style="list-style-type: none"> (i) Term cover only (bb) Employer policy In respect of a group scheme that meets the definition of “Group” as defined in the insurance Act – 5. Risk <ul style="list-style-type: none"> (b) Group Death
4	Fund policy	Policies under the existing item 4 will now fall under “ Fund Risk ” – item 3.
5	Health policy and disability policy	See below.
5.1	Other than term cover only	
5.1.1	Individual	Policies under the existing item 5.1.1 will now fall under: 5. Risk <ul style="list-style-type: none"> (c) Individual Disability and Individual Health <ul style="list-style-type: none"> (ii) Other than term cover only <ul style="list-style-type: none"> (aa) Other than employer policy 6. Credit Life <ul style="list-style-type: none"> (a) Other than credit provider policy <ul style="list-style-type: none"> (ii) Disability event, Health event or event of unemployment, or other insurable risk that is likely to impair a person’s ability to earn an income or meet credit obligations
5.1.2	Incorporated into a group scheme	
5.1.2.1	Which is a credit scheme	Policies under the existing item 5.1.2.1 will now fall under: 6. Credit Life (b) Credit provider policy
5.1.2.2	Which is not a credit scheme	Policies under the existing item 5.1.2.2 will now fall under: <ul style="list-style-type: none"> In respect of a group scheme where an employer is the policyholder (as provided for in subsection (a)(ii) of the definition of “Individual” as defined in the Insurance Act) – 5. Risk <ul style="list-style-type: none"> (c) Individual Disability and Individual Health <ul style="list-style-type: none"> (ii) Other than term cover only <ul style="list-style-type: none"> (bb) Employer policy

STATEMENT ON THE PROPOSED AMENDMENTS TO THE PROPOSED AMENDMENT OF THE REGULATIONS MADE UNDER THE LTIA AND STIA

CURRENT COMMISSION TABLE		NEW COMMISSION TABLE (TABLE 2)
Item	Kind of policy or benefit component	New Kind of policy or benefit component
		<ul style="list-style-type: none"> In respect of a group scheme that meets the definition of "Group" as defined in the insurance Act – <p>5. Risk (d) Group Disability and Group Health</p>
5.2	Term cover only	
5.2.1	Individual	<p>Policies under the existing item 5.2.1 will now fall under:</p> <p>5. Risk (c) Individual Disability and Individual Health (i) Term cover only (aa) Other than employer policy</p> <p>6. Credit Life (a) Other than credit provider policy (ii) Disability event, Health event or event of unemployment, or other insurable risk that is likely to impair a person's ability to earn an income or meet credit obligations</p>
5.2.2	Incorporated into a group scheme	
5.2.2.1	Which is a credit scheme	<p>Policies under the existing item 5.2.2.1 will now fall under:</p> <p>6. Credit Life (b) Credit provider policy</p>
5.2.2.2	Which is not a credit scheme	<p>Policies under the existing item 5.2.2.2 will now fall under:</p> <p>5. Risk (c) Individual Disability and Individual Health (i) Term cover only (bb) Employer policy</p>
6	Sinking fund policy	<p>Policies under the existing item 6 will now fall under:</p> <p>2. Individual Investment, unrelated to a life event which undertakes to provide one or more sums of money, on a fixed or determinable future date, as policy benefits</p>
7	Assistance policy	<p>Policies under the existing item 7 will now fall under:</p> <p>7. Funeral*</p> <p>*All current assistance policies (as defined) that will not meet the definition under the Funeral class (as defined in Schedule 2 of the Insurance Act) will be absorbed under the other relevant classes and will be subject to the commission regulations applicable to such classes.</p>
		<p>New category created:</p> <p>8. Microinsurance. (a) Credit Life, Risk and Funeral</p>