

momentum

KEY COFI IMPACTS



Conduct of Financial Institutions (CoFI) Bill

Impact of the CoFI Bill on Momentum Life

Key changes



Culture, governance &
conduct risk frameworks



Outcome-based conduct
expectations



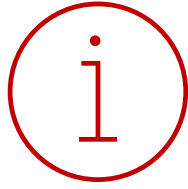
Activity-based licensing
requirements



Product governance and
target market oversight



Enhanced regulatory
expectations and
reporting



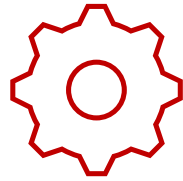
Activity-based
licensing



Outcome-based
conduct
expectations



Data-driven
governance



Culture and
conduct risk
frameworks



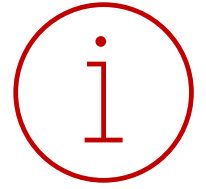
Product
governance and
target market
oversight



Distribution and
remuneration,
increased
oversight of
intermediaries

Activity based
licensing

- Replacement of broad **conduct** licenses with activity-specific authorization, thus increasing transparency and regulatory precision (e.g., Advice was under FSP 6406 whilst intermediary services were exempt from FAIS as it was regulated under the Insurance Act).
- Operational mapping of all functions to licensing categories, including outsourced, binder, and intermediary functions.
- Each activity requires tailored governance, control, and risk management aligned with COFI standards.



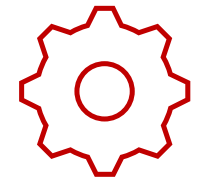
Outcome-based
conduct
expectations

- Transitions from rules-focused compliance to ensuring fair customer outcomes across all insurance operations (e.g., transition from PPRs to conduct standards) – *the customer becomes the key determinant measure of compliance*
- Data-driven monitoring and governance imply that effective governance requires evidence (data) on complaints, claims, adviser conduct, and product performance (*e.g., FSCA Complaints Management Industry Review on Insurance, FSPs, etc.*).
- Adaptation of culture and employee training programs to ensure that they promote customer-centric conduct and understanding across the organization – *consequence management becomes pivotal.*



Culture,
governance, and
conduct risk
frameworks

- Boards and executives are accountable for conduct outcomes and overseeing conduct risk frameworks in life insurance businesses.
- Conduct Risk Frameworks must identify, measure, monitor, and mitigate risks from product design to customer communications to ensure fairness – *EAC statements to clients.*
- Insurers must measure culture, including staff behaviour, incentives, and performance, to align with customer fairness objectives.
- Conduct dashboards provide actionable insights from complaints, claims, and product analytics for strategic decision-making.

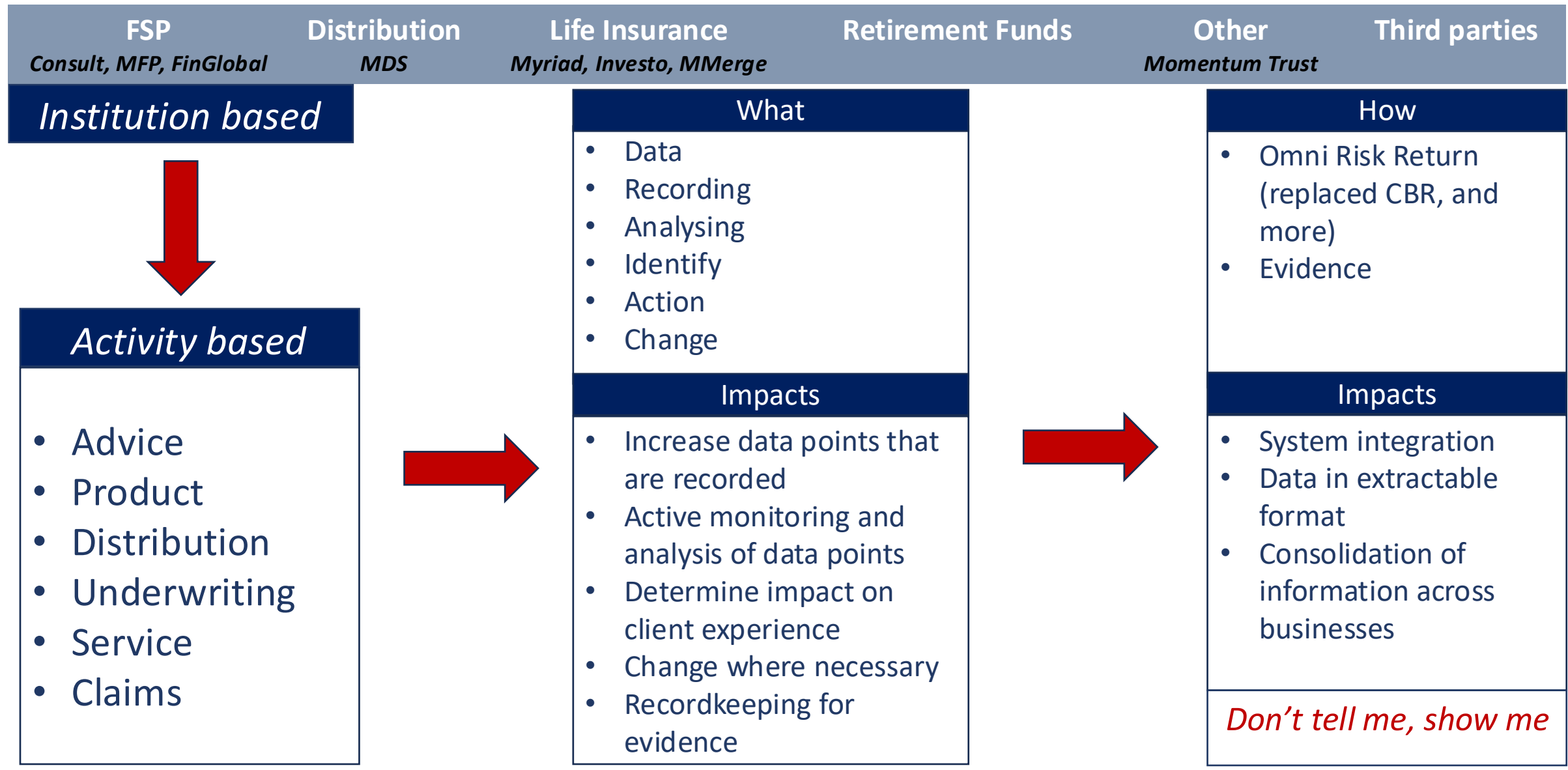


Product
governance and
target market
oversight

- Continuous evidence-based monitoring of product suitability and performance throughout the product lifecycle.
- Disclosure obligations are enhanced with the need for the provision of clear, concise information tailored to customer financial literacy levels.
- Implementation of structured feedback loops using complaints, adviser reports, and customer surveys for product improvements, i.e., Product enhancements must reflect, for example, outcomes of FPC discussions.
- Implementation of strong distribution oversight frameworks for assessment of intermediaries' competence (*including but not limited to integrity*) and advice quality to reduce conduct risks.
- Remuneration models review to avoid incentives that lead to mis-selling or poor customer treatment – *sign-on bonuses.*



CLIENT





Impact on Momentum

Re-licensing activities

- Several existing activities will need to be re-licensed, resulting in changes to current institutional-type licences and potentially altering operating permissions.
- Significant impact on activity mapping – The new framework affects the classification and oversight of multiple activities, including:
 - Underwriting,
 - Claims administration,
 - Complaints handling,
 - Servicing,
 - Section 13B administration (currently under the Pension Funds Act),
 - Outsourcing (Namibia, Guernsey), binders (Health4me),
 - Advice, Momentum Adviser Partnerships initiative, etc.
- Competency obligations, not limited to qualifications, Regulatory Examinations, Class of business, etc., may have material implications for policy administration and servicing teams (first 4 bullet points above), particularly those currently operating under FAIS exemptions.
- Exact requirements for integration are still unclear.

Reporting

- Transition from CBR to Omni Risk Return introduces more detailed, intrusive conduct reporting, including remuneration structures and evidence-based customer outcomes
- There will be a need for an enhanced skill set to assess advice quality and appropriateness, for the purposes of reporting on adviser-influenced client outcome.
- Board reports must clearly surface key issues, show decisions taken, and demonstrate follow-up actions to evidence effective oversight.



Impact on Momentum

Product and conduct effectiveness

- Implementation of evidence-based procedures to govern product appropriateness.
- Outcome to be assessed by evidence, beyond the provisions of the policy contract.
- E.g. Universal Life products – how will the existing products, which currently result in negative client outcomes, be managed?

Conduct risk-related frameworks

- Overhaul of conduct risk framework.
- Implementation of product effectiveness framework.
- Distribution oversight frameworks.

Data and Systems

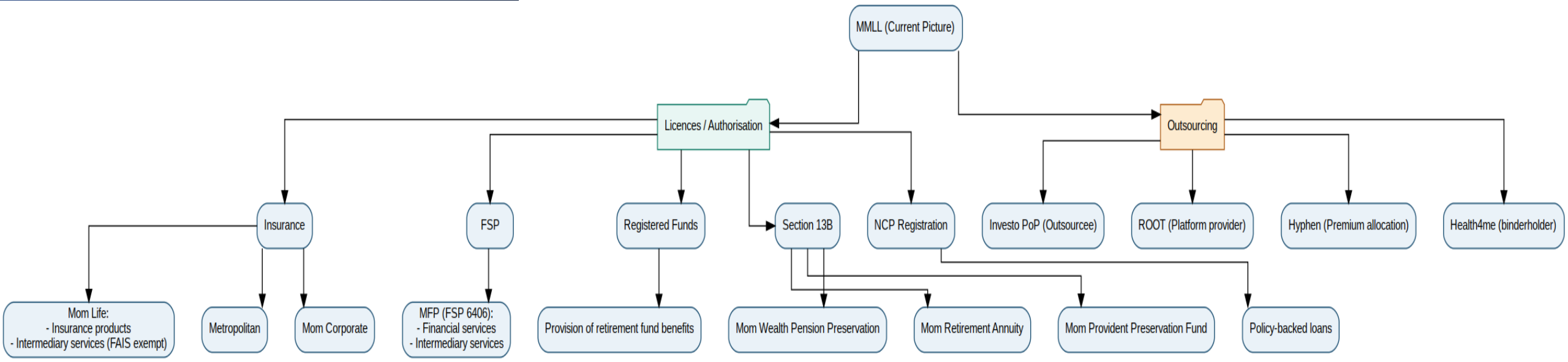
- Enhancements to data and systems to enable more onerous reporting requirements.
- Enhancements for new licensing requirements – FSP4.5, Astute integration, etc.
- Third-party data-specific reporting systems – is there a need for system integration with third-party (consider other legislative requirements, PoPIA).

Complaints

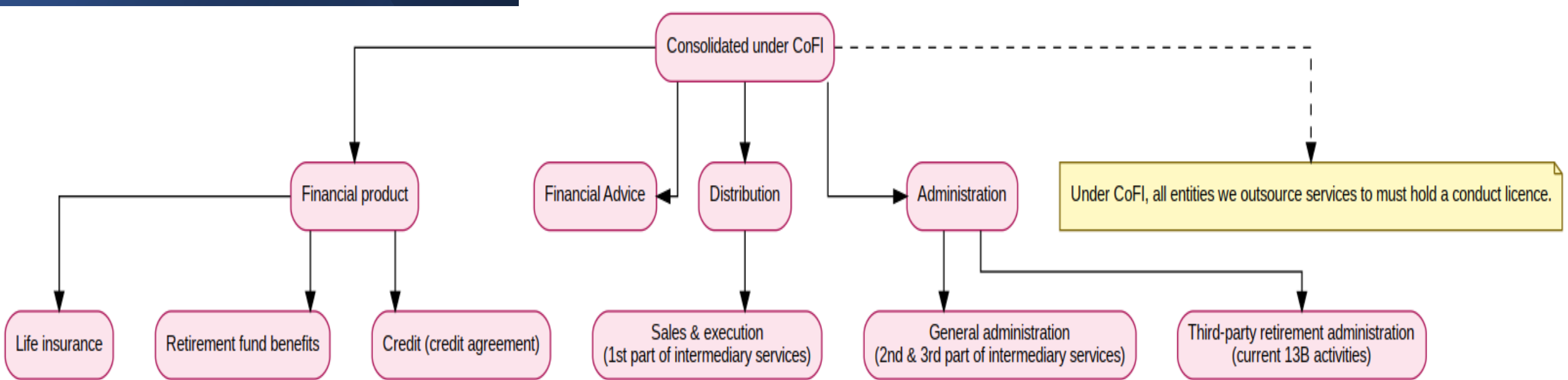
- Required feedback from distribution (FSP) to product houses.



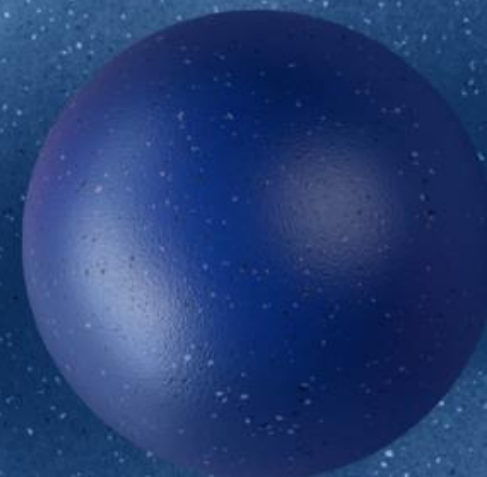
Impact on Momentum



Impact on Momentum



Key takeouts



Thank you

