

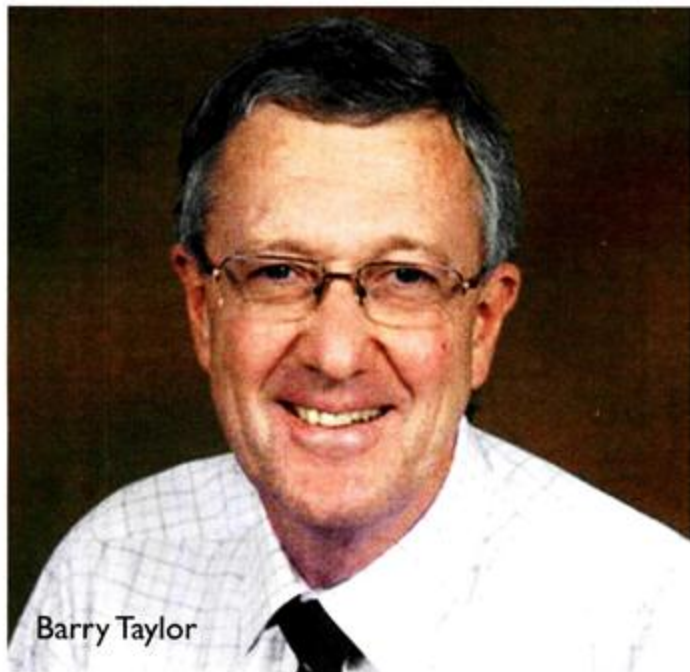
statutory roll-out of consumer protection measures and the other jurisdictions such as the UK and Australia, serves to protect us against the worst excesses as measures adopted elsewhere are shown to be unworkable or fraught with unforeseen consequences.

On the regulatory front, the intermediary will be continuing to digest the impact of legislation already promulgated in 2012. Right now, it appears that new regulations such as Treating Customer Fairly (TCF) will have more impact on product providers than on intermediaries. In addition, the rollout of Regulatory Exams (RE) will continue and the RE2 exams will be in gestation, while the Financial Services Board inspection activity is also likely to impact on the productivity of the intermediary.

***In light of the above, the most important role for intermediary bodies in 2012 will be to represent their members in discussions with the regulator to ensure that appropriate measures are taken to adequately protect the consumer, without increasing the cost of financial services to the point where intermediaries are unable to sustain their businesses.***

## **Client delivery the key for short-term insurance intermediaries in 2012**

Barry Taylor, Director and Chairman of the Short Term Exco at the Financial Intermediaries Association of Southern Africa



Barry Taylor

The role of the short-term insurance intermediary is set to be a challenging one in 2012; however, for the intermediary who stays ahead of the game, there is still much value to be had in terms of business potential.

It will be a tough year trying to find the right balance between selling and servicing, but those intermediaries with suitable

skills and a good approach to building and maintaining a client base will come out on top.

In a market that has become saturated with direct players, which can only lead to confusion amongst consumers who are no longer receiving advice and are instead buying a commoditised product without knowing whether it is right for them, it is those financial intermediaries who go the extra mile for their clients that will reap the benefits.

On top of the challenge of competing with a multitude of direct products, intermediaries will need to get to grips with the implementation of numerous regulatory requirements, including the early phases of Treating Customers Fairly (TCF) and the ongoing Regulatory Examinations (RE). The completion of the RE examinations is likely to remain the paramount concern for many intermediaries.

While ongoing regulation is a given, with the FSB now stepping up its enforcement efforts, the somewhat precarious state of the global economy is also likely to continue to have an impact on the financial services industry, whether we experience another dip or just stay "depressed". In South Africa, especially, it is the middle income market that is probably under increasing pressure, mainly from rising utility and transport costs, food prices and inflation, without an equivalent income increase and with property prices remaining static. It is here where the skills of an innovative and service driven intermediary will find the balance between offering an alternative solution for the clients rather than facing cancellation of cover.

2012 will also bring a new set of challenges in the form of new world delivery and communication methodologies. Electronic interfacing with insurers and clients, and the increased use of social mediums of communications may present some challenges for those advisors who do not stay abreast of technological advancements or simply do not have the resources. The large industry players will have the resources for these technological developments; however, there still are opportunities for the small intermediary where good service versus system-driven service is involved.

***Critical for intermediaries is the need to continue honing skills, understanding their client's needs and offering a range of innovative and cost-effective products supported by good service. The value of the short-term insurance intermediary must be felt by their clients and this will, no doubt, be the determining factor in distinguishing between those who fail and those who survive the many challenges to be faced.***