

Regulations shape **intermediary role**

Regulatory developments will remain a key focus in 2011 as ongoing legislative changes define the changing role of the insurance intermediary.

According to Barry Taylor, chair of the Short Term Exco and director at the Financial Intermediaries Association of Southern Africa (FIA), 2010 was an eventful year for insurance intermediaries who participated in the development of draft regulations for the Insurance Laws Amendment Act (ILAA), the data sharing project (STRIDE) and the Treating Customers Fairly (TCF) initiative.

“With the promulgation of the ILAA binder regulations, as well as the full implementation of the FAIS General Code of Conduct and Conflict of Interest Regulations, and the Consumer Protection Act, 2011 is set to be another eventful and defining year for insurance intermediaries.”

According to Taylor, it is important not to underestimate the time, effort and cost that will be associated with the implementation of these policies. “Management and all responsible staff will need to apply themselves to ensuring that sound practice, as well as a common sense approach, continues to be adopted as the various regulations come into effect.”

He says the new TCF guidelines, which are currently being deliberated by the FSB and related industry bodies, will be a milestone for insurance intermediaries and the industry as a whole. “This is an important piece of legislation that aims to ensure the fair treatment of customers, primarily by product providers.”

PROMOTING CONSUMER CONFIDENCE

Taylor continues: “It also seeks to promote



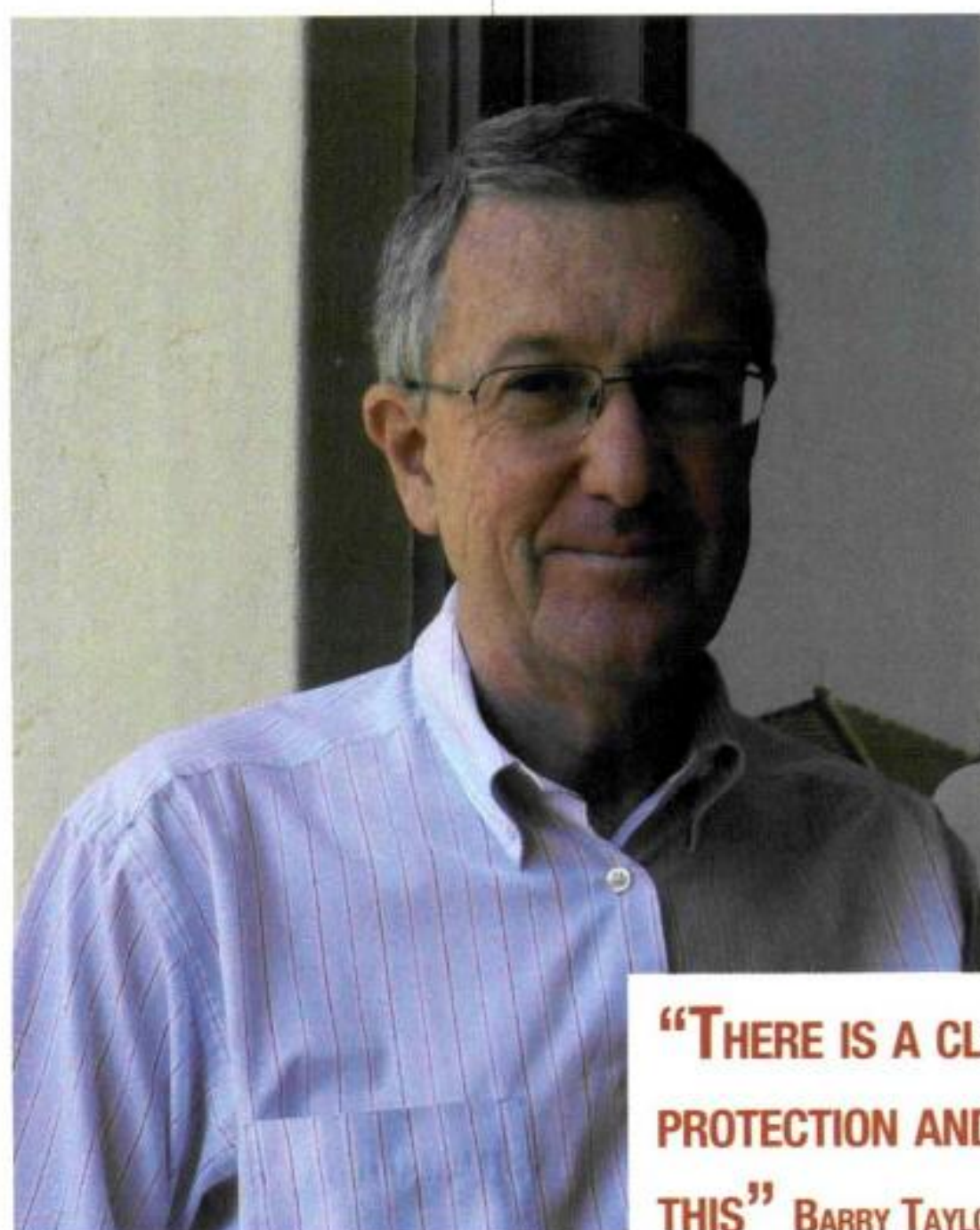
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consumer confidence by ensuring that the purchaser is provided with easy-to-understand information before and after a transaction, that all advice is appropriate to their circumstances and that they do not face unreasonable barriers when it comes to changing products.”

He says there is a clear trend towards greater consumer protection and intermediaries will need to adapt to this. “There needs to be a far more professional approach to how business is transacted. This will involve a closer look at education and skills development, as well as greater scrutiny of how intermediaries can become more efficient and customer-centric.”

A further challenge being faced by the intermediary industry is the need for skilled practitioners. “The industry is crying out for new talent and the time has come for a real and concerted effort to be put into designing an education and development programme aimed at elevating skills within industry (the FIA is in the process of negotiating learning packages to assist members in completing the RE1 examinations).”

“Intermediaries need to continue honing their skills, making an effort to understand their clients’ needs and offering a range of innovative and cost-effective products. Although there is nothing new in this, these are the basics that underpin the value of the insurance intermediary,” concludes Taylor. **35**



“THERE IS A CLEAR TREND TOWARDS GREATER CONSUMER PROTECTION AND INTERMEDIARIES WILL NEED TO ADAPT TO THIS” BARRY TAYLOR, CHAIR: SHORT TERM EXCO; DIRECTOR: FIA