

INTERMEDIARIES

Shape of things to come

Whole raft of regulations and practices for 2011

REGULATORY DEVELOPMENTS WILL remain a key focus for intermediaries in 2011, as on-going legislative changes within the insurance industry are set to define further the changing role of the financial services intermediary.

This follows an eventful 2010 when intermediaries participated in the processes involved in the drafting of the Insurance Laws Amendment Act (ILAA), the setup of the Data Sharing project (STRIDE), and the Treating Customers Fairly (TCF) initiatives.

With the promulgation of the ILAA Binder regulations as well as the full implementation of the FAIS General Code of Conduct, Conflict of Interest regulations and the full implementation of the Consumer Protection Act, this year is going to be even more challenging.

Comments Barry Taylor, Chairman of the Short Term Exco and Director at the Financial Intermediaries' Association of Southern Africa (FIA), says it is important not to underestimate the time, effort and cost that the implementation of such issues will have on the industry. "Management and all responsible staff will need to apply themselves to ensuring that sound and good practice, as well as a common sense approach, continues to be adopted as the various regulations come into force.

He says the new Treating Customers Fairly (TCF) guidelines, which are currently being considered by the FSB and other related industry bodies, aim to ensure the fair treatment of customers, primarily by product providers. "TCF also seeks to promote consumer confidence in service providers by ensuring they, the consumer, are provided with clear 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 the changing of products."

He adds that there is a clear trend for greater consumer protection and intermediaries will need to adapt to this changing face of regulation. "There needs to be a far more professional approach regarding how business is transacted. This will involve, not only a close-

er look at education and skills development, but also greater scrutiny on how intermediaries can become more efficient and customer centric."

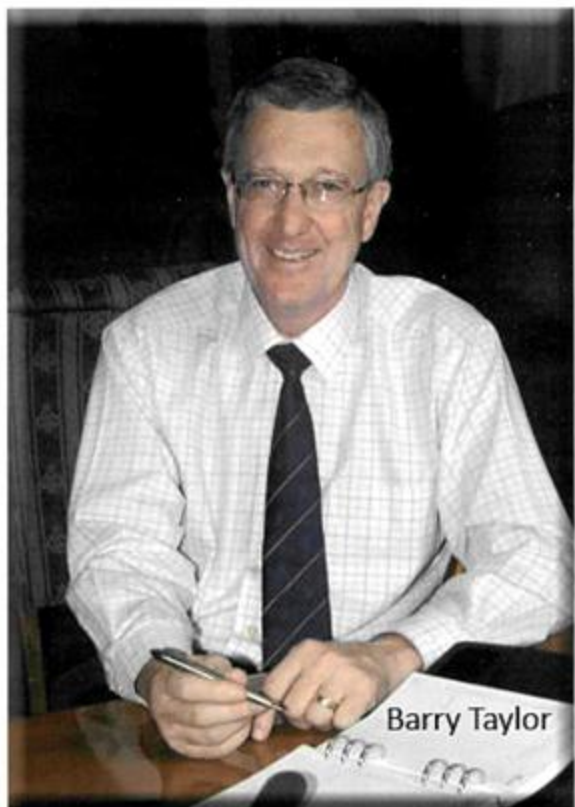
Lack of skills

Taylor says aside from regulation, a further challenge that is certainly 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 into designing an education and development programme to elevate the all-round skills of our members.

"In particular, with the imminent RE1 examinations that are being introduced for all financial services representatives, the FIA is in the process of negotiating an advantageous learning package for our members to assist them in this process."

Taylor says that the role of the intermediary is challenging, with new direct insurers as well as retailers now venturing into insurance. "However, there is a place for the intermediary in a market that has become saturated with 'other' 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.

"Intermediaries need to continue honing their skills, understand their client's needs and offer a range of innovative and cost effective products backed up by good service. There is nothing



new in this but it is these basics that underline the value of the insurance intermediary.

Note about the FIA

The Financial Intermediaries' Association of Southern Africa (FIA) represents more than 15 000 licensed financial services advisers throughout Southern Africa. The origins of the FIA date back more than 50 years, with the organisation having recently evolved into a single, unified national body representing the bulk of active licensed intermediaries in South Africa's financial services industry.

The FIA's primary purpose is to represent, protect, promote and further the common interests of its members. By belonging to the FIA, intermediaries can trust that they have the support of an influential organisation with the necessary stature and legitimacy to represent them at the highest levels of the industry, including regulatory bodies and industry associations.

The FIA enjoys a large and steady national membership comprising financial services intermediaries who cover the broad spectrum of financial planning.

All members of the FIA are authorised financial services providers or representatives of such providers. In terms of the FAIS Act our members must adhere to all the requirements prescribed by the Act and its Regulations.

To find out more of the FIA visit their website at www.fia.org.za or contact the head office at 012 665 00 5.

AVIATION

GPS jams GBAS

WHAT THIS MEANS is that the GPS gadgets that some drivers, especially lorry drivers, use to stuff up the tracking devices installed by their bosses actually damage the Ground Based Augmentation System (GBAS) in use at airports.

In Newark Liberty International Airport they installed the GBAS and Continental Airlines also installed the stuff, but they then found that the intermittent signal from the GPS jammers of the trucks caused the GBAS to close down.

The result of this little \$22.95 gadget is that Newark cannot certify its GBAS for instrument landings.