



Treating Customers Fairly (TCF)

*Ibiliti Underwriting Managers (Pty) Ltd - Reg No: 2011/004766/07
A registered financial services provider (FSP 43404). >>*

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We do what we say. That simple!

Why has TCF been introduced?

- TCF addresses issues concerning the fair treatment of customers arise as a combination of factors and include those related to market failures, firm incentives and consumer behaviour.
- One of the key market failures is that market participants do not possess perfect information.
- Systems are confronted with the problem of irregular information where certain market participants possess information that others do not possess.
- This may lead to consumers being treated unfairly and possibly suffering considerable financial losses in the process.

How will Ibiliti Underwriting Managers incorporate the principles of TCF in our company?

Treating customers fairly is part of our company culture. Always do the right thing!

Summary of TCF

- R** = Relevant Advice
- I** = Information that is clear and on time
- G** = Gratifying hassle –free post-sale claims / service
- H** = Hoped for product / service performance
- T** = Targeting of Products

There are 6 desired Outcomes which include:

1. Culture
2. Product design
3. Financial promotion/marketing practices
4. The sales process
5. information and customer support after the point of sale
6. Complaint handling

The TCF principle aims to raise standards in the way firms carry on their business introducing changes that will benefit customers and increase their confidence in the financial services industry. TCF specifically aims to:

1. Help customers fully understand the features, benefits, risks and costs of the financial products they buy
2. Minimize the sale of unsuitable products by encouraging best practice before, during and after a sale

How will the FSCA in South Africa prescribe how we should deal with TCF?

National Treasury published a policy

- “A safer financial sector to serve South Africa better”
- TCF key priority (consumer protection and market conduct)
- This document outlines a number of changes in the area of market conduct, consumer protection and financial inclusion, including a new approach to dealing with high bank charges as well as for insurance and savings charges.

Why TCF

- Financial industry cannot be left “to do the right thing”
- Unevenness of information between financial institutions and customers - vulnerable to unfair treatment
- Financial institutions: more expertise and resources than customers
- Consequence: unfair treatment usually only noticed years after transactions
- Education and literacy rates in South Africa
- TCF will be implemented in SA by 2014

Outcome 1: Confidence in our Culture

Customers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.

Ibiliti Underwriting Managers definition of FAIR treatment Fair may not = happy.

The application of our standards in our decision making is consistent, this means our market conduct is predictable and all customers are treated fairly.

Outcome 2 : Suitable Products

- Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.
- Clarity and purpose of product design.

Outcome 3: Transparent Information

- Customers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
- Clear consistent communication strategy to re-assure customers what to expect, and what, when and whom (Firm and/ or FA) is responsible for it.
- This is the “Heart of Fairness”

Outcome 4: Appropriate Advice

- Where customers receive advice, the advice is suitable and takes account of their circumstances.
- “Heart of FA business” what advisors do

Outcome 5: Expectations Fulfilled

- Customers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard as they have been led to expect.
- Products “behave” predictably as consumer believe it should

Outcome 6: No Post Sale Barriers

- Customers do not face unreasonable post-sale barriers imposed by firms to Change product, switch provider, submit a claim or make a complaint
- Firm to design such product for correct target market & Financial Advisors to assess suitability for each customer in this regard

Good practice – what is expected of Ibiliti Underwriting Managers in monitoring of advice?

- Ibiliti Underwriting Managers is not allowed to deal with policy holders directly but still aims to provide service and products in line with 6 Outcomes in accordance with TCF via Financial Services Providers.
- Ibiliti Underwriting Managers should monitor trends on claims, complaints and/or retentions at broker level.
- Where investigations of a complaint confirm that a TCF breach occurred, we need to review other business of that broker in order to identify if brokers were affected. If this is the case, we need to take appropriate action.

Ibiliti Underwriting Managers has to conduct “due diligence” over and above FAIS vetting on Financial Advisor’s financial soundness before contracting with that advisor e.g. practice management processes.