

TREATING CUSTOMERS FAIRLY

BUSINESS MANUAL

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**OUR INTRODUCTION TO TREATING CUSTOMERS FAIRLY
FRAMEWORK IN RESPONSE TO THE FSB GUIDANCE PAPER
DATED 11 NOVEMBER 2013
FOR
IN2INSURANCE BROKERS (PTY) LTD, FSP 3615**

INTRODUCTION

According to the Treating Customer Fairly Roadmap, parts of TCF have been implemented effective **1 January 2014** and according to the Financial Services Board all FSPs are required to incorporate the 6 TCF outcomes into their business operations.¹ The FSB has already begun asking questions about customer fairness outcomes (over and above checking compliance with specific rules based provisions) during their on-site visits.² Therefore, the FSB is already implementing TCF and will continue to add TCF related elements into their supervisory approach and regulation.

This business manual aims to establish a sound foundation to empower our business to meet these requirements, but it must be stated at the outset that TCF will always be a work in progress and as a result, this manual will only serve as our introduction to TCF and it will have to be updated regularly as TCF evolves. It must be stated that TCF has already been well introduced into our business since the implementation of FAIS on 30 September 2004 as much of the principles contained in TCF are consistent with the provisions of the FAIS General Code of Conduct and our “Bloudruk vir sukses”.

TCF AND FAIS

As correctly pointed out in the FSB guidance paper, the FAIS General Code of Conduct already obliges FSPs to “*at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry*”.³ This means that a material failure to deliver on one or more of the TCF outcomes will constitute a breach of the obligation in terms of the Code and actionable by the regulator and the FAIS Ombud. The essence of treating customers fairly can be found in the following basic requirements, which are already incorporated in the General Code of Conduct and applied in our business:

- Honesty
- Skill
- Care
- Acting in the interests of clients

Most of the other specific obligations under the General Code are also equally aligned with the principles included in the TCF outcomes, for example:

- Disclosures
- Suitability of advice
- Client communication

¹ See TCF Guidance Paper on TCF dated 11 November 2013 p.1

² See TCF Guidance Paper on TCF dated 11 November 2013 p.2

³ See section 2 of the General Code of Conduct

What follows is a basic step-by-step guide in respect of each of the TCF outcomes.

OUTCOME 1

Fair treatment of customers must be part of your FSP culture.

FSB: Have you thought about TCF and how you treat your clients?

Our answer:

In2Insurance Brokers has an Ethical code that we live by and also do business with our valued clients. This includes giving service and products to our clients that suits their specific needs. We do this with skill, care, diligence and integrity to the best of our ability. The six steps set out by the Financial Planning Standards Board (FPSB) is the basis of our approach as illustrated in our own designed “Invoice Book” that we use during our appointments with our clients. We always stay within our professional ability and education in the industry. Our client is the king in our business and we treat them as such.

FSB: If you are your own client, would you be happy with the way you are treated?

Our answer:

The way that we designed our “Invoice Book”, and also the way that we explain this to our clients, gives us a unique competitive advantage. All our representatives tell the same story to our clients and the client is the centre of the way that we do business. This includes the sales process as well as the administration done in our business, by using the Atwork CRM system.

FSB: Do you and your staff talk about the treatment of clients and do you have a unified approach?

Our answer:

We are still a small business, but we are in the process of building a staff induction course that we will do with all our staff, old and new, to set the treatment of all our clients as the most important principle in our business. We also discuss this with all the staff members on an ongoing basis during our Monday morning meetings.

FSB: How do you currently comply with section 2 of the General Code of Conduct?

Our answer:

Honesty: *Non negotiable. The good and the bad news must be delivered to the client, but with empathy and sympathy or excitement.*

Fairness: *The client is king in our business and is treated in this way.*

Skill: *All staff members must go for training on a regular basis and we also discuss changes in products weekly. We have staff champions with our major partners that must give regular feedback to the rest of the staff.*

Care: *The interest of our clients comes first. We don't want any other person or company taking clients away from us.*

Diligence: *Our staff members do not have a problem working extra hours to benefit our clients.*

Acting in the interests of clients: *The client pays our salaries.*

In2Insurance Brokers strive to enhance the integrity of the financial services industry: *By living up to the standards set by the regulators and by letting clients understand how they benefit from this.*

FSB: Do you do a due diligence on other businesses before contracting with them?

Our answer:

We only do business with Product suppliers that are registered with the FSB and are also public companies listed on the JSE. We are in the process of compiling a questionnaire that we will send to all business partners in future.

OUTCOME 2

Financial services and products rendered to clients are designed to meet the needs of clients.

FSB: Do you understand your clients, their financial situation and their financial needs?

Our answer:

We strictly adhere to the six steps as set out by the FPSB, as demonstrated in our personally designed “Invoice Book”. With this approach we can fully understand our clients and their specific needs.

FSB: Do you understand what the products really do and how it matches the needs of your clients?

Our answer:

Our relationships with our Product Suppliers is very important to us, therefore we set up regular appointments with the representatives of these companies, to give us training with regards to their products and the product benefits to our clients. We also do product specific accreditation on a regular basis and attend product launches and workshops.

FSB: Do you do a due diligence on all the products you offer?

Our answer:

We are in the process of designing a questionnaire that we will send to product suppliers to complete on their specific products.

FSB: Do you do due diligence on all the providers / service providers you offer?

Our answer:

On the product supplier side, we only do business with FSB approved providers and also JSE registered companies.

Service providers:

- *Technology support: ECOTECH Converge*
- *Financial planning system and software: ATWORK*
- *Compliance Officer: MASTHEAD*
- *Auditors: Jones & Kie/Co*

Product suppliers:

Momentum; Discovery; PPS; Liberty; Old Mutual; Santam; Mutual & Federal; Zurich; Hollard; Brolink; Riscor, Zenith, FSP, Carmargue, SHA, Associated Marine, King Price, One, Cyclesure.

FSB: Do you do a suitability analysis in terms of section 8 of the General Code of Conduct?

Our answer:

Yes, we do a Financial Needs Analysis to determine the client's needs. Then we search for the product with the features and benefits that match the client's needs and also his / her risk profile, which includes the required risk that the client will have to take, as well as his capacity and tolerance for risk.

The terms and conditions and exclusions are explained and disclosed to the client and he / she agrees to this by signing quotations and advice records. This also includes costs, fees, and commissions.

OUTCOME 3

Clients must receive clear information and must be appropriately informed before, during and after the time the financial service is rendered.

FSB: Do you use clear explanations of the products when talking to your clients?

Our answer:

By using the quotations of our Service Providers, we explain all the following aspects of the products to our clients:

1. *The objective of the product*
2. *The product's key features and benefits*
3. *Who underwrites the product*
4. *The product's terms, conditions, exclusions and risks*
5. *Our ongoing service model*
6. *The cost, fees and/or commissions*

After completion of the business, our clients also receive their policy document, with a welcome letter, setting out all the important information.

FSB: Do you keep your customers informed of the processes and information required by the product suppliers?

Our answer:

During the process before issuing of the contract, we communicate telephonically with our clients. After completion, they receive their welcome letters via mail or email.

FSB: Do you guide clients about the information required by the product suppliers?

Our answer:

We clearly communicate all requirements to our clients so that they can make informed decisions about the product. This is done by consulting the client personally, telephonically or via email, depending on the client's communication choice.

FSB: How do you disclose information in terms of section 7 of the General Code of Conduct?

Our answer:

We disclose by using the official quotations of our Product Suppliers, as well as marketing material supplied by them. In our Investment process, we also use fund fact sheets.

OUTCOME 4

Where clients receive advice, the advice must be suitable and takes account of their circumstances.

FSB: Did you conduct a suitability analysis in terms of section 8(1)(c) of the General Code

Our answer:

Yes, the Financial Needs Analysis that we do for our clients helps to determine suitability of which products, features and benefits match the client's needs. We also do his / her risk profile, which includes the required risk that the client will have to take, as well as his capacity and tolerance for risk.

The terms and conditions and exclusions are explained and disclosed to the client and he / she agrees to this by signing quotations and advice records. This also includes costs, fees, and commissions.

FSB: Did you check the client's needs against the recommendations?

Our answer:

We use our Atwork program to do a Financial Needs Analysis for our clients. This is discussed with the client to determine the appropriateness of the recommendations, taking into account his current financial situation.

FSB: Does your record of advice comply with the General Code of Conduct and contain all the required disclosures?

Our answer:

Yes, we use our record of advice, that was approved by our Compliance Company Masthead, as the basis to give our client the following:

- (a) a brief summary of the information and material on which the advice was based;*
- (b) the financial product which were considered;*
- (c) the financial product or products recommended with an explanation of why the product or products selected, is or are likely to satisfy the client's identified needs and objectives.*

FSB: Do you consider all requirements relating to the replacement of products?

Our answer:

This is definitely an area that we need to improve on. We are not 100% sure whether all elements are considered as required in section 8.

OUTCOME 5

Clients have products that perform as FSPs told them it would and the service is at an acceptable standard and what they expect.

FSB: Do you check product performance before you recommend it to your clients?

Our answer:

Past performance is definitely no indication of future performance. We trust that TCF will hold product suppliers more accountable for products not performing in line with how the product suppliers present the products to us.

FSB: Is the service provided by product suppliers to clients after contracting stage satisfactory?

Our answer:

Some product suppliers do not offer the necessary support after contracting with the client and we trust that TCF will improve our position in this regard so that we can also improve our services to our clients.

FSB: Do you give feedback to product suppliers about their products and services?

Our answer:

Yes. Monthly meetings are held with them and we also expect feedback from them.

OUTCOME 6

Clients must not face unreasonable post-sale barriers to change product, switch provider, submit a claim or make a complaint.

FSB: When you provide after-sales service, is it easy for clients to contact you for assistance?

Our answer:

Our clients can contact us directly on our cell phones or at our offices. We have one national telephone number, 0861 112 882 which is given to all clients when we do our disclosure and service level agreement with them. They also get our email addresses and can then access our contact details from the information provided on the email signatures. We are in the process of designing new signatures, which will also have a few TCF questions that each client can complete. It will also give direct access to our website, Facebook and Twitter accounts.

FSB: Do you make it a priority to assist clients who have complaints?

Our answer:

Yes, through the TCF questions on our signatures, we will get this information quickly, to act in the same manner. The two directors of IN2 Insurance also handle these complaints personally, because of the importance.

FSB: Do you help clients when they contact product suppliers for any service after contracting?

Our answer:

In all instances we try to take this burden of our clients and deal with the product suppliers ourselves. Our good relationship with our providers also helps in this regards.