



Insurance Industry Regulatory Workshop

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**Treating Customers Fairly
(TCF)**

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Agenda

- Background to TCF
- TCF principles and outcomes
 - Product Life stages approach to TCF
 - Desired Outcomes of TCF
- FSB Initiative
- Way Forward



Background to TCF

- TCF initiative pursued by the Financial Services Authority (FSA), in ensuring that consumers are treated fairly
- The FSA's initial aim was to get firms to focus in a principled-based way on changing their approach and delivering improved outcomes for consumers
- Defined six consumer outcomes which explain what TCF aims to achieve
- Firms to consider TCF throughout the “product life cycle” – i.e. at each phase of service



TCF principles and outcomes

- Product life stages approach to TCF:
 - New product design
 - Promotion of service or product
 - Advice
 - Point of sale
 - Information after point of sale
 - Complaints and claims handling



TCF principles and outcomes

- Desired outcomes of TCF:
 - Consumers can be confident that they are dealing with firms where fair treatment of customers is central to corporate culture
 - Products and services marketed and sold in the retail market are designed to meet needs of identified consumers
 - Advice is suitable and takes account of consumers' circumstances
 - Consumers are provided with clear information and are kept informed before, during and after point of sale
 - Consumers are provided with products that perform as firms have led them to expect
 - Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit claims or complain



FSB Initiative

- Established FSB Task Team to develop TCF framework
- Learning from the FSA and customising it to South Africa
– to local industry + regulatory and legal framework
- Appointed consultant to produce a discussion paper
- Industry stakeholder workshop to introduce TCF initiative
- Ombuds, fellow regulators and National Treasury workshop



Way Forward

- Draft report by consultant being considered
- Discussion paper will be circulated for public comment – 2nd quarter 2010
- FSA and UK Ombud Workshop
- The ultimate goal is to establish:
 - A TCF framework (combination of a principles-based and rules-based approach)
 - Enhanced supervisory approach
 - Appropriate incentives and enforcement mechanisms



Thank you