



ASSOCIATED COMPLIANCE

FOR A COMMON PURPOSE

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FROM AC

The AC UMA workshop

We held the first of two workshops for our UMA clients this month in our new training room. This workshop dealt with the impact of pending and proposed legislation on UMA business models and practices. Interestingly, the majority of these fall outside our current scope of FAIS and FICA-based advice and monitoring and may well be influencing our role with many clients in the future.



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The issues dealt with included:

- Policy cancellations
- Complaints
- Fit and Proper
- S13(1)(c) of the FAIS Act
- Data and information
- Market conduct and TCF

We were fortunate enough to have Cornea Matthee from Centriq who presented their take on how TCF and market conduct will impact on UMAs.

We will be having a second session in February at a date yet to be confirmed. If you would like to attend please send a request to anke@associatedcompliance.co.za.

The presentations will be available for download from our website once we have completed the second session.

We also plan to do an insurer and broker version as the legislation will affect each differently.


Application of FAIS Section 13(1)(c) – further clarity obtained

We were recently involved in an irregularity report that involved the lack of the practical application of the Section 13(1)(c) rules. The issue, in brief, involved a UMA and how it continued to deal with entities that were previously Juristic Representatives under other FSPs. It is important to note that this situation arose within the motor industry and with products often involving the issuing of policy documents by the FSP at point of sale.

The primary agency agreement had been changed to that of the FSP rather than the Juristic Representative but other than that it was basically “business as usual” in all other aspects i.e.:

- A separate agreement with the Juristic Representative that dealt with issues of business administration remained in force.
- All business records were still in the name of the former Juristic Representative.
- All accounting for premiums was being done directly with the former Juristic Representative.
- Commissions were being paid to the same entity.
- Policy documentation, specifically those issued wide of any IT based platform i.e. manual policy booklets clearly indicated (in our view) that the motor dealer was the contracting party. Reference to the actual FSP was limited to being noted in the disclosure documents.



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- Disclosure documentation on the IT platforms continued to make very clear and bold reference to the actual dealerships involved in the transactions and reference to the actual FSP, whilst in place, was “hidden” in the depths of the paperwork. Any policyholder would be hard pressed to understand that they were buying via the FSP mentioned and not the dealership.

In discussions with the FSP concerned, and in subsequent enquiries we made with other clients, it became clear that the practical interpretation of the “new” Section 13(1)(c) rules were far from correct in our view. Ideally there would need to be more engagement with the motor sector (and possibly others) as well as the UMAs and insurers that service the sector. We arranged to go and discuss our findings with the FSB in an attempt to broaden the discussion and provide greater guidance for the benefit of all and not the punishment of one. This meeting led to a better understanding of the issues around this particular matter and resulted in some specific feedback from the FSB to four questions we posed to enable us to provide guidance to the client on how to rectify the identified shortfalls:

Q1 Policy documentation: Is it acceptable to reflect the name of the dealership (former Juristic Representative) on the policy schedule subject to clearly identify the name of the actual FSP? This clear disclosure of status needs to flow through to the disclosure documentation as well.

A *Please refer to 8.2 in the Guidance Note. [Click here](#) to download a copy. Guidance note on appl of sec 13 C This will depend on the capacity the dealership is acting in when mentioned in the policy schedule.*

Q2 Is it acceptable for the insurer/UMA to continue to store data in the name of the dealership rather than the FSP?

A *Please refer to the Insurance Act (Short and Long-term as the case may be) and the relevant requirements of the PPR. It is important that the records must be identifiable in terms of the contracting party, and the insurer/UMA must be able to retrieve the documentation.*



Q3 Is it acceptable to account for and pay commissions directly to the dealership?

A *Yes, subject to the contract between the insurer and the FSP.*

Q4 Must commissions be accounted for at FSP level? And if so can commissions be released to the dealership – subject to written approval from the FSP to do so?

A *Yes, the commissions must be accounted for at FSP level.*

A *Yes, the commissions can be released to the dealership, see response to Q3 above.*

The UMA concerned has now implemented corrective measures and the FSB has been advised accordingly.

As a result of the meeting we had an opportunity to discuss some of the other issues within the motor dealer sector that should/could be addressed in a broader interaction with all role players. This is in an effort to achieve a common understanding by both the FSP and the compliance officers servicing this sector of how the Regulations should be applied and reported where not correctly applied. We have submitted a document to the FSB that details some of the issues that we believe the FSB needs to look at and then discuss in some kind of forum and/or information letter. These include:

- Representative selling commercial lines policies without being licensed to do so
- Representatives licensed to provide intermediary services only but provide a full record of advice
- Juristic Representatives are being advised that the collection of premium is not unlawful if they transfer the premium to insurers immediately
- Cash deals – premium collection
- Binding Insurers without a binder agreement
- Vouchers and Smart Buying Cards
- Dealer Incentive Commission, Volume Incentive Bonuses and Joint Ventures

- Competitions
- ‘Ghost’ Accessories and Products
- Dealerships licensed but not selling insurances at one or more branches – do they need to be monitored?
- Placement of electronic connections in stores/dealerships for the client to use - do these locations need to be monitored?

We will advise affected clients accordingly as and when we receive feedback.

The AC office lunch hour

We have noticed in our new office that most of our staff take their lunch hour at the same time. This means that during that time there is no-one to answer the phones. As a result, we have introduced a system where the office will be closed between 1 and 2. If you call during that time, you will hear a message advising you that the office is closed and you will be asked to leave a message. We will then return calls after 2.


On the subject of phones we did have a problem on some lines in that they were not ringing at our end. We are glad to say that this problem has now been rectified.

From the FSB

The end of 2015 saw the usual slew of draft documents from the FSB that made for some heavy holiday reading for some (holidays are often so over rated!).

In this Newsletter we have provided a high level overview with links to allow you to download the full FSB





documents. We will obviously discuss key aspects with each of you over the coming monitoring visits on specific aspects we see affecting you. However, it must be remembered that these are draft proposals.

The TCF theme is ever present in these drafts with consistent reference to “meet consumer protection objectives,” “in the interests of policyholders” and “does not undermine... fair treatment of customers”.

Input is by and large being invited by the FSB and we would encourage you to have your say now rather than your complaint later. We are happy to collate all our clients’ comments and arrange for submission to the FSB collectively. If you wish to provide this input, please submit these in a Word document (as requested by the FSB) to info@associatedcompliance.co.za.


Proposed amendments to Fit and Proper requirements

Closing date for submissions: 15 March 2016

This particular draft has an “Explanatory Memorandum” which is useful as the draft Board Notice is 55 pages long. We would encourage you to read this memorandum – [click here](#) to download a copy and [here](#) to download the draft Board Notice.

Some aspects we found to be of particular interest are:

- Any changes required due to possible changes arising from the RDR proposals on the categorisation of FSPs and review of the current competency requirements, which includes CPD, are not being addressed in this document so we anticipate further changes later this year.
- There will be three new licence categories, two of which we were aware of as they arose from the Regulatory Exam process where representatives were exempt under certain current life categories where the products being sold we deemed to be “simple”. These categories have now been formalised as:
 - Category B1A: a disability, health, life policy which limited or no underwriting,


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- Category B2A: an investment policy with guarantees, disability, health or life policy with risk benefits with a guaranteed investment value or an annuity with a Rand based minimum value where the investment portfolio is managed by the product supplier with no option to amend that portfolio) and the surprise one being:
 - Personal lines A1: a policy other than marine policies (although there is no definition in the Short-term Act of “marine”), engineering policies and guarantee policies that:
 - require no or limited underwriting (although the draft definition of limited underwriting does not deal with short-term risks)
 - define policy benefits as a sum insured and provide for the replacement of the asset or settlement of the balance of credit agreement debt
 - are not subject to average
 - have a term less than 24 months
 - have limited exclusions.

We see this category being applicable to products such as cell phone insurance, motor warranty and “dent & scratch” covers as well as credit life written as a short-term product (which apparently will be allowed contrary to the original intimation that only life insurers could do these covers going forward).

So what would the benefit of these new categories be? At this stage it appears that the only benefit would be a far more simplistic Regulatory Exam for those representatives only licensed for these categories. The experience and competency requirements do not differ from the primary category, which we would expect demands feedback and a review. It also brings those representatives who currently benefit from the exemption introduced in 2012 for the “simple” products back into the RE exam space!

- Related parties: The definition will be expanded to match that used by the International Accounting Standard, which defines a related party as:

“a person or entity that is related to

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- a. A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
 - b. An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)."

Whilst this definition applies to the financial solvency section of Fit & Proper the use of the same definition must surely find its way to the conflict of interest standards in the General Code of Conduct, which if it did would clarify the nature of relationships between the broker and UMA.

- **Definitions of personal and commercial lines:** This clearly states that insurance purchased by “natural persons acting in a business capacity” is commercial insurance. A similar stance is taken in the Conduct of Business Return document although the actual definition is different and should be aligned but the intention



is clear. This may have the required impact in sectors such as motor where the lines between the two have long been blurred.

- **Honesty and integrity:** Clarity has been added on what is meant by these terms. There are 17 specific circumstances deemed to be “prima facie evidence” of a person not meeting these standards. Some of these are quite invasive questions if asked as part of a monitoring process, either by a compliance officer or a key individual. For example:

- “Has seriously or persistently failed to or is failing to manage any of his or her financial obligations (including debts) satisfactorily.”


The current annual Fit & Proper questionnaire and process we currently advocate will need to be upgraded to cater for these expanded definitions.

One of these standards appealed to us:

- “Has demonstrated a lack of readiness and willingness to comply with legal, regulatory or professional requirements and standards.”

This could be an interesting one to apply from our perspective!

- **Key Individual experience requirements:** It is proposed that the experience needed has to be from relevant financial services rather than general management experience as at present.
- **Not rendering a financial service for five years means that persons’ experience “lapses”.** This will impact on people on a register but not actually rendering a service and who were transitional representatives i.e. credits only. This is something that will need to be carefully managed.
- **Further tightening of the belt around the “rent a Key Individual” practice** although the need to assess the operational ability of Key Individuals will be a general requirement for all FSPs.

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- The financial solvency requirements are to be amended. In some instances, the rules are being relaxed e.g. the range of assets allowed as “liquid” is being expanded and in other areas tightened e.g.:
 - The application of the solvency requirements to Juristic Representatives
 - No person may continue to act as an FSP where they are subject to any pending proceedings that may lead to the FSP being declared insolvent or placed under liquidation or provisional liquidation. A little guilty until proven innocent?
 - The introduction of an “early warning” requirement that will demand reporting to the FSB, for all FSPs holding client funds, where:
 - Assets and/or current assets exceed liabilities/current liabilities by less than 10%
 - Any of the financial solvency requirements are not being met.

It is clear that the monitoring process by the FSP themselves and their compliance officers and/or auditors will have to be increased greatly.


Clarification of the legislative requirements relating to the transfer, cancellation and replacement of policies and the request for information prior to the cancellation of policies

Closing date for submissions: 23 March 2016

This is a draft Information letter i.e. not new rules but clarification on how the FSB already see the current rules. [Click here](#) to download the draft.

This letter is aimed at:

- Insurers
- UMAs (the document consistently refers to the fact that a UMA is acting on behalf of insurers and not independently), and
- Intermediaries (acting on behalf of policy holders).



It deals with the standards to be followed in both the short and long-term sectors under both the respective acts as well as FAIS.

The need for the letter is driven by what the Registrar refers to as “divergent practices” being followed and include:

- Moving of business incentivised by increased intermediary remuneration
- Inadequate policy holder protection
- Transferring of policies between insurers with no transfer of assets and liabilities (where such transfer would demand regulatory approval) to circumvent regulatory approval.

Some interesting aspects we picked up:

- Section 7.3 of the PPR (relating to 30 days’ notice) applies to personal lines but this letter states that the same rule must apply to commercial business as well. We assume this is intentional. This means that to achieve 30 days for the client the process must start at least 45 – if not 60 days – prior to the planned cancellation to ensure compliance with the 30-day rule – which is stressed as being when the client received the notice rather than when the intermediary did.
- The need for the intermediary to obtain the policyholders’ consent to move to another insurer as well as comply with the FAIS Act standards relating to replacement products and conflict of interest standards.
- Negative consent is not permitted. There has to be explicit prior consent from a policyholder before any action is taken by a non-mandated intermediary. This we realise can be problematic as policyholders tend to be less than efficient in providing any required written consent so this has to be factored into any process. Maybe voice logging of discussions is the only real, although time consuming, solution to achieve this standard?

- The policyholder must be made aware (where the insurer being cancelled would retain the business) that they have the right to remain with that insurer or remain without cover.

- The reporting requirements of the insurer are being increased. There already exists a standard to be followed when a binder agreement is cancelled. There will now be a requirement that where a book of business (defined as “all the policies falling under a particular product line placed by an intermediary with an insurer” and “a group policy written as a life policy or assistance business group scheme”) is moved by an intermediary this fact has to be reported to the Registrar. This applies equally to actions known to the insurer in advance, relates to the whole book or a substantial part (proposed to be 15% or more) of a book and where the move has been a gradual one so the insurer only realises at some point after the move has taken place. We assume the Registrar will follow up on such moves to ensure the correct standards were followed by the intermediary.



At this stage our monitoring caters for checking replacement product standards at an individual policy level as this is a FAIS standard.

Insurer Quarterly Conduct of Business Returns

Closing date for submissions: 18 March 2016

This is very much one for the insurers to understand and comply with, but the requirement to provide information will spill over to their UMAs and brokers – especially those with binders – as these entities are collecting information on behalf of the insurer.

The drafts are made up of a Life and Non-life version and each into two, being a terminology document and the return structures themselves.



[Click here](#) to download the draft Non-life terminology and [here](#) for the Life document.

The information demanded, amongst others, includes details on:

- Affinity schemes
- Aggregators and/or lead generators
- Binder fees and holders
- Complaints (with a much wider definition of complaint and complainant)
- Income group breakdown. The document suggests three groups:
 1. Low income (household income less than R15,000 per month OR LSM 1-5)
 2. Middle income (household income between R15,000 and R30,000 a month OR LSM 6-8)
 3. Upper income (household income in excess of R30,000 per month OR LSM 9 and 10)

This applies to short-term returns as well!

As we mentioned earlier under the Fit & Proper overview this also has a definition of what is personal and commercial lines business although the actual definition differs but the effect is the same.

Invitation to comment on proposed amendment to professional indemnity requirements

Closing date for submissions: 28 February 2016

Based on the covering letter to the draft Board Notice, one of the intentions is to prevent an FSP from obtaining guarantees from “their immediate family members or from persons that are not registered banks.” We are not sure who was doing this or exactly how it was done but a restriction added that PI and FG can only be obtained from registered insurers.



It also proposes:

- Category II, IIA and III FSPs need to have both PI and FG irrespective of whether they handle client funds or not (currently only FG needed if funds are handled)
- Allow both insurers and banks not to have PI cover in place
- That any PI policy must cover the FSP, its employees and its appointed representatives (i.e. including staff of juristic reps).

The draft Board Notice, [click here](#) to download a copy, has a table of who needs what and when wrapped around whether the FSP is handling client funds or not. We found the table to be very poorly written and was far from clear but there seems to be no difference in limits nor the need for FG when handling client funds for our client base.

Binder regulations thematic review


This document does not provide for any feedback. It is a summary of the findings of a review undertaken by the insurance division of the FSB during 2014. It covered the following areas:

- Compliance of binder agreements with regulatory requirements
- Governance and oversight of binder agreements
- Reporting systems and access to information, and
- Binder fees paid to non-mandated intermediaries.

The general theme and indeed tone of this review is that the FSB are far from happy with the conduct of many insurers in all of the above areas. [Click here](#) to download a copy.

So what can be expected as a result?

- Some regulatory action against some insurers – this is stated in the review as being a process already underway but we have yet to see the specifics.

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- A review of agreements to ensure alignment with the regulations.
 - Increased due diligence on new binders.
 - Increased governance and oversight on all agreements.
 - An increased focus on looking for and assessing market conduct and potential conflict of interest risks.
 - The FSB will be insisting on better standards for the transfer of data from binder holders to insurers. The data specifications developed and endorsed by STRIDE, the FIA and SAIA will be the minimum standard to be followed “with immediate effect”.
 - The FSB have stated that the capping of binder fees for NMIs will now be done. They will continue to investigate the matter but it is now inevitable a cap will be enforced. Even before the cap we expect insurers to review the current fees to ensure they follow the principal of being reasonably commensurate for the work undertaken with suitable proof being available as to how fees have been calculated.

One major curve ball is that the FSB are considering not allowing binders to be provided to NMIs for commercial lines business “...in the absence of compelling reasons why such outsourcing would be in the best interests of the policyholder”. They have promised “additional consultation” on the subject during the year. This proposal, if enforced would have major implications in the short-term sector. Business models such as the administrator would be particularly threatened. We wonder if the insurers are going to submit “compelling reasons” why they want to retain these binders or are they comfortable they can effectively manage this business themselves if called upon to do so?

General Status Update: Retail Distribution Review

In November the Retail Distribution Review Phase 1 update was released. This dealt with an update on the 14 proposals that were identified for implementation in Phase 1, which is currently planned to be from July 2016. AC issued a special Newsletter dealing with this update. [Click here to download a copy.](#)

A second document was issued in December that provides a high level status update on the FSB's approach to implementing the RDR proposals and includes key stakeholder feedback that was received. This document should be read in conjunction with Phase 1/ AC Special Newsletter documents. [Click here](#) to download a copy.

It breaks the proposals into 6 themes, which are;

1. Advisor categorisation
2. Investments
3. Long term insurance risk
4. Short term insurance
5. Sales execution and other intermediary services
6. Low income market


It makes for an interesting read as it does start to fill in some gaps and grey areas but still lacks the finality on content and dates that many are seeking.

From HAS

Compliments of the Season! 2016 is certainly not going to disappoint in terms of the challenges we faced the year has kicked off with a bang! Unfortunately, not exactly the 'bangs' we were hoping for... severe drought in many areas, increase in the cost of food, a somewhat disastrous reshuffle of Finance Ministers late in 2015 resulting in a catastrophic Rand/ Dollar exchange rate that holds a plethora of challenges in an already brittle South African economy.



AC HUMAN ASSETS SERVICES



Will South Africa survive 2016? Of course we will! Cast off all the pessimism around you and let's take a look at how you and your employees can survive 2016.

- Have you set realistic and achievable personal and professional New Years' goals with your employees? To beat the holiday blues, set some goals to work towards – this provides direction and purpose and nothing is more encouraging than to beat an achievable goal or to realise a personal ambition.
- Explore fun new ways to communicate with your employees. In an article written by Liane McGowan, the Founder of Happy Monday CC, she urges employers to work on eliminating the silos and to not shy away from asking questions and getting involved with their staff.
- She also urges employers to get active and to get more involved in community projects or projects where you can laugh and cry together and learn more about our immediate surroundings. Our current economic situation is offering numerous opportunities, such as **Project Water Drop** for people badly affected by the current drought.
- Make plans for the Public Holidays with your employees. Monday 2 May will become a Public Holiday due to 1 May falling on a Sunday. Youth Day on 16 June falls on a Thursday, so employers can expect staff to take off the Friday to convert it into a long weekend. Similarly, Women's Day on 9 August falls on a Tuesday. Also remember that another Public Holiday may be expected for the Local Government elections which take place between May and August.
- Employers are to look at the 2016 tax changes that take effect on 1 March 2016, affecting the retirement funds that may require employers to change or look at their existing employer-sponsored funds.
- Technology rules, right? Right! And it is fundamentally transforming the way we do our business with online business services becoming the global standard. As a result of this, online criminal activity has also become ever present. The value of our data has increased tremendously and unfortunately attracts a large amount of unwanted criminal activities. You need to ensure that your company is keeping sensitive corporate assets and customer and employee information, safe.
- Don't forget to develop the human side of the business as well - empower your people and tap into their full potential. Businesses need to encourage their people to develop mind-sets geared towards connection, conversation

and experimentation. Curiosity is important! Companies also need to make an effort to understand Generation Y and how to become the most attractive employer for this future workforce.

Welcome to 2016 and remember to e-mail all your HR related queries to HAS@associatedcompliance.co.za.



From AC Proofed

Learn to Use Keyboard Shortcuts Like a Pro!

Keyboard shortcuts are the easiest way to do things faster, but with the wide variety of software we all use it's hard to remember all the different shortcuts. As a result, even though we all know shortcuts are useful, few of us bother using them.



AC-PROOFED

You've probably heard about keyboard shortcuts, and those of us who use them say that they're so much faster than using a mouse. They can be hard to remember, and learning one keyboard shortcut doesn't seem like it saves you a lot of time, but once you

learn all of them, you'll definitely notice a boost in productivity because you're not unnecessarily reaching for a mouse. That is, you'll never reach for that mouse or trackpad unless it actually makes sense to do so. This makes you a lot more efficient!



The trick with keyboard shortcuts is that you have to train your muscle memory to automatically go for them instead of a mouse. It takes time, and not exactly a fun

thing to do, but it's worth it in the end. Once you get the hang of it you'll be able to jump to anywhere in a text document, launch a web browser and research a term, and then jump into a spreadsheet to quickly create a table without ever touching a mouse. You'll likely never ditch the mouse completely, but that's not the point. It's about making yourself faster with both.


Using shortcuts is a simple matter of holding the right keys in sequence. For instance, if you want to format a paragraph in ALL CAPITAL LETTERS, all you do is highlight the paragraph, (you might need the mouse for this) put a finger on the CTRL key, hold it there while you put another finger on the SHIFT key, and then hit A. It's that easy! To create special characters, hold the ALT key while entering the three numbers required.

For a full list of **The Most Common Shortcuts Everyone Needs to Know**, contact Kim Hatchuel at AC-Proofed (kimh@associatedcompliance.co.za).

From the FAIS Ombud

Three recent short-term cases:

The first is the Buthlezi determination that highlights the need for accurate record keeping and the dangers inherent in not completing an application form fully whilst at the client. This summary courtesy of Moonstone.



The Complainant purchased a vehicle from a dealership in Secunda in June 2011. He visited Estene Brokers' offices in Secunda, in order to secure insurance for the vehicle. The Complainant claims he was guided as to the areas he should complete in the proposal form. He later handed the form to the employee and left Estene's premises. Following acceptance of the Complainant's proposal, the insurance contract came into existence on 2 June 2011.

The vehicle was stolen at gunpoint in Morningside, Durban, during March 2013.

The Complainant's resultant claim was rejected by Santam following the latter's establishment that the vehicle, contrary to the terms and conditions of the contract, had not been fitted with a tracking device.


The Complainant claimed that he was never advised at any stage of the requirement of a tracking device.

Following the rejection, Complainant sought and obtained amongst others, copies of the insurance schedule, proposal form, Client Mandate and Letter of Engagement, including the Record of Advice from Respondents.

Upon examining the proposal form, he immediately noticed that the page dealing with the tracking device had been completed with the word Netstar. It appeared to the Complainant that the blank spaces in the proposal form were filled in afterwards by someone who uses Afrikaans without consulting him and without his consent.

The Respondents did not dispute that the remainder of the form was completed by an employee of Estene, but claimed that the information was obtained telephonically by the employee from the Complainant.

A large part of the determination, as well as the final outcome, hinges on the Respondent's inability to provide proof that such a telephone call was indeed made, and the acceptance of a partially completed application form.



During the investigation of this matter, it became apparent that Respondents, in contravention of the General Code, had accepted a partially completed proposal form from Complainant. In fact, almost half the page dealing with the tracking device was left blank. This is demonstrated by Respondents' own papers. To cover themselves, Respondents invented the story about the telephone call that was made by Spaumer.

They do not state the date of the call and provide no corroborating evidence to back their claims of the call. Most importantly, they do not explain the reasons for accepting a signed blank form from Complainant.

The Respondents were ordered to pay the Complainant an amount of R317,500 within 7 days from date of the determination being signed.

[Click here](#) to read the full determination.

The second: de Beer V Sapcor Broking Solutions, on the face of it, is a straightforward case of an instruction to amend cover not having been processed by the broker and/or administrator which resulted in an R85,000 loss for the policyholder. It was complicated by the sale of a business that was noted as the broker on the schedule some two years before the incident to the administrator. You need to read the ruling as it does give some insight as to how the Ombud sees the responsibilities following the sale of a business. [Click here](#) to download the full ruling.

An interesting item for us is that the Ombud asked for proof from Sapcor of the systems in place at the FSP meant to avoid the clients' suffering harm from negligence of the FSP as required in terms of Section 11 of the General Code of Conduct, which in this case related to the processing of an amendment to cover that was not carried out. This was not provided but this is the first time we have seen a specific request of this nature. This is the "quality control" aspect of our file monitoring process that seeks to see that our clients do indeed have such a process and it is being used. How effective do you believe your systems are that would have avoided a similar situation?

The third: Botha V Ackerman, involving the incorrect cover having been arranged on equipment that cost the broker over R211,000. FA News have a good summary of the case - [Click here](#) to read the full article.

Interesting things we have read

Insurance Gateway

Debarment of Representatives: A good overview by Alan Holton of Moonstone on the current issues around the process and the planned changes contained within the Financial Sector Regulation Bill. Once in place all current standards will need to be revisited and amended and staff trained. [Click here](#) to read the full article.



FA News

13 January. An article dealing with the new FPI Code of ethics and practice standards. [Click here](#) to read the full article. It includes a link to download the Code from which all FSPs could learn from, member of the FPI or not.

19 January. LIVING UP TO THE MANDATE OF LICENCE TO CHANGE. An interview with Jonathan Dixon of the FSB on the legislation changes for 2016.

[Click here](#) to read the full article.



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Layout and design by Dung Beetle Creative Studio - www.dungbeetlecs.co.za