



Constantia Office Park, Ground Floor, Lakeview House
Corner 14th Avenue and Hendrik Potgieter Street,
Weltevreden Park, 1709

PO Box 9655, Devon Valley, 1715

Directors: BD Thomas, C Ormrod, PW Veal, J Richardson

Registration number: 2012/087007/07

Compliance Practice Registration number: 6377

Tel: 011 678 2533

Fax: 011 475 0096

Website: www.associatedcompliance.co.za

6 April 2018

Dear Recipients of the AC Newsletter,

Re: Retraction: Article in March 2018 edition entitled UMA's and Advice

In this article we referred to an insurer with whom we had been debating this matter and published some of the input we had received from said insurer along with our own views on the matter.

After publication we were contacted by the insurer who pointed out that our representation of their views on the matter not only lacked "full and proper context", but was moreover "factually incorrect, false and misleading".

We concede with the benefit of hindsight and the subsequent discussion with the insurer that the manner and style in which we expressed our views was subjective and confrontational. We also fully accept that the insurer in question does not encourage its UMA partners to breach any laws.

We hereby unconditionally retract said article and have subsequently submitted our written apology to the insurer.

In addition, we did agree that the position around the roles of a UMA should be as follows;

- Insurers and its mandated binder holder UMAs are not prohibited from interacting with existing policyholders in aspects pertaining to claims and the conditions of cover under the policy contract.
- Insurers and UMAs, across the board, should fully understand the role and functionality of the binder holder Underwriting Manager, being the agent and representative of the insurer.
- UMAs licensed under the FAIS Act as financial service providers (whether it be for "advice" and / or "intermediary services") may not render advice, as defined in the FAIS Act; and
- and the UMA should fully understand and embrace the aforementioned statutory prohibition, and moreover should be protective of the relationship with its distribution partner; i.e. the independent intermediary (broker/NMI).



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We did however agree to disagree on the issue of whether or not Advice should form part of a UMA's licence profile.

In addition to the underlying principal debated we do have genuine concerns arising from the Fit & Proper regulations and the lapsing of experience if Advice remains.

The retention also affects the need to comply with the CPD requirements but this aspect is less of a concern and in fact would add value to any UMA and its staff if completed.

The issue will continue to be addressed individually with affected clients and whilst our recommendation will remain the same we will ask that each client engage with their risk carrier partners to seek their input on the matter before any licence profile amendments are made.

Our approach will be reviewed once we have clarity from the regulator on this issue.

Yours Sincerely,

ASSOCIATED COMPLIANCE

Craig Ormrod
Managing Director