

## FINANCIAL SERVICES BOARD



### FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002 (“FAIS ACT”)

#### Discussion document on Access Products

##### Background:

We have received a number of enquiries from industry associations regarding the rendering of financial services in respect of “access products”. Access products are those financial products created in line with the requirements of the Financial Sector Charter, to provide low income earners access to financial products that they would normally be excluded from. The representation from industry indicated that the current competency requirements in the FAIS fit and proper requirements might be too difficult for the people who typically act as representatives in respect of these products.

As a result the FSB embarked on research to establish the need to change the competency requirements of the following access products:

1. Collective Investment Scheme (CIS) Access Product - Fundisa
2. Credit Life Access Product (Zimela)
3. Deposit access product – Mzansi banking account
4. Life Cover Access Product (Zimela)
5. Physical Impairment Cover Access Product (Zimela)
6. Short term insurance – Mzansi product

As a result of the consultation with industry and research conducted to date, the discussion paper includes the proposed amendments to the following FAIS Subordinate legislation to provide for a different category of financial products:

1. The Determination Of Fit And Proper Requirements For Financial Services Providers as published in Board Notice 106 of 2008;
2. The Exemption Of Services Under Supervision, as published in Board Notice 104 of 2008;
3. The Determination Of Continuous Professional Development as published in Board Notice 103 of 2008; and the
4. Determination of Qualifications and Qualifying Criteria as published in Board Notice 105 of 2008.

**Comment and feedback:**

Industry associations, professional bodies and individuals are invited to provide feedback on the proposed amendments in writing by **25 October 2010**.

Such feedback can be sent to Charene Nortier at [charenen@fsb.co.za](mailto:charenen@fsb.co.za).

1. Only written feedback will be considered.
2. Feedback need to clearly state the alternative that is suggested, it is not sufficient to indicate that you would want an aspect to be removed/ amended/ replaced.
3. Please use the numbering format used in this document to clearly indicate the specific section and subsection referred to.

Discussion document

## Discussion document on Access Products

### Proposed amendments to competency requirements

#### 1. Definitions used in this Annexure:

**'Fit and Proper Requirements'** means the Determination of Fit and Proper Requirements for Financial Services Providers, 2008;

**'Exemption of Services under Supervision'** means the Exemption of Services under Supervision in terms of Requirements and Conditions, 2008;

**'Continuous Professional Development'** means the Determination of Continuous Professional Development Requirements, 2008;

**'Determination of Qualifications and Qualifying Criteria'** means the Determination of Qualifications and Qualifying Criteria for Financial Services Providers, Number 1 of 2008.

#### 2. Defining access products

There is currently no specific definition for access products. To differentiate the competency requirements of access products it would have to be defined as a subcategory in the Fit and proper requirements. The following definitions are suggested:

**"Access products"** will reflect the features of products demanded by the low-income market; and generate sufficiently low prudential risk so that such access products can safely be provided by a wide range of financial services providers and be straightforward to distribute, without generating increased consumer protection risk. Authorised financial services providers for access products should be able to write policies for all types of risk currently being written under the Long-term Insurance Act, 52 of 1998, and the Short-term Insurance Act, 53 of 1998, but will not be able to conduct the business of a medical scheme as defined in the Medical Schemes Act, 131 of 1998. They will also be able to provide specific deposit type accounts in the Banking environment, and offer selected access products in terms of the Collective Investment Schemes Control Act, Act No. 45 of 2002.

**"Collective Investment Scheme (CIS) Access Product"** means the access product developed in accordance with the requirements of the Collective Investment Schemes Control Act, Act No. 45 of 2002, and is referred to as the Fundisa product.

**"Credit Life Access Product"** means the access product developed in accordance with the requirements of the Long-term Insurance Act, 52 of 1998 and the Short-term Insurance Act, 53 of 1998, with the express purpose to provide risk cover when a credit agreement is entered into between a client and a credit provider who is registered in accordance with the requirements of the National Credit Act, 34 of 2005, and forms part of the Zimela product range;

“**Deposit access product**” means the banking access product that provides people with access to basic banking services, which includes deposits as defined in section 1(1) of the Banks Act, 1990, with a term not exceeding 12 months, and forms part of the Mzansi product range;

“**Life cover access product**” means access products developed to provide benefits in the event of a death of the insured person, in accordance with the provisions of the Long-term Insurance Act, 52 of 1998, and forms part of the Zimela product range;

“**Physical impairment cover access product**” means the access product developed in accordance with the requirements of the Long-term Insurance Act, 52 of 1998 and the Short-term Insurance Act, 53 of 1998, with the express purpose to provide risk cover when an insured person suffers a physical impairment as defined in the mentioned Acts, and forms part of the Zimela product range ;

“**Short term insurance cover access products**” refer to the access products developed in accordance with the requirements of the Short-term Insurance Act, 53 of 1998, with the express purpose to provide risk cover in the event of an insured item being lost, stolen or damaged, in accordance with the contracts and policies entered into between the client and the insurer, and forms part of the Mzansi product range;

### 3. Competency requirements

It is proposed that the following changes are made to the competency requirements in the Fit and Proper Requirements:

#### 3.1 Experience

Proposed change to Table A in paragraph 4 of the Fit and Proper Requirements to include access products

<b>TABLE A</b>			
<b>CATEGORY I EXPERIENCE REQUIREMENTS FOR AN FSP AND REPRESENTATIVE</b>			
	<i>Column one subcategory</i>	<i>Column two advice: minimum experience</i>	<i>Column three intermediary services: minimum experience</i>
<u>1.21 – 1.26</u>	<u>All Access Products</u>	<u>6 months</u>	<u>2 months</u>

#### 3.2 Qualifications

Key individuals must at approval have a recognized qualification (Refer to the Determination of Qualifications and Qualifying Criteria for detail of how qualifications are recognized. The

qualifying criteria listed in point 3.5 below will be taken in consideration when recognizing the qualifications). Representatives in dealing with access products must have ABET1, or proven ability to read, write and calculate to the satisfaction of the provider.

### 3.3 Regulatory exams

Proposed change to Part VI of the Fit and Proper Requirements - Table C in paragraph 6 to provide for different financial product's access products. The first level examination will be a combined examination focusing on the legislation and financial product

<b>TABLE C: CATEGORIES I and IV: REGULATORY EXAMINATIONS</b>			
	<b><i>COLUMN ONE SUBCATEGORY</i></b>	<b><i>COLUMN TWO FIRST LEVEL</i></b>	<b><i>COLUMN THREE SECOND LEVEL</i></b>
	<b>Category I</b>		
<u>1.21</u>	<u>Deposit Access Product</u>	<u>Applies</u>	<u>Applies (key individual only)</u>
<u>1.22</u>	<u>Collective Investment Scheme Access Product</u>	<u>Applies</u>	<u>Applies (key individual only)</u>
<u>1.23</u>	<u>Credit Life Access Product</u>	<u>Applies</u>	<u>Applies (key individual only)</u>
<u>1.24</u>	<u>Life Cover Access Product</u>	<u>Applies</u>	<u>Applies (key individual only)</u>
<u>1.25</u>	<u>Physical Impairment Access Product</u>	<u>Applies</u>	<u>Applies (key individual only)</u>
<u>1.26</u>	<u>Short-term Insurance Access Product</u>	<u>Applies</u>	<u>Applies (key individual only)</u>
	Category IV: Assistance Business FSP	Applies	Applies

### 3.4 Continuous professional development requirements

Proposed change to Part VII of the Fit and Proper Requirements - Table D in paragraph 7 to provide for CPD. The CPD will only be applicable to key individuals and sole proprietors.

<b>TABLE D: CONTINUOUS PROFESSIONAL DEVELOPMENT REQUIREMENTS</b>		
	<b><i>COLUMN ONE CATEGORY</i></b>	<b><i>COLUMN TWO NOTIONAL HOURS: THREE YEAR CYCLE</i></b>
	<b>Category I</b>	
<u>1.21 – 1.26</u>	<u>All Access Products</u>	<u>15</u>

### 3.4 Exemption of Services under Supervision

Proposed change to the Exemption of Services under Supervision - Table A in paragraph 4 to provide for the following:

<b>Table A</b>			
<b>CATEGORIES I and IV: LEVEL OF SUPERVISION REQUIRED</b>			
	<i>Column one: subcategory</i>	<i>Column two: direct supervision-</i>	<i>Column three: ongoing level of supervision-</i>
<u>1.21</u>	<u>Deposit Access Product</u>	<u>The first 2 weeks of the period under supervision</u>	<u>After 2 weeks for the rest of the period under supervision</u>
<u>1.22</u>	<u>Collective Investment Scheme Access Product</u>		
<u>1.23</u>	<u>Credit Life Access Product</u>		
<u>1.24</u>	<u>Life Cover Access Product</u>		
<u>1.25</u>	<u>Physical Impairment Access Product</u>		
<u>1.26</u>	<u>Short-term Insurance Access Product</u>		

### 3.5 Amendment of Determination of Qualifications and Qualifying Criteria

Proposed insertion in the index to Annexure 1 of the following sections:

#### **Section 17: RE 17: Second Level Regulatory Examination: Deposit Access Product**

- (a) All FSPs (sole proprietors) and key individuals in relation to sub-category 1.21 Deposit Access Products and All FSPs (sole proprietors), representatives and key individuals in relation to Category 5.1 Deposit Access Products are required to complete a first level regulatory examination, based on the qualifying criteria in Section 6.
- (b) All FSPs (sole proprietors) and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to sub-category 1.21 Deposit Access Products and All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Category 5.1 Deposit Access Products are required to complete a second level regulatory examination based on the qualifying criteria in Section 7.
- (c) The qualifying criteria in Section 17 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of subcategory 1.21 Deposit Access Products and Category 5.1 Deposit Access Product FSPs

No.	Task	Knowledge Criteria	Skill Criteria
1	Understand the principles of banking and deposit accounts	Know and understand the principles of banking and deposit accounts	Explain the reasons why a person would be interested in a banking or deposit accounts
2	Understand the banking access account	Know and understand the Banking Access Account	Explain the purpose of the account, who can open an account, and what the features and benefits are
3	Establish and define a professional relationship with your client.	Understand the importance of creating a professional impression on the client	Explain why it is important to create a professional relationship with a client
4	Provide disclosures to clients	Explain the disclosures that should be made to clients, both upfront and ongoing.	Provide disclosures to clients.
5	Establish the client's need for a banking access account	Understand why the client would be interested in a banking access account	Gather relevant information by completing a questionnaire/asking relevant questions where applicable: <ul style="list-style-type: none"> <li>personal financial status – affordability</li> <li>whether the person has held/ currently holds a bank account</li> <li>what the person's banking requirements are</li> </ul>
6	Understand the fees and costs	Understand the fees and costs involved with the account operation	Explain the fees and costs in simple and easy to understand terms
7	Product documentation	Understand the contractual obligations of the various parties to the agreement	Explain the account wording/s
8	Finalise the account opening procedure	Understand the finalisation process: <ul style="list-style-type: none"> <li>documentation to provide to client</li> <li>documentation to obtain from client</li> </ul>	The agreement is finalised, including signatures or identifying mark(s) required
			Obtain the necessary FICA documentation
			Ensure the client understand the cooling-off period and how it works
			Gather the documentation required to finalise the process

No.	Task	Knowledge Criteria	Skill Criteria
			Ensure the client understands any opening amounts required, minimum balances to be maintained and maximum number of allowable transactions

**Section 18: RE 18: Second Level Regulatory Examination: Collective Investment Scheme (CIS) Access Product**

- (a) All FSPs (sole proprietors) and key individuals in relation to sub-category 1.22 Collective Investment Scheme (CIS) Access Products and All FSPs (sole proprietors), representatives and key individuals in relation to Category 5.2 Collective Investment Scheme (CIS) Access Products are required to complete a first level regulatory examination, based on the qualifying criteria in Section 6.
- (b) All FSPs (sole proprietors) and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to sub-category 1.22 Collective Investment Scheme (CIS) Access Products and All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Category 5.2, Collective Investment Scheme (CIS) Access Products are required to complete a second level regulatory examination based on the qualifying criteria in Section 7.
- (c) The qualifying criteria in Section 17 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of subcategory 1.22 Collective Investment Scheme (CIS) Access Products and Category 5.2 Collective Investment Scheme (CIS) Access Products.

No.	Task	Knowledge Criteria	Skill Criteria
1	Understand the principles of collective investment schemes	Know and understand the principles of collective investment schemes	Explain the reasons why a person would be interested in a collective investment scheme product
2	Understand how the Fund allows and encourages saving for the education of a child	Know and understand how the Fund allows and encourages saving for the education of a child	Explain how the Fund allows and encourages saving for the education of a child
3	Establish and define a professional relationship with your client.	Understand the importance of creating a professional impression on the client	Explain why it is important to create a professional relationship with a client



No.	Task	Knowledge Criteria	Skill Criteria
4	Provide disclosures to clients, in terms of the General Code of Conduct	Explain the disclosures that should be made to clients, both upfront and ongoing.	Provide disclosures to clients.
5	Establish the client's need for a CIS Access product	Understand why the client would be interested in/ need to enter into a CIS Access product agreement	<p>Gather relevant information by completing a questionnaire/asking relevant questions where applicable:</p> <ul style="list-style-type: none"> <li>• Number of children the client wishes to save for</li> <li>• Extent of savings required</li> <li>• previous savings and or investment products</li> <li>• current savings or investments</li> <li>• personal financial status</li> </ul> <p>in order to establish the client's needs and ability to afford the planned savings, taking into account existing financial obligations</p>
		Understand how the CIS Access product would address the client's need for saving for the education of a child	Explain how the savings fund works, and how it enables a child to access funds for study purposes
			Explain who can save for a child, and the relationship with that child, and the nationality of the child and the person who saves the money.
		Discuss the features and benefits of the product	Communicate product features and benefits to a client in simple and easy to understand language in order to enable the client to make an informed decision.
		Understand the savings options	<p>Explain the savings options and amounts:</p> <ul style="list-style-type: none"> <li>• a minimum of R40 a month.</li> <li>• a single minimum amount of R40 or more at anytime.</li> <li>• The best way to save is by a monthly debit order.</li> <li>• only the first R2400 each year will qualify for the bonus.</li> </ul>

No.	Task	Knowledge Criteria	Skill Criteria
		Understand how the fund grows	Explain the growth of the fund: <ul style="list-style-type: none"> <li>• the money is invested in income unit trusts.</li> <li>• These unit trusts invest in government bonds and bank deposits. You will get interest (income) and extra growth from these investments over time.</li> <li>• The bonus or extra money can be added to the money saved.</li> </ul>
6	Explain the documents provided to the client annually	Understand the documents provided to the client annually	Explain that clients receive a statement once a year, showing how much was saved and the amount of the bonus that was awarded.
7	Explain how to start claiming against the fund:	Understand how claims against the fund works	Explain how to start claiming against the fund: <ul style="list-style-type: none"> <li>• Inform the unit trust company or bank when the learner is ready to study.</li> <li>• They will arrange for an award certificate to show how much money is available to the learner for their education.</li> <li>• This money is made up of the savings, the bonus money, and interest / growth.</li> <li>• The learner must take the award certificate to the college or university where they have registered.</li> <li>• The college or university will advise the National Student Financial Aid Scheme (NSFAS) of the learner's details and NSFAS will claim the money from the Fund on behalf of the student and will make payment directly to the public college or university where the learner has enrolled</li> </ul>

No.	Task	Knowledge Criteria	Skill Criteria
8	Explain the costs involved	Understand the costs involved with the Fund	<p>Explain the costs to the client:</p> <ul style="list-style-type: none"> <li>• There is an annual fee of 1.25% (excl. VAT) that is taken from the income earned in the Fund.</li> <li>• A financial advisor may charge a fee of no more than 1% of your investment.</li> <li>• The bank may also charge a debit order fee every time money is paid into the Fund account.</li> </ul>
9	Explain how the CIS investment works	Understand how the CIS investment works	<p>Explain how the fund CIS works:</p> <ul style="list-style-type: none"> <li>• The Fund is not a bank deposit, but a collective investment scheme (unit trust) which is generally a medium to long term investment.</li> <li>• The value of the investment may go down as well as up during the period of investment.</li> <li>• Past performance is not necessarily a guide to future performance.</li> <li>• is traded at a price that is valued in terms of law, at the end of the day for that same day.</li> <li>• may borrow money and lend out some of its assets to earn more income. If any commission or incentives are paid, it will be included in the costs disclosed.</li> <li>• The Fund must be administered in terms of law.</li> </ul>
10	Product documentation	Understand the contractual obligations of the various parties to the agreement	<p>Explain the policy wording/s including the concept of:</p> <ul style="list-style-type: none"> <li>• Monthly premium</li> <li>• Effect of non-payment of a premium</li> <li>• Effect if no payment is received</li> <li>• Fees and commissions and who receives it, conflict of interest</li> <li>• Accessing funds earlier than planned, and the costs involved</li> </ul>
11	Finalise the contractual	Understand the finalisation	The agreement is finalised, including signatures or identifying mark(s) required

No.	Task	Knowledge Criteria	Skill Criteria
	agreement	process: <ul style="list-style-type: none"> <li>• documentation to provide to client</li> <li>• documentation to obtain from client</li> </ul>	Explain the difference between a signed agreement and the finalized agreement Ensure the client understand the cooling-off period and how it works Gather the documentation required to finalise the process and submit to the product supplier Explain first payment & payment process

**Section 19: RE 19: Second Level Regulatory Examination: Credit Life Access Product**

- (a) All FSPs (sole proprietors) and key individuals in relation to sub-category 1.23 Credit Life Access Product and All FSPs (sole proprietors), representatives and key individuals in relation to Category 5.3 Credit Life Access Products are required to complete a first level regulatory examination, based on the qualifying criteria in Section 6.
- (b) All FSPs (sole proprietors) and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to sub-category 1.23 Credit Life Access Products and All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Category 5.3 Credit Life Access Products are required to complete a second level regulatory examination based on the qualifying criteria in Section 19.
- (c) The qualifying criteria in Section 19 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of subcategory 1.23 Credit Life Access Products and Category 5.3 Credit Life Access Products.

No.	Task	Knowledge Criteria	Skill Criteria
1	Understand the principles of insurance	Know and understand the principles of credit life insurance	Explain the principles of credit life insurance
2	Understand how the granting of credit can require an insurance product	Have a basic understanding of the National Credit Act	Explain why the credit provider may require credit life cover in terms of the National Credit
3	Understand the cover offered by the Credit Life Access product	Know and understand the Credit Life Access product: <ul style="list-style-type: none"> <li>• Death Benefit only</li> <li>• Death and permanent total physical impairment</li> <li>• Temporary physical impairment and/or retrenchment</li> <li>• Extent of cover and limitations</li> </ul>	Explain the specific cover offered by the Credit Life Access product(s)  Explain the limitations on the cover (cover may not exceed the outstanding debt amount)  Explain the purpose of such an access product

No.	Task	Knowledge Criteria	Skill Criteria
4	Establish and define a professional relationship with your client.	Understand the importance of creating a professional impression on the client	Explain why it is important to create a professional relationship with a client
5	Provide disclosures to clients, in terms of the General Code of Conduct	Explain the disclosures that should be made to clients, both upfront and ongoing.	Provide disclosures to clients.
6	Establish the client's need for a credit life access product	Understand why the client would be interested in/ need to enter into a credit life access product agreement	Gather relevant information by completing a questionnaire/asking relevant questions where applicable: <ul style="list-style-type: none"> <li>• insurable interest,</li> <li>• previous insurance coverage – understand if they have knowledge about it</li> <li>• current (existing) insurance coverage</li> <li>• the implications of changes to the current insurance, and</li> <li>• personal financial status - affordability</li> </ul> in order to establish the client's risk cover needs.
7	Establish the extent of risk cover required	Understand that the amount of the debt (credit extended) determine the amount of Credit Life cover required	Establish the amount of the debt (credit extended) to determine the amount of Credit Life cover required
		Understand how the credit life access product would address the client's need for such insurance	Explain how the cover will work, and provide a breakdown of the cover, the interest, the payment terms, the period, the extent of coverage, and any exclusions to the client
8	Explain the credit life quote to the client	Understand that the quote is included in the credit agreement	Explain this quote to the client and ensure they understand that it is included in the credit agreement, and the amounts, payment terms, payment period

No.	Task	Knowledge Criteria	Skill Criteria
		Understand the contractual obligations of the various parties to the agreement	<p>Explain the policy wording/s including the concept of:</p> <ul style="list-style-type: none"> <li>• Monthly premium</li> <li>• Effect of non-payment of a premium</li> <li>• Effect on credit agreement if insurance cover is lapsed</li> <li>• Effect if cover is lapsed</li> <li>• Fees and commissions and who receives it, conflict of interest</li> <li>• Exclusions</li> <li>• Waiting periods</li> </ul>
9	Finalise the proposal	<p>Understand the finalisation process:</p> <ul style="list-style-type: none"> <li>• documentation to provide to client</li> <li>• documentation to obtain from client</li> </ul>	<p>The proposal is finalised, including signatures or identifying mark(s) required</p> <p>Explain the difference between a signed proposal/ quotation and the finalized agreement</p> <p>Ensure the client understand the cooling-off period and how it works</p> <p>Gather the documentation required to finalise the process and submit to the product supplier</p> <p>Explain when the cover is in force:</p> <p>Policy wording and schedules</p> <p>First payment &amp; payment process</p>

**Section 20: RE 20: Second Level Regulatory Examination: Life Cover Access Product**

- (a) All FSPs (sole proprietors) and key individuals in relation to sub-category 1.24 Life Cover Access Products and All FSPs (sole proprietors), representatives and key individuals in relation to Category 5.4 Life Cover Access Products are required to complete a first level regulatory examination, based on the qualifying criteria in Section 6.
- (b) All FSPs (sole proprietors) and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to sub-category 1.24 Life Cover Access Products and All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Category 5.4 Life Cover Access Products are required to complete a second level regulatory examination based on the qualifying criteria in Section 20.

(c) The qualifying criteria in Section 20 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of subcategory 1.24 Life Cover Access Products Access Products and Category 5.4 Life Cover Access Products.

No.	Task	Knowledge Criteria	Skill Criteria
1	Understand the principles of Life Cover insurance	Know and understand the principles of Life Cover insurance	Explain the reasons why a person would be interested in a Life Cover Access product
2	Understand Life Cover Access product	Know and understand the Life Cover Access product: <ul style="list-style-type: none"> <li>• Minimum cover and benefits available</li> <li>• Additional benefits that are available</li> </ul>	Explain the: <ul style="list-style-type: none"> <li>• Life Cover Access product</li> <li>• limitations on the cover</li> <li>• purpose of such an access product</li> <li>• Death cover offered</li> <li>• additional benefits that may be offered</li> </ul>
3	Establish and define a professional relationship with your client.	Understand the importance of creating a professional impression on the client	Explain why it is important to create a professional relationship with a client
4	Provide disclosures to clients, in terms of the General Code of Conduct	Explain the disclosures that should be made to clients, both upfront and ongoing.	Provide disclosures to clients.
5	Establish the client's need for a Life Cover access product	Understand why the client would be interested in/ need to enter into a Life Cover access product agreement	Gather relevant information by completing a questionnaire/asking relevant questions where applicable: <ul style="list-style-type: none"> <li>• insurable interest,</li> <li>• previous insurance coverage – understand if they have knowledge about it</li> <li>• current (existing) insurance coverage</li> <li>• the implications of changes to the current insurance, and</li> <li>• personal financial status - affordability</li> </ul> in order to establish the client's Life Cover needs.

No.	Task	Knowledge Criteria	Skill Criteria
6	Establish the extent of Life Cover required	Understand how the credit life access product would address the client's need for such insurance	Explain how the cover will work, and provide a breakdown of the cover, the interest, the payment terms, the period, the extent of coverage, and any exclusions to the client.
7	Understand and explain the exclusions that applies	<p>Understand when and how the following applies:</p> <ul style="list-style-type: none"> <li>• Temporary exclusion for natural causes deaths: Cover for death by natural causes may be scaled but cover must reach 25% after 6 months, 50% after 12 months, 75% after 18 months, and 100% after 24 months.</li> <li>• Standardised exclusion wording</li> <li>• Limitations on allowable exclusions: <ul style="list-style-type: none"> <li>○ Pre-existing conditions: All conditions that existed up to a maximum of 36 months prior to the inception of the policy will be excluded for a maximum of 24 months after inception.</li> <li>○ suicide during the first 2 yrs</li> </ul> </li> </ul>	<p>Explain the following exclusions and when it applies in easy to understand language:</p> <ul style="list-style-type: none"> <li>• Temporary exclusion for natural causes deaths: Cover for death by natural causes may be scaled but cover must reach 25% after 6 months, 50% after 12 months, 75% after 18 months, and 100% after 24 months.</li> <li>• Standardised exclusion wording</li> <li>• Limitations on allowable exclusions: <ul style="list-style-type: none"> <li>○ Pre-existing conditions: All conditions that existed up to a maximum of 36 months prior to the inception of the policy will be excluded for a maximum of 24 months after inception.</li> <li>○ suicide during the first 2 yrs</li> </ul> </li> </ul>
8	Understand how beneficiary nominations are applied	<p>Understand how beneficiary nominations work:</p> <ul style="list-style-type: none"> <li>• Beneficiary nomination provided for:</li> <li>• Provision must be made for a beneficiary for proceeds to be nominated as the person to receive payment in the event that the policy owner is not alive at time of claim.</li> </ul>	<p>Explain beneficiary nominations to the client in easy to understand language</p> <ul style="list-style-type: none"> <li>• Beneficiary nomination provided for:</li> <li>• Provision must be made for a beneficiary for proceeds to be nominated as the person to receive payment in the event that the policy owner is not alive at time of claim.</li> </ul>



No.	Task	Knowledge Criteria	Skill Criteria
9	Apply/ explain age ratings and differentiations	<ul style="list-style-type: none"> <li>• Understand the age rating differentiation:</li> <li>• Age rating only: No rate differentiation for any policyholder except for age. In other words the same rate will apply to all policyholders of the same age at entry. Rates may differ between groups for group schemes and affinity based distribution, but the only differentiation factor permitted within a group is age.</li> </ul>	<ul style="list-style-type: none"> <li>• Explain the age rating differentiation and how it affects the client</li> <li>• Age rating only: No rate differentiation for any policyholder except for age. In other words the same rate will apply to all policyholders of the same age at entry. Rates may differ between groups for group schemes and affinity based distribution, but the only differentiation factor permitted within a group is age.</li> </ul>
10	Understand the maximum monthly rates that applies to the policyholder, and administrative fees	<p>Understand the following:</p> <ul style="list-style-type: none"> <li>• Maximum monthly rates to policyholder: Maximum, age-banded, monthly prices to policyholder are set. No additional administration fee or levy may be added to the maximum premiums detailed, which must be the maximum total cost to the policyholder.</li> </ul>	<p>Explain the following in easy to understand language:</p> <ul style="list-style-type: none"> <li>• Maximum monthly rates to policyholder: Maximum, age-banded, monthly prices to policyholder are set. No additional administration fee or levy may be added to the maximum premiums detailed, which must be the maximum total cost to the policyholder.</li> </ul>
11	Product documentation	Understand the contractual obligations of the various parties to the agreement	<p>Explain the policy wording/s including the concept of:</p> <ul style="list-style-type: none"> <li>• Monthly premium</li> <li>• Effect of non-payment of a premium</li> <li>• Effect on credit agreement if insurance cover is lapsed</li> <li>• Effect if cover is lapsed</li> <li>• Fees and commissions and who receives it, conflict of interest</li> <li>• Exclusions</li> </ul> <p>Waiting periods</p> <p>Provide the client with a comprehensive and understandable agreement</p>

No.	Task	Knowledge Criteria	Skill Criteria
12	Finalise the contractual agreement	Understand the finalisation process: <ul style="list-style-type: none"> <li>documentation to provide to client</li> <li>documentation to obtain from client</li> </ul>	The agreement is finalised, including signatures or identifying mark(s) required Explain the difference between a signed agreement and the finalized agreement Ensure the client understand the cooling-off period and how it works Gather the documentation required to finalise the process and submit to the product supplier Explain when the cover is in force, Policy wording and schedules, First payment & payment process

**Section 21: RE 21: Second Level Regulatory Examination: Physical Impairment Cover Access Product**

- (a) All FSPs (sole proprietors) and key individuals in relation to sub-category 1.25 Physical Impairment Cover Access Products and All FSPs (sole proprietors), representatives and key individuals in relation to Category 5.5 Physical Impairment Cover Access Products are required to complete a first level regulatory examination, based on the qualifying criteria in Section 6.
- (b) All FSPs (sole proprietors) and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to sub-category 1.25 Physical Impairment Cover Access Products and All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Category 5.5 Physical Impairment Cover Access Products are required to complete a second level regulatory examination based on the qualifying criteria in Section 21.
- (c) The qualifying criteria in Section 21 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of subcategory 1.25 Physical Impairment Cover Access Products and 5.5 Physical Impairment Cover Access Products.

No.	Task	Knowledge Criteria	Skill Criteria
1	Understand the principles of insurance	Know and understand the principles of life and risk insurance	Explain the reasons why a person would be interested in life and risk insurance products
2	Understand the cover offered by the Physical Impairment Cover Access product	Know and understand the Physical Impairment Cover Access product: <ul style="list-style-type: none"> <li>Permanent total physical impairment</li> <li>Temporary physical impairment</li> </ul>	Explain the specific cover offered Explain the limitations on the cover Explain the purpose of such an access product

No.	Task	Knowledge Criteria	Skill Criteria
3	Establish and define a professional relationship with your client.	Understand the importance of creating a professional impression on the client	Explain why it is important to create a professional relationship with a client
4	Provide disclosures to clients, in terms of the General Code of Conduct	Explain the disclosures that should be made to clients, both upfront and ongoing.	Provide disclosures to clients.
5	Establish the client's need for a Physical Impairment Cover Access product	Understand why the client would be interested in/ need to enter into a Physical Impairment Cover Access product agreement	Gather relevant information by completing a questionnaire/asking relevant questions where applicable: <ul style="list-style-type: none"> <li>• insurable interest,</li> <li>• previous insurance coverage – understand if they have knowledge about it</li> <li>• current (existing) insurance coverage</li> <li>• the implications of changes to the current insurance, and</li> <li>• personal financial status - affordability in order to establish the client's Physical Impairment Cover needs.</li> </ul>
6	Establish the extent of risk cover required	Understand how the Physical Impairment Cover Access product would address the client's need for such insurance	Explain how the cover will work, and provide a breakdown of the cover, the interest, the payment terms, the period, the extent of coverage, and any exclusions to the client:

No.	Task	Knowledge Criteria	Skill Criteria
7	Present a quote/ multiple quotes to the client	Discuss the features and benefits of the product options available to the client	<p>Explain the minimum cover and benefits available:</p> <ul style="list-style-type: none"> <li>• Minimum cover may not be less than R30 000.</li> <li>• Benefits may not be spread over more than 24 months.</li> <li>• Additional benefits that are provided, and if they have any associated premiums</li> <li>• Minimum policy term: A policy must be at least 5 years.</li> <li>• Communicate product features and benefits to a client in simple and easy to understand language in order to enable the client to make an informed decision. Maximum age at entry may not be less than 55.</li> <li>• No temporary exclusions (waiting period) for accidental impairment causes: Cover for accidental causes must commence on receipt of the first premium.</li> <li>• Temporary exclusion for natural causes: Cover for natural causes may be scaled but cover must hit 100% after 24 months.</li> <li>• Standardised definitions: The following definition should be used;</li> </ul>
8	Explain the claim events	Understand the types of events that would lead to a claim	<p>Explain the type of events that would result in a claim:</p> <ul style="list-style-type: none"> <li>• Loss of use of at least one hand or one foot; loss of sight in both eyes;</li> <li>• or any other condition that makes it impossible for the life insured to follow any occupation.</li> <li>• The claim event can be either sickness or accident during the term of the contract.</li> </ul>

No.	Task	Knowledge Criteria	Skill Criteria
9	Explain how the claim payments work	Understand how claim payments work	Explain the claim payment process: <ul style="list-style-type: none"> <li>• Claims will only be paid if physical impairment has continued for 6 months and is considered to be of a permanent nature.</li> <li>• The benefit can be paid as a lump sum or in monthly instalments over a maximum of 1 year.</li> </ul>
10	Explain the contractual obligations and policy wording	Understand the contractual obligations of the various parties to the agreement	Explain the policy wording/s including the concept of: <ul style="list-style-type: none"> <li>• Monthly premium</li> <li>• Effect of non-payment of a premium</li> <li>• Effect on credit agreement if insurance cover is lapsed</li> <li>• Effect if cover is lapsed</li> <li>• Fees and commissions and who receives it, conflict of interest</li> <li>• Exclusions</li> <li>• Waiting periods</li> </ul>

No.	Task	Knowledge Criteria	Skill Criteria
11	Explain the exclusions	Understand the allowable exclusions	<p>Explain the following exclusions to clients in easy to understand language:</p> <p>Limitations on allowable exclusions:</p> <p>Only the following exclusions will be allowed</p> <ul style="list-style-type: none"> <li>• Pre-existing conditions – all conditions that were known to have existed up to a maximum of 36 months prior to the inception of the policy will be excluded for a maximum of 24 months after inception</li> <li>• self-inflicted actions</li> <li>• war or armed conflict (whether war is declared or not), civil unrest and social revolt</li> <li>• being affected by alcohol or drugs not prescribed by a medical practitioner</li> <li>• refusing medical treatment by a registered medical practitioner</li> <li>• radio activity or nuclear explosion</li> <li>• involvement in criminal acts</li> </ul>
		Understand the standard exclusion wording	<p>Explain the standardised exclusion wording:</p> <ul style="list-style-type: none"> <li>• refusing medical treatment by a registered medical practitioner</li> <li>• radio activity or nuclear explosion</li> <li>• involvement in criminal acts</li> </ul>

No.	Task	Knowledge Criteria	Skill Criteria
		Understand the limitations on allowable exclusions	<p>Explain the limitations on allowable exclusions:</p> <ul style="list-style-type: none"> <li>• Pre-existing conditions: All conditions that were known to have existed up to a maximum of 36 months prior to the inception of the policy will be excluded for a maximum of 24 months after inception.</li> <li>• self-inflicted actions</li> <li>• war or armed conflict (whether war is declared or not), civil unrest and social revolt</li> <li>• being affected by alcohol or drugs not prescribed by a registered medical practitioner</li> </ul>
12	Explain the benefit restrictions	Understand what types of benefit restrictions could apply	Explain that benefits can be restricted due to over insurance: Insurers may reduce the amount of cover that is applied for if over insurance is found to be present.
13	Explain the age rating	Understand what type of age rating differentiation can apply	Explain the age rating: No rate differentiation for any policyholder except for age at entry. In other words the same rate will apply to all policyholders of the same age at entry. Rates may differ between groups for group schemes and affinity based distribution but the only differentiation factor permitted within a group is age.
			Maximum monthly rates to policyholder: Maximum, age-banded, monthly prices to policyholder are set. No additional administration fee or levy may be added to the maximum premiums detailed, which must be the maximum total cost to the policyholder.

No.	Task	Knowledge Criteria	Skill Criteria
14	Explain the contractual obligations	Understand the contractual obligations of the various parties to the agreement	<p>Explain the policy wording/s including the concept of:</p> <ul style="list-style-type: none"> <li>• Monthly premium</li> <li>• Effect of non-payment of a premium</li> <li>• Effect on credit agreement if insurance cover is lapsed</li> <li>• Effect if cover is lapsed</li> <li>• Fees and commissions and who receives it, conflict of interest</li> <li>• Exclusions</li> <li>• Waiting periods</li> </ul>
15	Finalise the proposal	<p>Understand the finalisation process:</p> <ul style="list-style-type: none"> <li>• documentation to provide to client</li> <li>• documentation to obtain from client</li> </ul>	<p>The proposal is finalised, including signatures or identifying mark(s) required</p> <p>Explain the difference between a signed proposal/ quotation and the finalized agreement</p> <p>Ensure the client understand the cooling-off period and how it works</p> <p>Gather the documentation required to finalise the process and submit to the product supplier</p> <p>Explain when the cover is in force:</p> <p>Policy wording and schedules</p> <p>First payment &amp; payment process</p>

**Section 22: RE 22: Second Level Regulatory Examination: Short-term Insurance Access product**

- (a) (a) All FSPs (sole proprietors) and key individuals in relation to sub-category 1.26 Short-term Insurance Access Products and All FSPs (sole proprietors), representatives and key individuals in relation to Category 5.6 Short-term Insurance Access Products are required to complete a first level regulatory examination, based on the qualifying criteria in Section 6.
- (b) All FSPs (sole proprietors) and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to sub-category 1.26 Short-term Insurance Access Products and All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Category 5.6 Short-term Insurance Access Products are required to complete a second level regulatory examination based on the qualifying criteria in Section 22.
- (c) The qualifying criteria in Section 22 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of subcategory 1.26 Short-term Insurance Access Products and Category 5.6 Short-term Insurance Access Products.



	<b>Task</b>	<b>Knowledge Criteria</b>	<b>Skill Criteria</b>
1	Establish and define a professional relationship with your client.	Understand the importance of creating a professional relationship on the client	Explain why it is important to create a professional relationship with a client
2	Provide disclosures to clients.	Discuss the disclosures that should be made to clients, both upfront and ongoing.	Provide disclosures to clients.
3	Gather information in order to conduct a basic needs analysis for a client.	Understand the: <ul style="list-style-type: none"> <li>• importance and purpose of short term insurance</li> <li>• information required when gathering information for a needs analysis.</li> <li>• importance of affordability</li> </ul>	Discuss the: <ul style="list-style-type: none"> <li>• importance and purpose of short term insurance</li> <li>• information required when gathering information for a needs analysis.</li> <li>• importance of affordability</li> </ul>
		Understand the purpose of short term insurance	Explain the purpose of short term insurance in easy to follow language
		Know and understand the product offering	Present various product features including premium payable, and excess applicable
4	Present recommendations and options to the client	Understand the features and benefits of the various options and recommendations available to the client	Communicate product features and benefits to a client in simple and easy to understand language in order to enable the client to make an informed decision.
		Know and understand restrictions and exclusions of various products available (what is not covered by the product)	Explain the limitations, restrictions and exclusions of the product
		Understand the contractual obligations of the various products.  Know and understand the policy wording/s including the excess, and types of perils and hazards, and reasons for terminating a policy, and repudiations	Explain the policy wording/s including the concept of  Monthly premium  Effect of non-payment of a premium  Effect if policy is lapsed  Fees and commissions and who receives it, conflict of interest

	<b>Task</b>	<b>Knowledge Criteria</b>	<b>Skill Criteria</b>
5	Finalise the proposal	Understand the finalisation process: <ul style="list-style-type: none"> <li>• documentation to provide to client</li> <li>• documentation to obtain from client</li> </ul>	The proposal is finalised, including signatures required
			Ensure that the client has a copy of the proposal and advice record
			Gather the documentation required to finalise the process and submit to the product supplier
			Explain when the policy is in force, Policy wording and schedules, First payment & payment process
6	Referral of a claim	Know whether the loss is an insured peril in terms of the policy/ fulfillment	Explain the claims procedure and criteria for claims of the insurer.
		Know and understand terms and conditions of the policy	Gather relevant information relating to the claim from the client.
		Know and understand the claims procedure and criteria for claims of the insurer	Advise the client on the claims procedure.
		Understand the role of all possible relevant parties involved in a claim (e.g. insurer, the insured, the assessor, or supplier etc)	Record the details of the incident or loss for record keeping
		Know and understand the process for review and appeals of rejected claims	Assist the client to lodge the claim
7	Recovery/mitigation of losses	Know and understand the process of salvage of goods and recovery of money	Receive available recourse/recovery actions
			Determine the involvement of the client in this process
			Record finalisation of recovery/mitigation settlement