FSCA

Financial Sector
Conduct Authority

PRESENTATION BY : JM MBELE

MICRO INSURANCE PRESENTATION

TOPICS TO BE DISCUSSED

- Definition of Micro Insurance
- Financial Services provider versus Financial Product Provider
- Retail Distribution Channel/s
- Compliance with your choice of a distribution Channel
- Governance

INTRODUCTION & DEFINITION

Where everyone fits in. (Inclusive Financial Sector).

Definition as taken from the Micro Insurance Policy Paper:

Microinsurance refers to insurance that is ***accessed by the low-income population****, provided by a variety of different providers and is managed in accordance with generally accepted insurance practice.* It forms part of the broader insurance market, **distinguished by its particular focus on the low-income market,** which translates into **distinct means of product design and distribution**

Level of functionality:

Functioning at a level of Insurance Companies.

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FINANCIAL SERVICES PROVIDER VERSUS A FINANCIAL PRODUCT PROVIDER/SUPPLIER

FINANCIAL SERVICES PROVIDER(FSP):

- Render financial services (advice & intermediary services) on a financial product to the members of the public. The conduct/behavior of the agent is of importance
- Legislation to comply with: The FAIS Act

FINANCIAL PRODUCT PROVIDER/SUPPLIER:

- Explain the activities
- Legislation to comply with: Insurance Act, Long Term Insurance Act and Short Term Insurance Act (Policyholder Protection Rules)

Retail Distribution Channels

- What is a distribution channel in insurance
- Who would you prefer to sell/market your product

- **Tied Agent:**

someone who is paid by an insurance company to sell and give advice only on its financial product/s, not on those of its competitors.

- **Independent Broker /Agent:**

An **insurance agent** that sells **insurance** policies provided by several different **insurance** companies rather than a single **insurance** company

DUE DILIGENCE & GOVERNANCE :

Tied Agents:

- In your FAIS Licence profile as natural or juristic representatives.
- Always check that they still meet their fit and proper requirements
- Update your rep register regularly

Independent brokers:

- Check if they are authorised as FSP’s and authorised for the correct financial product.
- Website can assist or
- Apply to the FSCA to obtain a weekly data dump.

Corporate Governance issues: (Effective Leadership)

Corporate **governance** is the system of rules, practices and processes by which a company is directed and controlled. Corporate **governance** essentially involves balancing the interests of a company. (Independent Board members, Ethical leadership, strategy development & oversight structures)

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CONCLUSION

NEW NARRATIVE IN THE BOARD ROOM.

QUESTIONS & ANSWERS

THANK YOU