



TREATING CUSTOMERS FAIRLY FRAMEWORK PRESENTATION TO THE PENSION SECTOR

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OUTLINE

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- 03** Objectives of TCF
- 04** TCF Outcomes
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SETTING THE SCENE

What is Treating Customers Fairly?

- Outcomes based regulatory approach to ensure that regulated entities deliver fair outcomes to their customers
- Treating customers fairly has always been a focus area for financial sector regulators
- The Commission issued the TCF Framework to the Insurance & Pensions Industry in February 2021



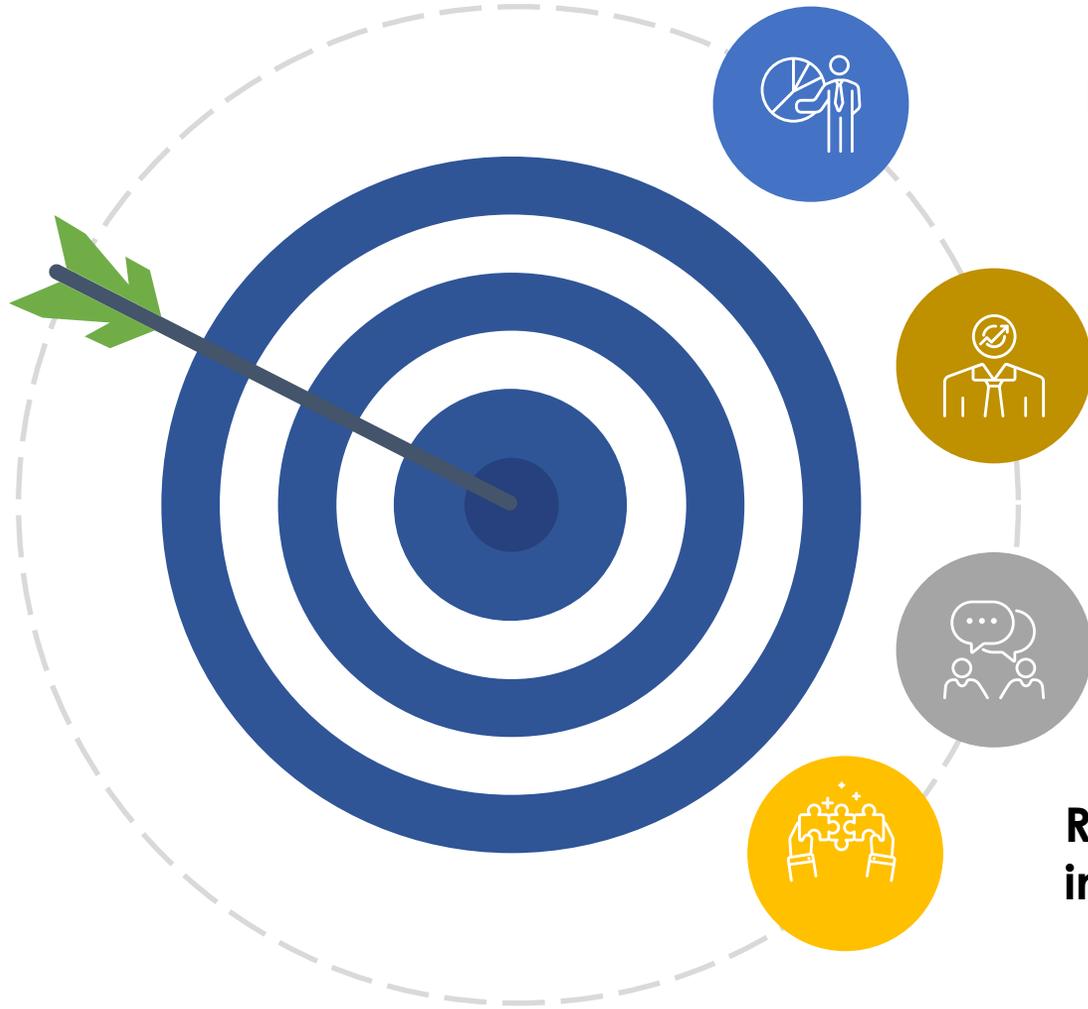
TCF REGULATORY FRAMEWORK

- **Section 65 of the Constitution** states that “Every person has the right to fair and safe labour practices and standards...”
- **IPEC Act [Chapter 24:21]**, the creation of IPEC was to protect the interests of insurance and pension consumers
- **Insurance and Pensions Commission [Issuance of General Guidelines and Standards) Regulations, 2020]**, published in Statutory Instrument 69 of 2020 (TCF Framework)
- **Consumer Protection Act [Chapter 14:14]** Sections 9-54, state a number of rights that consumers have e.g. Right to Fair Contractual Agreements; Right to Information, Right to be Heard, Representation and Redress

TCF is therefore, well within the Commission's mandate



TCF OBJECTIVES



Ensure fair treatment of policyholders, pension and provident fund members and beneficiaries

Provide TCF principles and rules, which insurance and pension service providers, are required to comply with throughout the product life-cycle

Promote consumer protection and education

Restore confidence in the insurance and pensions industry



TCF OUTCOMES

1

Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture

2

Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.

3

Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale

4

Where consumers receive advice, the advice is suitable and takes account of their circumstances

5

Consumers are provided with products that perform as insurance and pension service providers have led them to expect, and the associated service is of an acceptable standard and as the consumer has been led to expect

6

Consumers do not face unreasonable post-sale barriers imposed by insurance and pension service providers to change product, switch provider, submit a claim or make a complaint

Consumers i.e. trustees, members or beneficiaries



TCF OUTCOMES CONT...

OUTCOME	TCF EXPECTATION	EXAMPLE OF FAIR TREATMENT	EXAMPLE OF UNFAIR TREATMENT
<p>Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture</p>	<p>Funds embed fair treatment of customers in their operations. TCF should be central to the Fund's culture</p>	<p>Fair treatment of members is prioritized from enrollment to payment of benefits</p>	<p>The fund has no deliberate TCF policy in place. More interested in the book or salaries/commission than service</p>
<p>Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.</p>	<p>Appropriate products are proposed to members taking into account their circumstances</p>	<p>Products meet reasonable expectations of members Consider conducting surveys on members' needs by independent players</p>	<ul style="list-style-type: none"> • Members are induced to join a scheme, which does not meet their needs • Enrolling members on a product with high risk and expensive. • Level annuity in an inflationary environment



TCF OUTCOMES CONT...

OUTCOME	TCF EXPECTATION	EXAMPLE OF FAIR TREATMENT	EXAMPLE OF UNFAIR TREATMENT
<p>Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale</p>	<p>Full disclosure about the product risks, fees and charges.</p>	<ul style="list-style-type: none"> • Inform members about alternative products with less risk • Annual benefit statements • Ensure that they understand the risks of products 	<ul style="list-style-type: none"> • Not disclosing fees and charges and risks associated with a particular product • Not informing members when the sponsoring employer is not remitting contributions • Mis selling
<p>Where consumers receive advice, the advice is suitable and takes account of their circumstances</p>	<p>Appropriate products are recommended having taken into account the associated risks</p>	<p>Only recommend products that are appropriate for a particular segment.</p>	<ul style="list-style-type: none"> • Consumers are advised to sign up for a product that gobbles the member's contributions • Advising trustees that investing in the money market is ideal in an inflationary environment



TCF OUTCOMES CONT...

OUTCOME

TCF EXPECTATION

EXAMPLE OF FAIR TREATMENT

EXAMPLE OF UNFAIR TREATMENT

Consumers are provided with products that perform as insurance and pension service providers have led them to expect, and the associated service is of an acceptable standard and as the consumer has been led to expect

Benefits meet consumers' reasonable expectations as advised at the point of sale.

Timeous payment of benefits that meet members' reasonable expectations

- Late payment of pension benefits
- Reduced benefits because of fees or charges

Consumers do not face unreasonable post-sale barriers imposed by insurance and pension service providers to change product, switch provider, submit a claim or make a complaint

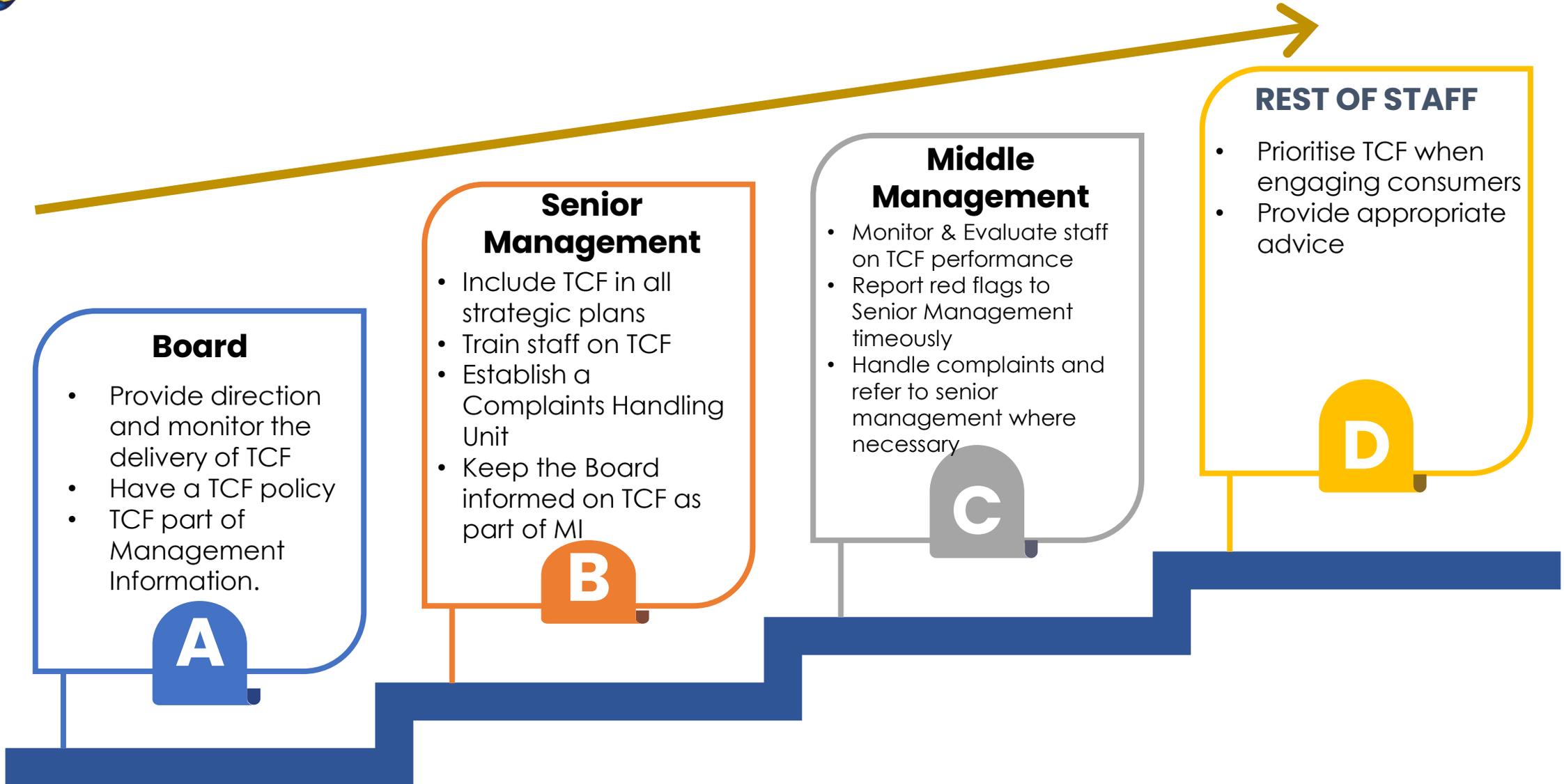
Consumers do not face unreasonable barriers when submitting a claim, making a complaint or changing a product or switch between providers in terms of the rules of the fund

Consumers find it easy to claim, file a complaint or change the service provider

- Unnecessary delay in settling claims that are due.
- There are no complaints handling procedure in place
- Service providers take long to transfer benefits



TCF RESPONSIBILITY





ENFORCEMENT & COMPLIANCE

offsite surveillance and onsite investigations

SURVEILLANCE

Funds to submit typology report of the complaints received during each quarter

QUARTERLY REPORTS

Funds with at least 20 valid complaints against them published in quarterly & annual reports

NAME & SHAME

Funds with at least 50 valid complaints against them per quarter may result in licence being revoked

LICENCE REVOCATION



APPLICATION & EFFECTIVE DATE

- Applicable to all insurance and pension service providers, under the regulation of IPEC.
- Shall be together with all relevant legislation pertaining to insurance and pension business in Zimbabwe
- Effective from 01 June 2021



CONCLUSION

Fair treatment of consumers is measured through their lived experiences

TCF should be driven from the top

Member satisfaction should not be misconstrued for fairness and vice versa

Treating Customers Fairly is key to restoration of Confidence in the sector

*Thank
you*

