



Submission of:

The Professional Insurance Brokers Association

(PIBA)

To the Financial Regulator

On The

“Limited Consultation on Minimum Competency Requirements for Private Medical Insurance”

May 2009



The Professional Insurance Brokers Association (PIBA) is the largest representative body for insurance and mortgage brokers with nearly 900 member firms throughout Ireland. PIBA welcomes the Financial Regulators consultation on the Minimum Competency Requirements for Private Medical Insurance. This issue directly impacts our members and we are anxious to work with the Financial Regulator to find a sensible solution which is acceptable to all sides.

PIBA believes that it is of utmost importance that the Minimum Competency Requirements should evolve and develop in order to accommodate market developments and address any material problems in its existing structure, whilst, maintaining the integrity of the Requirements. It was PIBA's clear understanding when the Minimum Competency Requirements were being developed, that the designation of "Grandfathering" was recognition of the considerable experience and the high level of knowledge that individuals possessed as a result of the number of years they had operated in the specified categories.

The Minimum Competency Requirements divided retail financial products into 6 categories:

1. Life Assurance Protection Policies
2. General Insurance Policies
3. Shares and Bonds and other Investment Instruments
4. Savings, Investment and Pension Products
5. Housing Loans and Associated Insurances
6. Consumer Credit and Associated Insurances

It is PIBA's long held understanding that once an individual fulfills the necessary experience criteria in one or more of the specified categories (outlined above) the individual is thereby grandfathered for the whole category. We believe this view is enshrined in the Regulations as outlined below:

"Individuals who would otherwise be accredited individuals on 1 January 2007, but who do not at that date hold a recognised qualification in respect of the specified categories of retail financial products for which they are acting as an accredited individual on that date, may continue to act as an accredited individual in respect of those activities provided they have carried on the same activity for a period of at least four years in the eight-year period 1 January 1999 to 1 January 2007."

It was envisaged that where there was product innovations within a category any gaps in knowledge would be remedied by the requirement to meet Continuing Professional Development requirements. When new products are launched onto the market, a QFA'd individual is not required under the Minimum Competency Requirements to sit an additional exam despite being equally unaware of the new product. It is therefore unfair to expect a grandfathered individual to undertake the entire QFA qualification to meet the MCR for new products as the Grandfathered individual. It is fundamental to PIBA that the "Grandfathering" status is an equivalent to the "QFA" status. To require a Grandfathered individual to undertake the full QFA undermines the knowledge and experience and status of the "Grandfather".

In the combined response by PIBA, the Institute of Bankers of Ireland, Insurance Institute of Ireland, Life Insurance Association, Irish Brokers Association and Independent Mortgage Advisers Federation to the Limited Consultation on proposed Minimum Competency Requirements CP 14 in March 2006, it was proposed that the

three educational institutes would investigate the feasibility of providing additional “bridge” qualifications to enable QFA holders and ‘grandfathered’ individuals for Life Assurance Protection Policies to meet the competency requirements for General Insurance Policies and to enable CIP holders and ‘grandfathered’ individuals for General Insurance Policies to meet the competency requirements for Life Assurance Protection Policies.

PIBA therefore proposes that a bridging course be developed for Grandfathers equivalent to the QFA Bridge. As all Grandfathered and QFA individuals would already be aware of the principles of insurance, we would propose that individuals would be given a 9 month transitional period to obtain the bridging exam, whilst, being allowed to advise and sell Health Insurance. We feel that the Grandfathers bridging module should mirror the syllabus of the QFA Bridge as outlined below:

Syllabus Summary & Exemptions		
Bridge Examination in General Insurance Policies. (This is a summary of the syllabus and not a full statement of content)	Section 1 - General Insurance and the Insurance Market > Risk and General Insurance > The General Insurance Market Section 2 - General Insurance Market Regulation > Compulsory Insurance > Statutory Regulation > Industry Organisations Section 3 - General Insurance Products and Associated Services > Insurance Products > Non-Insurance Services	Section 4 - General Insurance Legal Principles Section 5 - General Insurance Procedures and Policy Wordings > General Insurance Underwriting Procedures > Premium Payment > General Insurance Policy Wordings Section 6 - General Insurance Claims > Valid Claims > General Insurance Claims Settlement
Exemptions/Common Modules	As this is a single module qualification, no exemptions are available	
<i>This module also counts as one of the twelve modules in the Joint Financial Services Diploma (JFSD), which in turn is stage 1 of the Bachelor of Financial Services.</i>		

PIBA will now respond to the questions posed by the consultation paper on an individual basis.

- 1. Do you think there are any special considerations that should be taken into account in the case of individuals grandfathered for life assurance who wish to deal with private medical insurance? If so, what are they?*

Grandfathered individual's by their designation have undertaken a minimum number of years in a particular sector and have a vast amount of experience and a high level of knowledge. PIBA firmly believes that the current structure whereby a Grandfathered individual is required to complete the QFA followed by the bridging exam to sell private medical insurance is totally impractical.

Grandfathered individuals by virtue of the experience and knowledge are on a par with a QFA qualified individual therefore, PIBA proposes that a Bridging exam be developed which mirrors the syllabus of the current QFA Bridge. This would enable Life Grandfathers to complete a one module course satisfying the MCR for the sale of private medical insurance.

- 2. Do similar or other considerations apply in the case of individuals grandfathered for other forms of non-life insurance?*

It is PIBA's firm belief that if an Individual is "Grandfathered" in a particular category as outlined by the code, they are thereby grandfathered for all products within that category. Obviously in an every changing market there are constant product innovations meaning that new products will be launched within categories. Currently a Grandfathered individual is required to undertake the full QFA to sell a new product,

this is a very unfair situation as a QFA individual is equally unaware of the new product however they are not required under the Minimum Competency Requirements for them to sit an additional exam. PIBA believes that the purpose of the CPD requirements is to bridge any gaps on product knowledge for both QFA individuals and Grandfathered individuals.

3. Should different criteria apply for grandfathering in relation to private medical insurance? If so, please set out the relevant criteria.

- A bridging course should be developed for Life Grandfathers equivalent to the QFA Bridge that QFA qualified individuals complete in order to sell General Products.
- An individual grandfathered in non-life insurance should not have to undertake any additional qualifications. Any gaps in knowledge can be remedied by undertaking CPD hours.

4. What qualification(s) do you think are appropriate for individuals:

i) grandfathered for life assurance

- A Bridging Exam equivalent to the syllabus of the current QFA Bridge.

ii) grandfathered for other forms of non-life insurance who wish to provide services in relation to private medical insurance?

- An individual grandfathered in non-life insurance should not have to undertake any additional qualifications. They can undertake any relevant training as they may feel necessary.