

Consultation Paper Minimum Competency

CPD:

The proposed changing of the current 3 year cycle to an annual requirement will simplify the obligation. The recording of only “formal” hours is sensible as the existing “informal” requirement is pointless if not auditable.

CPD hours:

The suggestion to have a regulatory requirement of 15 hours CPD per individual whether he / she is qualified / grandfathered in one or more areas of activity is sensible and removes uncertainty associated with the present system.

Grandfathering:

The requirement for employers to issue a certificate of Grandfathered status to individuals when they cease employment will have long term beneficial affects – and there will be no uncertainty as to the “Grandfathered” background of the individual in the future [4.4].

The FR should justify to the industry the reasoning behind their considering the abolishing of the grandfathered status as there is no obvious benefit evident.

1. Grandfathered individuals have by definition long industry experience, are well versed and knowledgeable in the areas in which they operate and in which they are grandfathered.
2. The “confusion” to which referred in the consultation document is largely due to the real lack of clarity in the current Minimum Competency Guidelines which are not user friendly. The Lack of clarity can be achieved by a simpler version of the document and an information dissemination programme organised by the FR. The requirement for individual to sit an examination will do nothing to alleviate confusion associated with the Minimum Competency Requirements
3. The proposed amendments as suggested in 3.2.4 and 3.2.5 are convoluted and likely to lead to further lack of understanding – in the future and should be simplified.
4. In the “Broking” side of the industry there are many sole proprietors and Managers / Directors of small and medium sized business that have long industry experience but who do not hold a recognised professional qualification. It is inappropriate to impose on such individuals, particularly in the current economic climate, a requirement to pass examinations in industry related activities. The current pressures on such regulated entities to continue to survive in business is enormous. Should such persons not achieve the proposed examination success, within the defined time frame, their business will close and staff will be unemployed!

5. An examination and analysis of broker PI claims paid and complaints made to the Financial Services Ombudsman will provide the evidence required to continue the [grandfathered] status quo. The number complaints and in particular non life complaints, is insignificant when compared to the number of policies arranged in any one year.
6. Employment contracts of existing grandfathered staff will not will not allow intermediaries to dismiss such staff and will create significant employment law issues if such staff fail to achieve the proposed examination success.

Internet:

Internet product providers and direct insurers should be subject to the same requirements as traditional brokers.

Outsourcing:

Those involved in the “professional management of claims for insurance...” should be subject to the same requirements as intermediaries, loss assessors / adjusters. It is not possible to manage policy administration or claims without a thorough knowledge of the insurance policy and cover applicable.

Loan Restructuring:

Loan restructuring is Loan arranging under another name and is already dealt with adequately. There is not a necessity to further complicate the process.

Administrative Management:

“Administrative management of insurance policies” has a direct impact on the consumer and it is inconceivable for such a process to be excluded from regulatory oversight. Such individuals should be appropriately qualified whether they be located in the R of I or a remote jurisdiction. “Administrative management of insurance policies” does appear to already come within the definitions listed in 2.3 [Specified Activities]. See comments above on Outsourcing.

Consumer:

For practical purposes Brokers have one business process and treat all clients as “Consumers”. It may be worthwhile considering amending the definition of a “Consumer” by deleting sections b) and c) and replacing same with a new definition:-

Any person whose interests can be investigated by the Financial Services Ombudsman

3.2.1 CPD requirement

It is unclear as to what the first paragraph refers – what individuals “do not have a CPD requirement?”

3.2.5 Reinstatement

The entire section is confusing and should be simplified.