



# ***TREATING CUSTOMERS FAIRLY MODULE OF CP***


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# What is treating customers fairly?

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- Make the right promise
  - Only promise what you can deliver
  - Deliver what you promise
  - Resolve broken promises swiftly

Source: Winzest Consulting

 **winzest** consulting  
Improved performance. Better regulatory compliance

# What is TCF Module-CP?

TCF is an *outcome based* regulatory approach that seeks to ensure that specific and clearly articulated fairness outcomes for customers are delivered by regulated entities.



# TCF .... Evidence .. Evidence

**The approach requires regulated entities to demonstrate with *EVIDENCE* fair treatment of their customers at all stages of their relationship from product design and marketing, through to the advice before point-of-sale, at the point-of-sale and after-sale stages.**

# TCF....understanding

**TCF seeks to ensure that  
customers fully understand the**

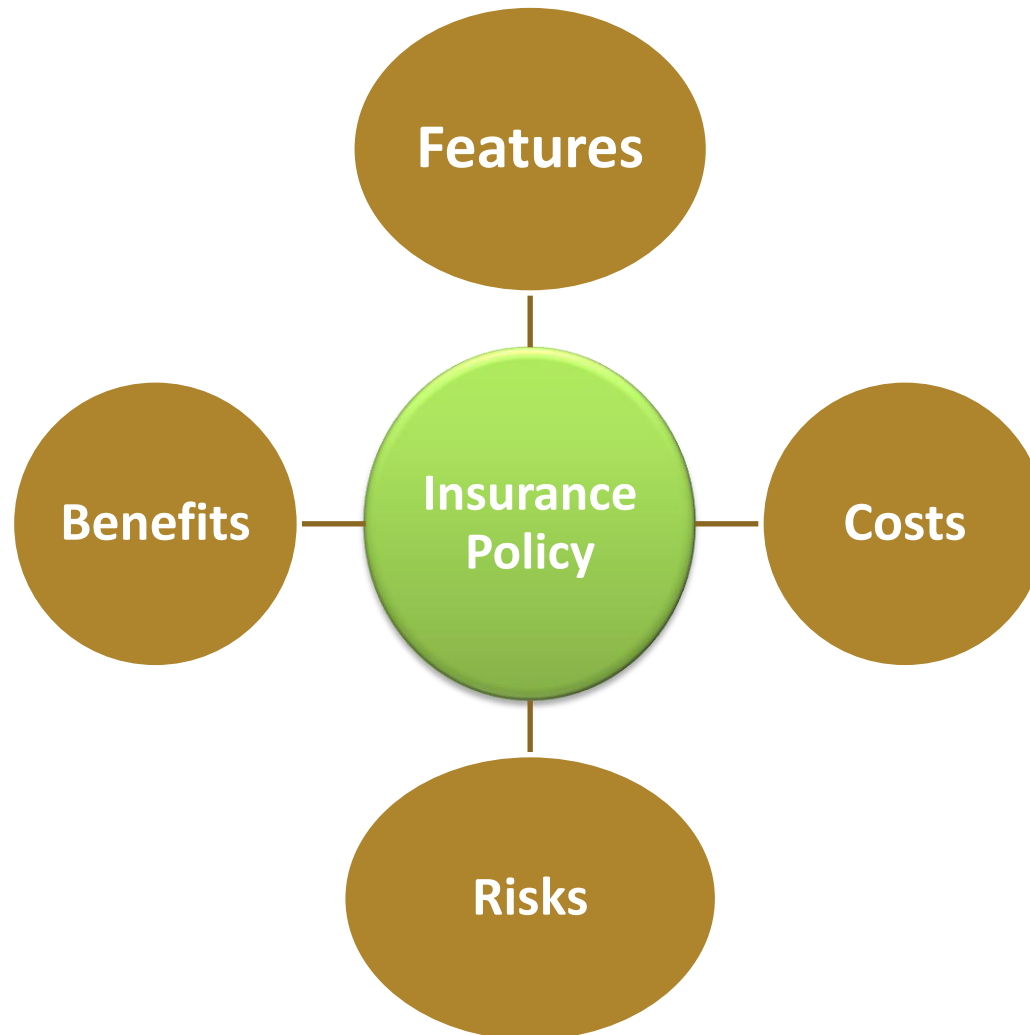
- **features**
- **benefits**
- **risks and**
- **costs of**

**the insurance products they buy.**

## Promotes professional selling and encourages best business practices

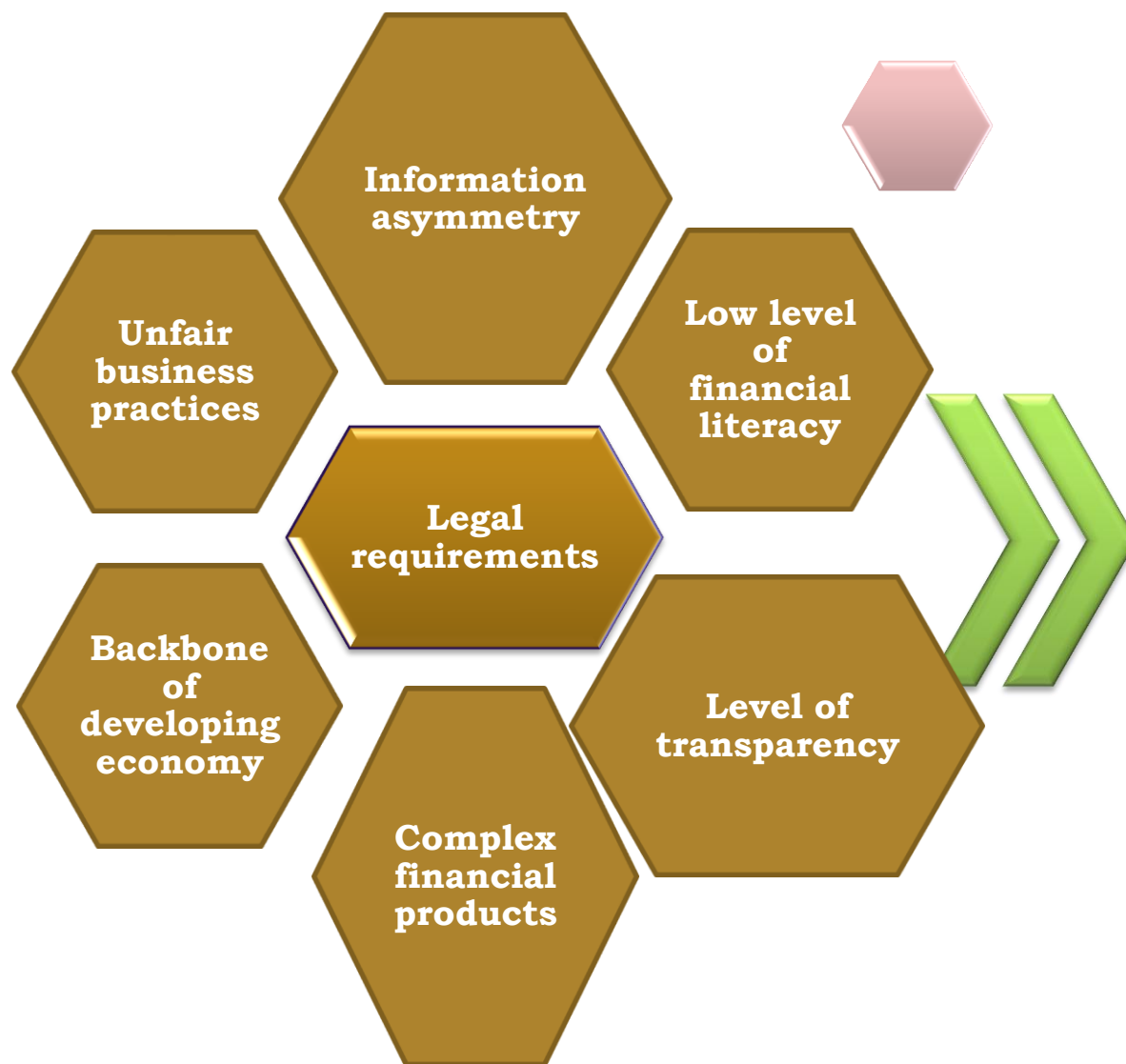
- before,
- during and
- after product sales.

# TCF ensures that customers fully understand





# Why TCF



- **Consumer Protection**
- **Sustainable Business**
- **Profits**

# Legal framework for CP

## Constitution of Kenya

- Article 46 (consumer rights)
- Article 35 (right to information)
- Article 47 (fair administrative procedure)
- Article 22 (enforcement of bill of rights)

## Consumer Protection

- Section 3 (4) on purpose of the Act:
- Promoting fair and ethical business practices
  - Protecting consumers from improper trade practices
  - Improving consumer awareness and informed consumer choices and behavior
  - Promoting consumer confidence and empowerment

## Insurance

The provisions run through the Act including:

- 3, mandate
- 5, contracts
- 74 & 75, rates
- 76, right to pay
- 77, default
- 80, policy docs
- 87, cooling off
- 114, T & A
- 120, winding up
- 156, premiums
- 164, adverts
- 179, PCF
- 196A, register
- 203, claims

## Competition

- One of the objectives of the Act is to protect consumers from unfair and misleading market conduct.
- Creates the following offences:
  - = False and misleading representations
  - = Unconscionable conduct in business practices

# TCF Outcomes.

**Outcome 1. TCF culture.**

**Outcome 2. Products design and services**

**Outcome 3. Clear information**

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**Outcome 4. Advice**

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**Outcome 5. Products & Services perform as promised.**

**Outcome 6. Claims & Complaints handling**

# Outcome 1-TCF Culture

*Customers are confident that they are dealing with firms where TCF is central to the firms culture*

- **TCF objectives adopted by the Board, Senior Management & Staff.**
- **Senior management have conducted a review of main business processes to identify areas requiring improved TCF outcomes.**
- **A process for assessing staff and management understanding of TCF.**
- **Process in place to identify and report TCF risks or failures to management and board.**

# Outcome 2 - Product Design

*2. Product and services marketed and sold are designed to meet the needs of identified customer groups .*

- Obtain information regarding the consumer groups the product/services suits.
- Track sales to determine whether products are in fact sold to identified customer groups
- Monitor complaints and give feedback
- Have measures to evaluate the customer group's understanding of products services offered

## Outcome 3- Clear information

*Customers are given clear information and are kept appropriately informed before, during and after the time of contracting.*

- **Assess the clarity, appropriateness and fairness of product information provided to customers.**
- **Test product information for its clarity with the target audience before issuing the product.**
- **Have a process in place to rectify situations where any product information already in circulation is inaccurate, unclear, unfair or misleading.**
- **Maintain accurate, retrievable and secure records of all product information you have provided to customers or any other material interaction.**

## Outcome 4 - Advice

### 4. *Where customers receive advice, the advice is suitable and takes account of their circumstances.*

- Assess whether you have the **appropriate skills** and business processes in place to provide advice and service that will be suitable for the target market and product concerned.
- Insist that product suppliers provide your representatives with **adequate training** on the specific products you market to enable them to provide suitable advice on those products
- Provide product suppliers with **feedback** in relation to any aspects of their products or services which inhibit your ability to provide suitable advice.
- A policy in place for **fair compensation** of customers who have been financially prejudiced as a result of inappropriate advice provided by your representatives

## **Outcome 5-Products & Services perform as promised**

*Customers are provided with products that perform as we have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect*

- **We have clear service standards in place for customer service processes and communicate these to our customers .**
- **We test our service standards to determine whether they are in line with customer expectations**
- **Processes are in place to scan the environment and mitigate risks that could impact on the extent to which products will meet customers' reasonable expectations .**
- **Processes are in place to mitigate the risks to our customers where it becomes apparent that products are not performing or are unlikely to perform as they have been led to expect**



## Outcome 6- Claims & Complaints handling

*Customers do not face unreasonable post-sale barriers to change product, switch provider, submit a claim or make a complaint.*

- **Inform customers of how to submit a claim and what information will be required to process the claim.**
- **Honour promises that lead to legitimate customer expectations.**
- **Identify common underlying causes of complaints and take action to eliminate the root cause.**
- **Test your complaints and claims process to ensure it is accessible and appropriate for your customer groups.**

# Desired TCF outcomes.

## *Immediate outcomes :*

TCF culture,  
Clear information,  
Promise

Product design ,  
Advice  
Claims & complaints.

## *Intermediate outcomes*

Improved customer confidence,  
Appropriate products and services,  
Enhanced transparency and discipline.

## *Final outcome*

Sustainable industry where customer financial  
services are met.

# What you should do

- **Think about TCF in the context of your business.**
- **Discuss TCF with your stakeholders (all the way from the Board, Management and Staff ) and agree on how you will live TCF in the business.**
- **Develop an appropriate TCF vision to create and sustain a customer centric business.**
- **Define in specific, clear and demonstrable terms what TCF means to your business.**

# What you should do

- **In the same vein define what is unacceptable conduct in your business in relation to fair treatment of customers.**
- **Train all your stakeholders on TCF.**
- **Communicate your service standards to your clients, analyze and act on complaints for TCF purpose and view complaints as an opportunity to learn and improve.**
- **Have control measures to monitor TCF risks e.g. inaccurate or misleading advice by your representatives.**

# Holistic & Coordinated Protection of Consumers



# Conclusion

- **Treating customers fairly is the new normal for financial service providers globally.**
- **TCF is not a mere compliance exercise but a cultural shift in an insurer's approach to treatment of its customers.**
- **The tone at the top (the Board) sets the pace for such cultural shift**
- **TCF requirements provide an opportunity to review the approach to managing customers – this leads to customer retention and this **makes business sense!****

**“Get closer than ever to your customers, so close in fact that you tell them what they need well before they realize it themselves”**

**Steve Jobs, Apple.**

**“Your most unhappy customers are your greatest source of learning” Bill Gates.**

# Q & A





# Thank You!



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