



Financial Services Commission
Mauritius

**CONSULTATIVE PAPER ON COMPETENCY STANDARDS
FOR INSURANCE INTERMEDIARIES**

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1. Background and scope

- 1.1 In considering whether a person is fit and proper under section 20 of the Financial Services Act 2007, the Financial Services Commission (the “Commission”) may inter alia, have regard to the following criteria:
- (i) financial standing;
 - (ii) relevant education, qualifications and experience;
 - (iii) ability to perform the relevant functions properly, efficiently, honestly and fairly; (iv) reputation, character, financial integrity and reliability.
- 1.2 Competence forms part of the fit and proper requirements and it is assessed with regard to the person’s education, qualifications together with relevant experience.
- 1.3 The Commission is working on the development of competency standards to establish an adequate level of competency in the financial sector workforce. The competency standards will be developed for specific licensees dealing with consumers and investors, which involve the provision of advice and intermediaries services in connection with financial services.
- 1.4 This work has been initiated after taking into consideration the following issues:
- Complaints have been received from the general public on mis-selling of financial services.
 - With the growing complexity of financial services, there is the need for the financial service workforce to be more competent.
 - A competent financial sector workforce is also essential to position Mauritius as an international financial centre of good repute.
- 1.5 A competency standard is the minimum professional knowledge and skills which the licensee must meet in order to be **licensed/authorised/approved/registered**, and must continue to meet in order to maintain their **licence/authorisation/approval/registration**.
- 1.6 The **objectives** of the competency standards are:
- To ensure fair treatment of consumers of financial services;
 - To ensure sound conduct of business in the financial services sector;
 - To instill confidence in the financial services sector and encourage better consumer participation;
 - To establish standards in order to preserve and maintain the good repute of Mauritius as an international financial centre.
- 1.7 The competency standards will apply to:
- a licensed person;
 - in the case of licensed corporations, they may apply to authorised/approved/registered persons and the direct supervisors responsible for managing or overseeing the activities of authorised/approved/registered persons.

2. Standards development process

2.1 The Commission will adopt a two-phased approach in the development of the competency standards as set out below.

2.2 Phase 1: Competency Analysis and Evaluation

2.2.1 Phase 1, Competency Analysis and Evaluation, is the foundation of the development of the competency standards and it will consist of the following steps:

- *Identifying the technical competencies which the licensee must possess*
- *Recognising minimum entry educational qualifications*
- *Recognising continuous professional development (“CPD”) requirements with respect to maintaining competencies*
- *Providing for a transitional arrangement for existing licensees*

2.2.2 The first step in Phase 1 will consist of analysing the job of each licensee and identifying the technical competencies that the licensee must possess at a basic level/career entry, as set out in Table 1. *Technical competencies refer to technical or job-related capabilities in performing a specific job.*

The purpose of this step is:

- to identify the tasks and operations that the licensees can perform on career entry. Tasks and operations are presented as technical competencies.
- to identify the knowledge and skills required to demonstrate competence.

Table 1: Technical competencies

Technical Competencies	Knowledge and skills required to demonstrate competence
Tasks and operations carried out by the licensee	<p>Examples:</p> <p><u>Knowledge Criteria</u></p> <ul style="list-style-type: none"> • a basic knowledge of concepts and principles; • a basic knowledge of products and services; • a basic knowledge of relevant legislation and compliance to the legislation. <p><u>Skills Criteria</u></p> <ul style="list-style-type: none"> • Determine the client's risk profile • Identify the suitability of a product to meet the client's needs • Communicate product features and benefits to a client in order to enable the client to make an informed decision.

2.2.3 Consumer protection will be a constant focus throughout the process of identifying competencies.

2.2.4 To determine whether the candidate is qualified to perform the job or can master the requirements of the position, it is necessary to evaluate the competencies. The next step

is to identify minimum entry educational qualifications, which deliver the knowledge of those competencies.

- 2.2.5 In Phase 1, the continuous professional requirements will also be identified to ensure that the licensee maintains his/her competency once licensed/authorized/approved/registered.
- 2.2.6 A transitional arrangement must also be established on the application of the competency standards on existing licensees, if necessary.

2.3 **Phase 2: Drafting of Competency Code**

In Phase 2, the Commission will draft a competency code and it is expected to include the following:

- *The technical competencies which the licensee must possess*
- *The minimum entry qualifications which the licensee must have*
- *A guideline on CPD requirements for the licensee*
- *Transitional arrangement for existing licensees, if applicable*

- 2.4 The standard development process will be carried out for the different sectors regulated by the Commission, namely: insurance, capital markets, fund management, global business and pension. The Commission has initiated the development process for the insurance sector and this exercise will be extended to the other sectors in due course.

3. **Insurance**

- 3.1 The standards development process is being initiated with the insurance sector. The competency standards are expected to create an environment which will instill public confidence in the insurance products and will boost consumers' interest in these products.

- 3.2 The objective is to develop competency standards for the following intermediaries:

- (i) insurance salesperson;
- (ii) insurance agent; and
- (iii) insurance broker.

- 3.3 The definitions of the insurance salesperson, insurance agent and insurance broker under the Insurance Act 2005 are given below:

“insurance salesperson” means a natural person who solicits proposals for and negotiates insurance on behalf and with the authority of an insurer or an insurance agent, not being its employee or officer; [emphasis added]

“insurance agent” means a person who, with the authority of an insurer and not being an employee of the insurer, acts on behalf of the insurer in the initiation of the insurance business, the receipt of proposals, the issue of policies, the collection of premiums or the settlement of claims; [emphasis added]

“insurance broker” means a person who arranges insurance business with insurers on behalf of prospective policyholders, or as a representative of a policyholder, and includes a reinsurance broker carrying on reinsurance brokering for an insurer. [emphasis added]

3.4 Additionally, under the Insurance (Insurance Brokers) Rules 2008, “broking staff” means any employee of the insurance broker or any other person who is authorised by the insurance broker to act on its behalf to provide technical advice to any client of the insurance broker in respect of –

(a) insurance policies relating to general insurance business or long term insurance business for which the licence is granted, other than insurance policies relating to reinsurance business

(b) reinsurance of liabilities under insurance policies relating to general insurance business or long term insurance business, as the case may be. [emphasis added]

3.5 The Insurance (Insurance Brokers) Rules 2008 also sets out the duties of the Insurance Broker.

4. Consultation

4.1 The Commission is seeking the views on the following:

- the technical competencies which insurance salesperson, insurance agent and insurance broker must possess;
- the educational qualifications to be recognised as minimum entry qualifications for insurance salesperson, insurance agent and insurance broker;
- the person who should possess competency standards, in the case of corporations licensed as insurance agent and insurance broker;
- the proposal for a standardised guideline for in-house training given by insurance companies/insurance agents/insurance brokers;
- the proposal for a guideline on CPD requirements for insurance salesperson, insurance agent and insurance broker;
- the proposal for a transitional arrangement for the application of the competency standards on existing insurance salesperson, insurance agent and insurance broker.

4.2 Views and suggestions are to be emailed to competency@fscmauritius.org on or before 6th December 2013.