



Executive summary

<p>Contract Enquiry: speaking advisers language.</p>	<ul style="list-style-type: none"> • Feedback from distributors who are encouraging their advisers to adopt services such as Contract Enquiry is that many still are unaware this service exists. • Distributors believe this lack of awareness could be overcome if parties who are speaking to advisers, about Contract Enquiry, avoid using “technical jargon”. • The message from distributors is that when speak to advisers about Contract Enquiry providers and client management systems should focus on what it can do i.e. what information advisers can get and how, rather than just what it is. 	<p>Slide 12</p>
<p>Contract Enquiry: when and how will it be used?</p>	<ul style="list-style-type: none"> • To date there has been little clarity or guidance to assist advisers make the right decisions about how and when they use Contract Enquiry. This has resulted in advisers using the service in ways not originally intended for example using real time messaging to request daily valuations for all client policies. • Distributors and Providers have agreed to collaborate to develop a document that advisers can use to help them identify the most appropriate way of using the service. • Whilst most providers will have developed real time messaging capability only some have built bulk messaging capability. If the latter group are to cope with the expected levels of CE messaging that are anticipated in the future then such services will be imperative. 	<p>Slides 13 - 14</p>
<p>Contract Enquiry: Collaboration Guide</p>	<ul style="list-style-type: none"> • Parties expressed their continued commitment improving the lines of communication between advisers, CMS vendors and providers prior to a CE implementation. • All parties recognise that without an active dialogue Contract Enquiry implementations will continue to result in frustrations unless realistic expectations are set at outset . • A Collaboration Guide has been developed for this purpose and is now being reviewed by advisers and providers to ensure it meets its objectives. 	<p>Slides 15 - 16</p>



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<p>Contract Enquiry: Endowment and WOL contracts</p>	<ul style="list-style-type: none"> • Endowment and WOL contracts account for 50% of all in force regular premium life insurance and the vast majority of regular premium life assurance used for savings. • Yet few providers have enabled these contracts to be valued electronically. • Distributors stated that: <ul style="list-style-type: none"> • Once customers are used to receiving regular (monthly, quarterly) valuations on other contracts they would expect the same for these. • They would like to include these values in client aggregation or regular client reporting. • Providers offering these contracts would be advised to consider giving advisers the ability to value them electronically. 	<p>Slides 19 -21</p>
<p>Transaction history / event notification.</p>	<ul style="list-style-type: none"> • The discussion sought to understand adviser demand to receive transaction and event notification information electronically from providers. • Most distributors state they are only looking for contribution histories rather than full transaction histories (the latter is more suited to adviser involved in discretionary fund management services). • Event notification is more attractive to distributors but many recognise they are not yet ready (nor are their CMS vendors) to adopt these services. • Until there is a significant demand from distributors for these services any activity on this subject will be put on hold. 	<p>Slide 22</p>
<p>E-commissions</p>	<ul style="list-style-type: none"> • The work undertaken by Adviser Forum to date concerning Provider EDI commission processes has been received extremely well by distributors. • The analysis produced has helped to identify the different approaches providers take to processing e-commissions data. • Distributors spent a considerable amount of time describing the major issues they faced when using provider e-commission services. 	<p>Slides 23 – 30</p>



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<p><i>E-commissions cont.</i></p>	<ul style="list-style-type: none"> • One of the biggest challenges distributors face is around advance payments these significant issues e.g. this is often the main cause of discrepancy between paper statements, the EDI message and the bank payment; whilst one adviser may get paid early this is often at the expense of hundreds of other advisers not getting paid, adjustments to commission statements will be shown as negative payments which look like clawbacks which can adversely affect what an adviser firm has to report to the FSA. • Distributors have stated that as they own the business relationship with providers then providers should not be responding to individual adviser requests for advance commission payments unless the distributor firm agrees to this. • Comment was made that as EDI is now considered to be an old technology and a possible business risk for providers (the reality being that this is not a technology which is learnt today) does this mean it is time to look at the business case for moving to XML? • A number of distributors are engaging with the provider community to agree a series of good practice approaches to address the key concerns raised at the meeting. To see details of the full discussion please turn to pages 23-30 in the main pack. 	<p><i>Slides</i> <i>23 - 30</i></p>
<p><i>Data security: adviser responsibility to conduct due diligence on 3rd parties</i></p>	<ul style="list-style-type: none"> • FSA have advised F&TRC that they will expect advisers to adhere to a risk based approach when conducting due diligence on 3rd party business partners whose systems they use to store or transmit client information i.e. name, date of birth, policy details. • The view of the FSA is that it is not enough to rely upon a 3rd party being regulated by them, advisers should satisfy themselves that the firm whom they have passed client data to has a policy in place to protect that information. • Both distributors and providers feel the industry should agree how much information advisers need to demonstrate and satisfy themselves, and the regulator, that they have met this requirement. • F&TRC will be taking this issue back to the data security working group to consider what a sensible solution could look like. 	<p><i>Slides</i> <i>31 - 32</i></p>