



Established 1993

OPTION SHORT TERM INSURANCE BROKERS (PTY) LTD

INSURANCE BROKERS & GROUP SCHEME ADMINISTRATORS

☎ 0861 111 857 ✉ office@oib.co.za 📠 086 620 6972 🌐 www.oib.co.za
📍 Tzaneen Street, Faerie Glen 📦 PO Box 40545, Garsfontein East, Pretoria, 0060

Registration No. 1993/06939/07 ▲ FSP Licence No. 8265 ▲ Vat No. 4210141406

NOTICE OF ADVERTISING

Kindly note that Option Short Term Insurance Brokers website forms part of our advertising, with this in mind, we have made use of AC Guidance Note – Advertising standards November 2020. As well as ARB Code of Advertising (General principles November 2020).

AC Guidance Note – Advertising standards November 2020

The following attachments form an integral part of this Note:

- A summary of the key definitions within Section 14
- A copy of Section 2 of the Advertising Regulatory Boards Code of Advertising Practice dealing with the general principles of advertising
- A tool that can be used to assess the content of any planned advertising campaign/individual advert
- A draft structure for a documented standard

So, what is an advertisement?

This is the definition, last amended in the General Code of Conduct amendments in 2020

*“**advertisement**” means any communication published through any medium and in any form, by itself or together with any other communication, which is intended to create public interest in the business, financial services, financial products or related services of a provider, or to persuade the public (or a part thereof) to transact in respect of a financial product, financial service or related service of the provider in any manner, but which does not purport to provide detailed information to or for a specific client regarding a specific financial product, financial service or related service.”*

An advertisement is not Direct Marketing, which by its own definition specifically includes the “...rendering of financial services..”

Therefore, an advertisement, as envisaged by FAIS, will typically be restricted to:

- Brand awareness for the FSP
- Product awareness of one or more products
- Services offered by the FSP



Established 1993

OPTION SHORT TERM INSURANCE BROKERS (PTY) LTD

INSURANCE BROKERS & GROUP SCHEME ADMINISTRATORS

☎ 0861 111 857 ✉ office@oib.co.za 📠 086 620 6972 🌐 www.oib.co.za
📍 Tzaneen Street, Faerie Glen 📦 PO Box 40545, Garsfontein East, Pretoria, 0060

Registration No. 1993/06939/07 ▲ FSP Licence No. 8265 ▲ Vat No. 4210141406

And it should not be forgotten that a website is seen as ‘any medium’. In assessments with clients, it is a common misconception when an FSP is asked if they advertise, that the answer is No, yet they have a website.

These FAIS standards are over and above any other regulatory requirements in the use of a website.

When constructing advertisements, irrespective of the medium used, there are certain standards that need to be understood and applied. These basic regulatory standards being that the advertisement:

- **Must be factually correct, balanced, and not misleading**

There are 16 components to be aware of, but follow the supplied checklist and these are generally easy enough to deal with.

- **Must be in the Public Interest**

This is meant to ensure that an FSP does not criticize or make unfair statements about a financial product, service, insurer, or another provider unless such statements can be substantiated. Our advice would be to stay away from such lines of advertising even if you can substantiate.

- **Must identify the product supplier**

Where the advert relates to a specific financial product and/or service the insurer’s name needs to be disclosed. The basis upon which the insurer’s name should be disclosed is addressed in the prominence standards (see below and checklist).

Depending on the advertisement, you may need to seek the insurer’s approval to use the product and insurer name.

If you are a binder-holder there is likely a standard in the binder agreement on advertisement approval by the insurer.

- **Must be in the appropriate language and medium**

Any advertisement will look at what is being sold and who is it being sold to, and from this an FSP (or their agency) will then look to ensure the use of “plain language” (whichever

one of the languages of our country will be used) and must generally use terms that will likely be understood by the targeted client.

The choice of medium can be important as whilst the FSP will obviously choose a medium suitable for the target market, it must also be suitable for the product, i.e. a complicated product needs a more sophisticated platform that provides for the necessary details.



Established 1993

OPTION SHORT TERM INSURANCE BROKERS (PTY) LTD

INSURANCE BROKERS & GROUP SCHEME ADMINISTRATORS

☎ 0861 111 857 ✉ office@oib.co.za 📠 086 620 6972 🌐 www.oib.co.za
📍 Tzaneen Street, Faerie Glen 📦 PO Box 40545, Garsfontein East, Pretoria, 0060

Registration No. 1993/06939/07 ▲ FSP Licence No. 8265 ▲ Vat No. 4210141406

For example, the use of banner adverts on websites are restrictive as to the content size and volume of data, and therefore suitable structures need to allow for the full disclosure of the required information, e.g. links to the FSP website for all legal and product disclosures. This could be a grey area, so best you discuss with AC before signing off the use of such media.

- **Must follow the comparative marketing standards**

If the advert will include the results of a survey or financial product / service comparisons, then there are specific standards that need to be followed. The supplied checklist should be used.

- **Must be consistent with the provisions relating to Puffery in the Code of Advertising Practice**

Puffery allows for subjective opinions and value judgements to be made however this does override the 'Public Interest' requirements, so care is needed on the extent of statements and opinions provided.

We liaised with the Advertising Regulatory Board on their standards, which are fairly basic as they only refer to:

“Value judgements, matters of opinion or subjective opinion are permissible provided that:

- It is clear what is being expressed is an opinion
- There is no likelihood of the opinion, or the way it is expressed, misleading consumers about any aspect of a product or service which is capable of being objectively assessed in the light of generally accepted standards

The guiding principle is that puffery is true when an expression of opinion, but false when viewed as an expression of fact”

Their CEO Gail Schimmel had the following input for us in the use of puffery in financial products advertising:

“I would just add that I do not think that there is a lot of room in financial advertising for puffery – we would expect any claims as to gains etc to be substantiated. We are having a particular problem with financial scams being advertised on regional radio at the moment, and a defence of ‘puffery’ would not go very far.”

- **Must follow the Endorsements standards**

If the advert includes testimonials and/or third-party endorsements they must be “real” notwithstanding a pseudonym can be used for the people involved, subject to disclosure of this fact.



Established 1993

OPTION SHORT TERM INSURANCE BROKERS (PTY) LTD

INSURANCE BROKERS & GROUP SCHEME ADMINISTRATORS

☎ 0861 111 857 ✉ office@oib.co.za 📠 086 620 6972 🌐 www.oib.co.za
📍 Tzaneen Street, Faerie Glen 📦 PO Box 40545, Garsfontein East, Pretoria, 0060

Registration No. 1993/06939/07 ▲ FSP Licence No. 8265 ▲ Vat No. 4210141406

Further disclosures would be needed if the people involved in any testimonial/endorsement were paid for their services.

The advert must also ensure that any commentary is not seen as being financial advice.

- **Must follow the Loyalty benefits/bonuses standards**

Where a product being advertised includes such a benefit the insurer concerned (generally such benefits are insurer driven rather than NMI/UMA driven but where this is the case these standards equally have to be complied with) must assess whether the cost provisions of providing the benefit has impacted the total premium by more or less than 10%. Where less, no additional disclosures are required but where more, there are specific standards to be followed.

- **Must follow the prominence standard**

These standards apply both in the written advert as well as the audio advert and seek to ensure that the reader/listener can easily establish who the role players are within the advertisement, i.e. who is the insurer, who is the broker, etc.

The supplied checklist will assist in ensuring these standards are followed each time.

- **Must follow the Principles relating to forecasts, illustrations, hypothetical data or projected benefits and past performance data**

These types of advertisements tend to be restricted to the life and investment sector and often the data used is provided by the insurer/s concerned, and provided to clients at an individual assessment level, which would not be seen as an advertisement.

Where used in a true advertising manner the numbers and the providers of those numbers need to be verified to ensure the content meets the minimum standards.

The attached Section 14 extract has the full details of each of the above listed requirements.

These line-item standards are also noted within the AC Specific Campaign/Individual advertisement assessment tool that forms part of this overall Note.

In addition to the above standards, it is important to ensure that any prescriptive requirements for advertisements demanded by binder/outsourcer insurers, should you be an NMI or UMA binder holder or holder of an outsource agreement, are dealt with as required. This probable requirement has also been included on the AC Checklist to ensure they are not overlooked.

There are also the Advertising Regulatory Board's Code of Advertising, dealing with the general principles of advertising, to be considered. Whilst not compulsory these principles are very similar in



Established 1993

OPTION SHORT TERM INSURANCE BROKERS (PTY) LTD

INSURANCE BROKERS & GROUP SCHEME ADMINISTRATORS

☎ 0861 111 857 ✉ office@oib.co.za 📠 086 620 6972 🌐 www.oib.co.za
📍 Tzaneen Street, Faerie Glen 📦 PO Box 40545, Garsfontein East, Pretoria, 0060

Registration No. 1993/06939/07 ▲ FSP Licence No. 8265 ▲ Vat No. 4210141406

many respects to the FAIS standards, but often far more general in approach however, it is a useful document to be referenced to assess the overall suitability of an advertisement.

Where an FSP utilizes a professional advertising agency it should be expected that these principles will always be considered.

Additional general principles to be managed

1. Negative option marketing: Any advertising process must not include a negative option request/statement, although such a process would suggest a transactional process and thus move such a process into the Direct Marketing environment
2. Unwanted direct advertising: The requirement is that if a client asks that they be removed from any list used by the FSP for any kind of direct advertisement process via telephone (landline or mobile), voice or text message or other electronic communication, e.g. e-mails, this must be acted upon. There can be no fee levied for this process

Documented standards required

As with all controls they are best understood and enforced when documented, and therefore a documented standard is needed. This standard can however be, and in fact should be, prepared considering both the complexity of the organization and its current approach to advertising.

For example, where an FSP only utilizes a website for little more than brand awareness their controls would specifically address the content on that site, and permissions.

Having said this though, the Key Individual/s need to be aware of the overall standards should things need to change. This Guidance Note and attachments would be a useful addendum to any policy as it provides details of the requirements generally, and would act as a “Go To” reference if and when needed rather than simply re-stating the regulations in a policy.

Because of the vast array of client types and advertising standards, we have elected not to draft a “template”. What we have done is develop a checklist that can be used:

- To assess the effectiveness of any current standard
- To ensure that all aspects have been addressed in developing a new documented standard



Established 1993

OPTION SHORT TERM INSURANCE BROKERS (PTY) LTD

INSURANCE BROKERS & GROUP SCHEME ADMINISTRATORS

☎ 0861 111 857 ✉ office@oib.co.za 📠 086 620 6972 🌐 www.oib.co.za
📍 Tzaneen Street, Faerie Glen 📦 PO Box 40545, Garsfontein East, Pretoria, 0060

Registration No. 1993/06939/07 ▲ FSP Licence No. 8265 ▲ Vat No. 4210141406

This note also provides an assessment tool which enables the required content of any specific advertisement to be checked/planned for. This includes:

- Basic minimum standards
- Comparative standards
- Endorsements
- Loyalty benefit standards
- Forecasts & illustrations

This tool can also be adapted for use as an internal approval process, if needed, in the larger FSPs.



Established 1993

OPTION SHORT TERM INSURANCE BROKERS (PTY) LTD

INSURANCE BROKERS & GROUP SCHEME ADMINISTRATORS

☎ 0861 111 857 ✉ office@oib.co.za 📠 086 620 6972 🌐 www.oib.co.za
📍 Tzaneen Street, Faerie Glen 📦 PO Box 40545, Garsfontein East, Pretoria, 0060

Registration No. 1993/06939/07 ▲ FSP Licence No. 8265 ▲ Vat No. 4210141406

Definitions

The below definitions are in line with the definitions contained in the FAIS Act, FAIS GCOC, and PPR:

- 1.1. “**advertisement**” means any communication published through any medium and in any form, by itself or together with any other communication, which is intended to create public interest in the business, financial services, financial products or related services of a provider, or to persuade the public (or a part thereof) to transact in respect of a financial product, financial service or related service of the provider in any manner, but which does not purport to provide detailed information to or for a specific client regarding a specific financial product, financial service or related service.
- 1.2. “**comparative**” refers to a direct or indirect comparison between providers or between financial products, financial services, or related services of one or more provider or product supplier.
- 1.3. “**endorsements**” refer to public statements declaring the virtues of a financial product, financial service or related service of a provider or recommending the entering of a financial product, financial service, or related service.
- 1.4. “**Loyalty benefit**” means any benefit (including a so-called cash- or premium-back bonus) that is directly or indirectly provided or made available to a client by a provider or a product supplier or an associate of the provider or product supplier, which benefit is wholly or partially contingent upon:
 - 1.4.1.1. the financial product with that provider or product supplier remaining in place.
 - 1.4.1.2. the client continuing to utilise a financial service of that provider or product supplier.
 - 1.4.1.3. the client increasing any benefit to be provided under a financial product; or
 - 1.4.1.4. the client entering any other financial product or benefit or utilising any related services offered by that provider, product supplier or their associates.
- 1.5. “**No-claim bonus**” means any benefit that is directly or indirectly provided or made available to a client by a product supplier if the client does not claim or does not make a certain claim under a financial product within a specified period.
- 1.6. “**publish**” means:
 - 1.6.1. to make generally known.
 - 1.6.2. to make a public announcement of.
 - 1.6.3. to disseminate to the public; or
 - 1.6.4. to produce or release for distribution; and “publication” has a corresponding meaning.
- 1.7. “**puffery**” means any value judgments or subjective assessments of quality based solely on the opinion of the evaluator and where there is no pre-established measure or standard.
- 1.8. “**Plain language**” means communication that:



Established 1993

OPTION SHORT TERM INSURANCE BROKERS (PTY) LTD

INSURANCE BROKERS & GROUP SCHEME ADMINISTRATORS

☎ 0861 111 857 ✉ office@oib.co.za 📠 086 620 6972 🌐 www.oib.co.za
📍 Tzaneen Street, Faerie Glen 📦 PO Box 40545, Garsfontein East, Pretoria, 0060

Registration No. 1993/06939/07 ▲ FSP Licence No. 8265 ▲ Vat No. 4210141406

is clear and easy to understand; avoids uncertainty or confusion; and is adequate and appropriate in the circumstances, considering the factually established or reasonably assumed level of knowledge of the person or average persons at whom the communication is targeted.

Find more information by following this link to [ARB Code of advertising practice - general principals Nov 20](#)