

FSB to stop insurers spamming mobile numbers

A draft replacement of the Financial Services Board (FSB) Policyholder Protection Rules (PPRs) will enable consumers to opt-out of unwanted SMS communication from insurance companies, without incurring SMS costs.



©Rancz Andrei via [123RF](#)

Speaking in a recent interview, Lezanne Botha, a senior specialist for the Insurance Regulatory Framework department at the FSB said, “There is existing consumer-protection legislation in place in the form of the Consumer Protection Act. But it is important to bear in mind that the Consumer Protection Act does not apply to insurers.

“It can be said that financial services industries should be held to a higher standard of consumer protection than other industries, because of the risks and the failures in that these products can actually impose considerable hardships for consumers.”

When the new regulations come into effect, estimated to be June 2017, the South African insurance industry will be in-line with international standards. “This is good news for consumers,” remarks SMSPortal MD, Charles Stretch. “The CPA protects consumers against unwanted SMS but currently there is nothing to stop insurance companies sending unwanted direct marketing.”

Draft wording

The draft states:

- *13.10 Unwanted direct marketing*

- *13.10.1 An insurer or any person acting on its behalf must afford a policyholder to whom it markets a policy through a mobile phone voice or text message the right to demand during or within a reasonable time after the message that the insurer or person acting on its behalf desist from initiating any such further messages or any other communication.*
- *13.10.2 An insurer or any person acting on its behalf may not charge a policyholder a fee or allow a mobile phone service provider to charge a policyholder any fee for making a demand in terms of 13.10.1.*

Upon implementation, all insurers will need to send SMS communication from a reverse billed number. “This means when consumers reply ‘STOP’ to an unwanted SMS the sender of the initial SMS, in this case the insurance company, is charged for the SMS, not the consumer,” advises Stretch.

Botha in her interview added, “Until the effective date, if a policyholder gets these calls or SMSs they have to be afforded – by the insurer or the person contacting them on behalf of the insurer – the right to opt out. So, if you received a mobile phone voice message or a text message, the insurer has to afford you the right to demand, during or within a reasonable time after receiving such a message, that they must desist from any further marketing messages. They may also not charge you for making use of that right.”

It is easy for pay-as-you-go mobile subscribers and those without itemised billing to be unaware of the charge being applied to their account. Until the PPR are in place, consumers might see a charge on their bill to opt-out of unwanted insurer communication, but post implementation consumers should not see a charge.

“If you have been wrongfully charged or would like to seek advice, consumers should speak to WASPA, the Wireless Application Service Providers Association,” concludes Stretch.

For more, visit: <https://www.bizcommunity.com>