

Alice Barnard

From: Tenancy No Reply
Sent: Thursday, 6 June 2019 11:13 a.m.
To: Insurance Review
Subject: Response to Review of Insurance Contract Law quick form

What is your feedback on the overarching duties? Which option do you prefer and why?

Option 4 - if supported by a code to provide clarity and consistency around overarching duties this would be relatively simple, transparent and not too costly to administer.

What is your feedback on the options to improve product design? Which option do you prefer and why?

Option 3. Provides some assurance to customers that the product they are being sold is suitable for
them.

What is your feedback on the options to improve product distribution? Which option do you prefer and why?

Option 4. I do not believe that the quantum of commission currently being paid is too high. Possibly we could review how this commission is structured and the behaviors the current structure drives, but I do not believe that issues around churn are systemic, so we need to be careful that we do not introduce a structure to deal with a small minority that could have a significant impact upon the viability of the majority of intermediaries. Perhaps trail or servicing commission should only be paid with the support of empirical evidence of servicing to avoid a practice of "nesting" on client bases that do not receive any form of service. There is a significant piece of work in on-boarding new clients. This includes Disclosure, Scope of Service, Needs Analysis / Fact Find, Product Research and preparing Comparative Tables - onto the completion of Application Forms supported by recommended solutions and understanding attended risks - importance of disclosure at application time - nurturing the Application through underwriting, dealing with special terms applied by an insurer - onto policy issue and checking that the client has a full and comprehensive understanding of their risk management plan. I have only touched on the work involved as there is not enough room for me go into more depth. We need to be very careful not to drive these people out of business.

What is your feedback on the options relating specifically to insurance claims? Which option do you prefer and why?

Option 1. This option could be supported by Intermediaries, most of whom will advocate for their clients at claims time. Claims can be quite complex often due to a misunderstanding of policy wording and what events are actually covered. Also we frequently have non-disclosure issues that will impede, void or reduce a claim. We have experienced innocent non-disclosure which presents great difficulty, mostly well beyond a clients skill and knowledge to resolve. The Plus4 Group has a claims committee made up of people with specialist knowledge around insurance law and policy wording. The Plus4 Group has been very successful in advocating for clients with difficult claims and thereby relieving clients of stress and anxiety at claims time.

What is your feedback on the options for tools to ensure compliance? Which option do you prefer and why?

Option 3. Seems to be the most cost effective and have sufficient flexibility for the regulator to enforce all sectors in the industry operate in a compliant manner.

What is your feedback on who the conduct regulations should apply to? Which option do you prefer and why?

Option 2. Provides an even playing field between financial service providers offering the same services as they will be subject to the same obligations

What is your feedback on the initial preferred package of options?

Overlap with existing regulation. Makes sense!

Do you have any other general feedback?

1. I am inclined to think that we should have an extension of, say, 12 months for the new legislation to be developed to allow for the dust to settle for the FSLAA and the licensing environment to evolve.
2. Important that we look at financial advice business sustainability alongside commission structures.
3. Providers be responsible for product suitability and advisers responsible for advice. Advice is governed by the new FSLAA so does not require additional duties or oversight. Again, let the dust settle

Your name

Peter Standish

Your email address

Privacy of natural persons

Your organisation

Plus4 Insurance Solutions

In what capacity are you making this submission?

business

Other capacity

Privacy act/release

Can we include your name or other personal information in any information about submissions that we may publish?

yes

We intend to upload submissions to our website. Can we include your submission on the website?

yes

You may ask us to keep your submission, or parts of your submission, confidential. If so, you'll need to attach reasons and grounds under the Official Information Act 1982 for consideration.

no

You've indicated that you would like us to keep your submission confidential. Please give your reasons and grounds under the OIA that we should consider.