

From: Tenancy No Reply
Sent: Friday, 7 June 2019 9:07 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?

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

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

Remuneration and Incentives

We are supportive of option 1 where financial institutions will be subject to a duty to design remuneration and incentives structures that promote good customer outcomes. A principles-based approach encourages firms to remain engaged and to create a solution that will fit their business models while meeting the regulatory requirements, no matter what the size, nature and complexity may be.

The use of regulatory guidance notes and regular market engagements would assist firms' understanding of the regulator's expectations and remove uncertainty.

Further, while an outright or specific ban may reduce the risk of mis-selling behaviour initially, it could also create certain unintended consequences if not implemented with some care. For example, it is possible that some employees in advice roles may look to exit the industry or that the industry may not be able to attract new advisers due to changes in business models and remuneration structures. This carries the risk of reduced access to advice for customers, over the short to medium term at least. Therefore, we are less in favour of options of this type.

Manufacturer accountability

We agree that good customer outcomes can be better achieved with all market participants working towards the same goal of good customer outcomes. Where misconduct is observed, it should be called out and dealt with. This should be responsibility of all market participants, whether that is a supplier, a peer distributor or persons relating to the distributor.

We are therefore supportive of having manufacturers taking reasonable steps to ensure the sales of its products are likely to lead to good customer outcomes.

Select Wealth does not distribute products itself; it only distributes products through third party intermediaries who are Authorised Financial Advisers (AFA's) operating under a distribution agreement with Select Wealth. Therefore, non-advised sales through intermediaries is not a scenario relevant to our business.

In the context of advised sales, we agree that manufacturers should not be expected to take significant new steps to oversee the sales of products through authorised or licensed intermediaries, for these reasons:

- manufacturers of financial products who are licensed under the FMC Act are subject to conduct obligations;
- distributors regulated under the FAA or the FSLAA are also subject to certain duties and code standards; and
- the duties, obligations, relevant liabilities and a range of enforcement consequences are clearly defined and the FMCA licensing regime is operating effectively

In respect of advised sales, we believe the following are examples of steps that can be taken by manufacturers to ensure the distribution of its products are likely to lead to good customer outcomes:

- providing educational material to intermediaries to ensure the product intent is well understood
- providing regular communication through updates and relationship meetings to ensure intermediaries are kept up to date with product offering and market developments
- monitoring customer feedback and complaints to identified issues and trends; and
- proactively working with intermediaries to remediate issues in a timely manner.

We support the suggestion that the new manufacturer duty (if introduced) should be limited to non-advised sales only, as we believe this delineation is likely to avoid unintended consequences for advisory channels such as a significant increase in compliance costs and the potential for reduced access to advice amongst consumers.

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

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

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

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

Do you have any other general feedback?

Your name

Debbie Tuddenham

Your email address

Privacy of natural persons

Your organisation

Select Wealth Management

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.