

A. Roles of participants – group/professional bodies/regulators.

I feel that professional bodies and groups serve an importance to the industry by giving the individual advisor continuing education and support, as an advisor you can get quite busy with the day to day running of your existing business. Having a professional body membership enables a quick and easy way to get information about the changing advice market, laws regulations and process etc. Also on conference or meeting dates it helps to enhance advisor's knowledge and enables advisors from different businesses to get together and discuss better ways of giving financial advice and procedures in doing so.

Without professional bodies/groups most advisors would remain in the dark and not grow knowledge/systems/advice/processes in most cases.

The regulators role in my view is to make sure that businesses are accountable for advice given to the consumer. Without a regulator there would be no means to look out for the consumer and monitor the advice that are receiving.

B. Remuneration and Conflict of Interest

I feel very strongly about the remuneration side of the business, I hear all the time through the market about "churning" and reducing upfront commissions. What we need to understand is different businesses require different remuneration, for example a one man band brokerage with renewals and relatively low overheads and no other brokers could maintain a good living on low upfront commission and probably go on to spread commission basis. Whereas a brokerage which has higher overheads and several brokers would find it an impossibility to stay in business on a spread or renewal based model. Also should we not be encouraging new people into the industry? Earning level or 20% spread commission or reduced upfront commission their income would be ridiculous. I.e. writing 100k of new business in 12 months and receiving only \$20,000 as an income, they would be better off working at McDonalds.

If the remuneration/commission is reduced on up front the consumer would suffer, there would be fewer advisors in the market as well as less brokerages, and the brokerages that exist would be far larger and would lack motivation to write new business. What would be the point for such a small pay-out for new business. I myself would just service my existing book of business and work off my renewals. In my opinion a lowering of upfront commissions would kill the industry, less advisors entering our businesses, less consumers being advised or introduced to insurances. The only institutions that would benefit would be the banks as commission is not an issue for them; I feel the norm for people would then be using the bank, which would not be good for the consumer.

When it comes to 'churning' this is in my opinion is a big deal created by some insurance companies whereas in most cases the reason for the "churn" is created by insurance companies themselves, when they enhance product wording, prices etc. They have not made the changes retrospectively in the past so as an advisor we must make recommendations to the client to change. I can give numerous claim examples where had I left the clients where they were they would not have been paid at claim time. We must remember we work for the client not the insurance company.

Also if there was no commission or limited commission when changing a client to a different product or company, the client will suffer by getting advice on how much a broker would earn for the advice given. That is why I think it is ridiculous to put in a rule that I have heard suggested that if the policy is changed within 5 years or little commission is paid this would mean that a client/consumer

would be stuck in a potentially inferior product for their situation for a long period of time which could be detrimental, especially at claim time. I see that insurance companies (not all but most) are making this a big deal but we as advisors need to stand up for the clients/ consumers as they are our main concern.

Insurance companies need to remember they are just the suppliers in the market and the only reason they have our clients with them is because of the products, benefits, and features and service we as advisors receive from them.

Clients are with their insurance companies because we have recommended that company to them not because of the company themselves.

We cannot let insurance companies dictate the direction of our industry as they are not the coal face. They should just stick to product design and service and let us and the regulators decide on what is best for our clients.

Conflict of interest is a problem which does not exist if the client is getting the best advice and this is justified in the proper way by the advisor. In my view this is a red herring and scare mongering to suggest that advice given by the advisor is in their own best interests.

C. Disclosure

With regards to this issue I seem to be alone when I speak to other advisors that let the client fill in the application forms. I think this is a very dangerous process and they are doing the consumer a disservice. I go through the application with the client and complete it by asking all the questions and looking for body language/responses hesitation etc. it is our duty as advisors to dig deep into a client's medical history not sit there and hope they have a memory like an elephant. Also relying on their mind to consider whether they should disclose something or not.

I have been using this process for the last 20 years and have 2-3 trauma claims a week, medical claims every day, death claims every few weeks as well as income protection claims. I have only had 4-5 cases of decline because of non-disclosure in my business and am sure it is because we are very thorough on application.

I think our role as an advisor is to ask the questions of the client, we know what is important to note and what it isn't. It is doing a disservice to the client not to use our knowledge in the area.

D. Licencing/Registration

I feel registration is important so that the financial services industry knows who is out there giving advice, it is a simple process to register and should remain so.

E. Educational Standards

I also feel that all advisors even if as an RFA should have the National Certificate 5 in financial advice just to insure they have enough knowledge and also understand the industry as they should.

I feel there is no need for an insurance advisor to be an AFA if only giving insurance advice.

F. Goals of Regulation

To insure that the consumer is receiving the best advice and processes possible and making the advisor accountable for the advice given.

Making sure that the insurance company relationship has nothing to do with the advice given. The insurance companies need to accept that we made decisions for our clients and that they are our clients not theirs. The consumer must come first and regulations need to ensure that is the case.

G. Consumer needs - Clarity, information, access to advice

Each brokerage needs to be accountable for the advice given, they should be easy to understand processes that the most basic of person could understand. I think the advice process now could be off putting for some consumers as it is long winded and full of unnecessary information that the client would not even be interested in (I am referring the insurance aspect not investments)

What happened to keeping things simple, I get the feedback from clients on a daily basis that the systems we use now are just overkill and not necessary.

H. Dispute resolution information

In my opinion there has been a whole industry in this country created around complaining. The sooner the business owners realises that there will be 20% of consumers that will never be happy the better you can spend 80% of you time trying to keep 20% happy or just accept that you can run a business on 80% you will never retain 100%.

I suppose it is important to have a disputes process for consumers as a life advisor for 20 years in business I have had no need for them at all.

Whether there is one, two, three of four companies offering this service I think it does not matter.

As you can see from above I feel that remuneration and disclosure are the two main areas I am concerned about, the decisions made on these two topics will have the biggest impact on our industry.