partnersLIFE
Rewarding partnership – for life

# FINANCIAL ADVISORS REVIEW: SUBMISSIONS

## Partners Life Submissions on Issues Paper

**1. Do you agree that financial adviser regulation should seek to achieve the identified goals? If not, why not?**

We agree that the current goals are appropriate, however, we would strongly encourage a review of the words financial adviser and financial advice. These words are very wide reaching and to make the goals applicable to consumers, further definition is required.
Our suggestions are as follows:

1. Consumers have the information they need to find and choose an adviser who is capable to provide advice on the financial product(s) they are seeking/considering.

2. Advice on the financial product(s) consumers are seeking/considering is accessible.

3. Public confidence in the professionalism of financial product advice is promoted.

**2. What goals do you consider should be more or less important in deciding how to regulate financial advisers?**

Goal 3: "Public confidence in the professionalism of financial advisers is promoted" is the most important goal. Whilst the concepts in Goal 1 and 2 are important, these goals mean nothing if consumers are unwilling to seek out financial advice because of a perceived mistrust of the financial advisors regime.

**3. Does this definition adequately capture what financial advice is? If not, what changes should be considered?**

We agree that the current definition of financial advice is appropriate. It is the definition of each adviser category that we believe needs changing as detailed below.
...

**6. Is it appropriate to have different requirements on advisers depending on the risk and complexity of the products they advise upon?**

We agree that it is appropriate to have different requirements on advisors depending on the risk and complexity of the products they advise on.

In the case of investment/saving advice, we agree that the requirements for providing investment/savings advice should be very robust. There is a significant difference between providing advice on investing consumers' own funds compared with advising on products where the consumer is effectively paying a regular charge/premium for the use of the product provider's funds. Clearly the most significant public fall-out over the past 30 years in NZ has been in relation to investment/savings products issues and the perception of incompetent and conflicted advice - resulting in consumers taking inappropriate investment risks. Fraud on the part of product providers and/or advisers which directly impacted consumers has also been more significant in the investment/savings sector than in other sectors such as insurance and lending.

We also agree that a less onerous regime is appropriate for the provision of advice for other financial products, provided a higher minimum qualification/education standard is introduced for these advisers.

**7. Does the current categorisation system accurately reflect the level of complexity and risk associated with financial products? If not, how could it be improved?**

We agree with the current categorisation of products.

**8.Do you think that the term Registered Financial Adviser (RFA) gives consumers an accurate understanding of what these advisers are permitted to provide advice on and the requirements that apply to them? If not, should an alternative term be considered?**

We do not believe that the term Registered Financial Adviser gives consumers an accurate understanding of what these advisers are allowed to provide them advice about or the level of competence they have to do so. In fact we think the term ‘Registered’ implies a formal application and approval process has been met by the adviser.

If the word Registered is to continue to be used we would recommend a minimum qualification/experience hurdle be set for each specific product type, before an adviser can be added to (or remain on) the ‘register’ and therefore use the term ‘registered’.

In addition we do not believe the term ‘Financial Adviser’ should apply to anyone other than an AFA who is qualified to provide advice across the broad spectrum of financial products e.g. investments, savings, insurance and lending.

We acknowledge that if a consumer is simply being sold a Category 2 product, are not being advised on whether the product is to meet any specific needs they might have, and are not in any way provided with opinion about the comparative value of the product versus any existing product or any competitive product, then advice is not being provided and the title of the person selling the product should not be permitted to use the word “advice”.

For non-AFA advisers we recommend the term ‘financial advice’ be replaced with ‘insurance advice’ or ‘mortgage advice’, or ‘insurance and mortgage advice’; whichever is applicable. As suggested above, we then believe these advisers must meet a minimum qualification/experience thresh-hold in their specific area(s) of practice in order to be ‘registered’. We believe this minimum threshold should also apply to QFE advisers.

Considering the above, we propose the following:

- Authorised Financial Adviser: no change.
- Registered Financial Advisor (renamed "Registered Insurance/Mortgage Advisor"): Registered only once minimum qualifications/education threshold has been met.
- QFE advisor (renamed "QFE Insurance/Mortgage Adviser"): May only practice once minimum qualifications/education threshold has been met.

**9. Are the general conduct requirements applying to all financial advisers, including RFAs, appropriate and adequate? If not, what changes should be considered?**

Whilst we agree that the general conduct requirements are appropriate, we consider that there are specific additional risks to a client when replacing/switching existing products from one product provider to another and that a further conduct requirement specific to this situation should be added.

We suggest that the below general conduct requirement be included:

- "To exercise significant caution and care, and to undertake in depth research and reporting, when advising a consumer about the risks and rewards of switching existing products away from one product provider to another."

**10. Do you think that disclosing this information is adequate for consumers? Should RFAs be required to disclose any additional information?**

We believe the most important additional disclosure that should be required is that all advisors should be required to disclose any interest that could reasonably be expected to "materially influence" the advice being provided to the consumer i.e. where the advice given could be influenced by the benefit received by the adviser or the restrictions that apply to the adviser. Disclosure of these potential conflicts will alert the consumer to the questions they should ask of the adviser in order to be confident that the advice they are receiving is in their best interests.

It is important to recognise that adviser remuneration on its own does not create an advice conflict. Consumers should expect to pay for professional advice (be that through commissions, fees or a combination of both). It is also important to acknowledge that commission is not the only form of adviser remuneration, e.g. salaries or fees. Finally, it is also very important to recognise that AFAs and QFE advisers can also have the same potential conflicts as RFAs.

In our opinion the following potential conflicts should be disclosed to the consumer:

For all new and replacement business:

1. The product provider and quota details, where there are any obligations to place a fixed percentage or a minimum volume of business with a product provider.

2. The product providers for whom active business agreements/agency agreements are currently held i.e. the only companies the adviser is able to place business with.

3. The research engine/tool the adviser has access to (if any), i.e. whether the adviser is able to provide any advice about the products of product providers they do not hold a current agency with.

4. The difference in total remuneration (including soft dollar incentives) to the adviser between the product providers in no. 2 above if the recommended solution was placed with each of them.

Additional disclosures for replacement business (i.e. where existing benefits are being fully or partially replaced):

5. The difference in total remuneration (including soft dollar incentives) to the adviser between retaining the existing benefits with the current product provider and replacing them with benefits from the new product provider.

**11. Are there any particular issues with the regulation of RFA entities that we should consider?**

Further to our answers to Questions 8 and 9, we strongly believe there should be regulations around the process for replacement business, but that this should apply across all adviser categories.

We are not aware of the approach the FMA has/will take in respect of ‘policing’ and/or auditing the compliance of RFAs. If we don’t know this then consumers certainly won’t either.

We also have some issues with the current Dispute Resolution Scheme structure in relation to RFAs, which we believe diminishes consumer protection (please see our answers to Questions 66 and 73).

**...**

**16. Are the current disclosure requirements for Authorised Financial Advisers (AFAs) adequate and useful for consumers?**

*Please refer to our answer to Question 10.*

**...**

**22. Does the limited public transparency around the obligations of Qualifying Financial Entities (QFEs) undermine public confidence and understanding of this part of the regulatory regime?**

Further to our answers to Questions 8 and 9 above, the current distinctions made under the term "financial advisor" (including QFE advisor) must be amended to ensure that consumers can understand the relevance of the current titles. The public needs to be able to identify what type of advice is being provided by the individual who is advising them, not the entity that the individual belongs to. Adopting new titles for QFE advisers (see Question 8), and strengthening the disclosure obligations of advisors (see Question 10) will help with public understanding and ensure public trust and confidence is maintained.

**23. Should any changes be considered to promote transparency of QFE obligations?**

Further to the strengthened disclosure obligation proposed under Question 10, we would reiterate that it is important that the changes to disclosure obligations for QFE advisors be made at the individual adviser level, rather than at the QFE level. The QFE is a vehicle to enable the FMA to enforce the regulations, it is not an entity that should matter to the consumer. It is the individual giving them the advice that needs to be transparent in terms of disclosures.

However we acknowledge that if a consumer is simply being sold a product, are not being advised on whether the product is to meet any specific needs they might have, and are not in any way provided with opinion about the comparative value of the product versus any existing product or any competitive product, then advice is not being provided and any minimum qualification/disclosure obligations are not necessary. As this scenario is generally restricted to QFEs then we believe a new title of QFE product salesperson might be appropriate as long as any components of personal advice be banned from this distribution channel.

**24. Are the current disclosure requirements for QFE advisers adequate and useful for consumers?**

*Please refer to our answers to Questions 10 and 23 above.*

The disclosure requirements for QFE advisers should be the same as for RFAs and should include disclosure of conflicts including remunerations conflicts, product provider limitations, and research limitations.

**25. Should any changes be considered to improve the relevance of these documents to consumers or to reduce the costs of producing them?**

Further to our answer to Question 10 above, we would recommend that all advisers be required to ensure that the client signs an acknowledgement that the advisors relevant interests in terms of remuneration, product provider restrictions and product research restrictions, have been disclosed to them.

**...**

**33. Does the FA Act provide the Financial Markets Authority (FMA) with appropriate enforcement powers? If not, what changes should be considered?**

The FMA should be empowered to monitor, investigate and discipline the behaviour of all advisers (including RFAs). It is not appropriate for the public to be advised by any advisers who are not adequately regulated. In terms of RFAs, public trust and confidence in financial advice in New Zealand is significantly dependent on the behaviour and management of RFAs (ie they are a large category of advisers and therefore a large proportion of the public receive their advice). Despite this, RFAs are subject to a very low-level of regulation. We believe that the issue could be addressed by expanding the powers of the FMA.

**...**

**35. What changes should be considered to make the current regulatory regime simpler and easier for consumers to understand? For example, removing or clarifying the**

**distinction between AFAs and RFAs.**

*Please refer to our answers to Questions 3 and 7 above.*

The titles that apply to each category of adviser is the key here. Only AFAs should have the term 'financial advice' in their title. RFAs and QFE advisers should be required to meet a minimum qualifications/education threshold in each Category 2 product that they provide advice on (e.g. mortgages or insurance). Only once that has been demonstrated should they be able to be registered and titled as registered (e.g. registered insurance adviser).

The conflict disclosures we have recommended should also be adopted.

Should an additional category QFE product salesperson be adopted, then it is essential that they be appropriately regulated to ensure the consumer does not believe they are being 'advised'.

**36. To what extent do consumers understand that some financial advisers' primary roles may be selling financial products, rather than solely acting as an unbiased adviser to their clients?**

At the moment consumers cannot easily and quickly identify the level of competence or expertise of an adviser nor can they understand the potential restrictions/conflicts relating to the advice they are receiving. The term financial advice is very problematic in this respect.

If the title and disclosure requirement recommendations we have made are adopted, then this confusion will be considerably lessened. For example, it will be clear to the consumer what the adviser is actually able to advise them on in respect of product, product provider, existing covers etc (ie it will be obvious if they are receiving advice, which product(s) they are receiving advice about and if there are any restrictions to that advice).

**37. Should there be a clearer distinction between sales, information provision, and advice? How should such a distinction be drawn? What should or should not be included in the definition of financial advice?**

*Please refer to our answer to Questions 35 & 36.*

**38. Do you think that current AFA disclosure requirements are effective in overcoming problems associated with commissions and other conflicts of interest?**

Further to our answer to Question 10, we envisage that the types of things the AFAs should be required to disclosure would include:

- the difference in remuneration between options available to the consumer;
- the product providers they hold active agencies with;
- the research they have access to about product providers outside of the products they are able to sell;
- the research they have access to in regards to any existing policies the client has; and
- the remuneration difference between the client remaining with existing products and moving to a new product provider.

Disclosing commissions/remuneration on its own is not helpful to a consumer trying to understand any potential conflicts driving the advice they are receiving.

**39. How do you think that AFA information disclosure requirements could be improved to better assist consumer decision making?**

*Please refer to our answer to Question 25.*

**40. Do you support commission and conflict of interest disclosure requirements being applied to all financial advisers? If so, what requirements are appropriate for different adviser types?**

As discussed at Question 10, commission in itself should not be considered something bad. Advisers should be remunerated for providing valuable, expert advice to consumers.

In fact commission is one of the only ways to remunerate life insurance advisers who act on the client's behalf by holding agencies across a number of companies rather than being "aligned" to only one. These advisers are able to offer their customers choice which is not dictated to by a virtual 'employer'. As a result of deciding to remain 'independent' these advisers have to cover all of the fixed costs that a QFE, for example, would pay for their own advisers. Costs such as lead generation, administration support, insurance, systems, compliance costs, advice provided but not followed, etc.

All forms of remuneration, not limited to commission, have the potential to create conflicts. But a bigger conflict is actually any obligations and/or limitations to the advice the consumer receives. So 'alignments, quotas, sales targets' which an adviser is obligated to meet for any one product provider is equally, if not greater, as problematic as any remuneration conflict.

It is likely that some QFE's and/or advisers who are obligated to support one product provider over others (in particular where fixed costs are not paid directly out of commissions), would prefer to represent commission as the sole advice 'conflict' because commission disclosure or commission restriction will not impact on their businesses to the same extent that it will for other advisers i.e. it will mean they can remain as they are while the competition is restricted.

The problem with this is that anything that reduces competition and choice is actually detrimental to the consumer, and will only widen the under-insurance gap which already exists in New Zealand.

We strongly recommend that all actual and/or potential advice conflicts be disclosed, rather than just focusing on commissions.

**41. Do you think that commissions should be restricted or banned in relation to financial advice, and if so, in what way? What would be the costs and benefits of such an approach?**

Further to our answers to Question 10 and 40, we do not have a view on commissions for Category 1 products. However, for Category 2 products we strongly disagree that commission should be restricted or banned for new business (as opposed to replacement business) as this would immediately restrict advice which is independent of product providers and therefore, will restrict competition to the detriment of the consumer. As mentioned previously we believe quotas, and enforced product and/or provider restrictions create equal if not greater advice conflict as commissions.

For replacement business, we believe the training and disclosure recommendations made in Question 10 would significantly reduce the levels of replacement business that cannot be justified as being primarily in the client's best interests. If this is correct then current commissions for replacement business may be sustainable. However, we could accept a restriction that only "level" or "as earned commission" (including any production bonuses) be allowable when a client is moving premiums they are currently paying from one product provider to another (irrespective of the benefits that premium is paying for). This means an adviser must disclose to the new product provider both benefits and premium which are being replaced and will then only receive level or as earned commission on the replaced premium. This commission restriction should further significantly reduce any opportunistic replacement advice driven solely by the adviser's desire for a new upfront commission from an existing client.

We also do not consider that this approach will prevent an adviser from recommending replacement, where it is in the client's best interests, as more often than not, new premium is also being added at the same time meaning the adviser will receive upfront commission for the new premium in addition to the level or as earned commission for the premium that has been replaced. This commission restriction on replacement business, while reducing 'churn' should still

be sufficient to remunerate an adviser who is recommending 'replacement' in the best interests of the client.

This commission restriction could ultimately improve industry persistency rates and therefore profitability.

**42. Has the right balance been struck between ensuring advisers meet minimum quality standards and ensuring there is competition from a wide range of providers (and potential providers)?**

As long as commission structures enable advisers to remain independent from any one product provide and the minimum qualification/education standard we recommend at Question 8 is implemented then there will be competition for consumers as product providers compete for the independent advisers' business. We do not believe minimum quality standards, for example minimum education or experience thresholds for RFA and QFE advisers, will reduce competition at all. Instead we consider that it will increase consumer protection and therefore public trust and confidence in the advice industry.

**43. What changes could be made to increase the levels of competition between advisers?**

Enabling advisers to achieve higher qualifications than merely the minimum threshold would encourage them to compete against each other to become more 'expert'. Disclosure of actual and/or potential conflicts will facilitate more advisers competing on the basis of 'independence' or in other words on the basis of access to product choice for the consumer.

However, the competition that is best for the consumer is that which occurs between product providers in terms of the value their products deliver to the consumer. Product providers who have to (or choose to) offer their products through independent advisers, know that their products have to be competitive in order to get independent advisers to recommend them to consumers.

Product providers who do not have to (or those who choose not to) compete for independent distribution, might not be as motivated to compete on the basis of their consumer value proposition.

**...**

**46. Are there specific compliance requirements from the FA Act regulation that have affected the cost and availability of independent financial advice?**

We do not believe the current regime has resulted in unacceptable costs but it has definitely encouraged more advisers to become RFAs or join QFEs than to achieve AFA status. Our recommendations regarding minimum qualifications/education thresholds for specific category 2 products would improve access to independent, qualified, product specific advice.

However, the biggest threat to independent advice is the current misrepresentation of commissions (as a form of remuneration) as being a "bad" form of remuneration (please see Question 40).

Regulated disclosure of conflicts including remuneration conflicts, product provider restrictions, product research access restrictions, and competency, etc., may encourage more advisers to move out of QFEs and/or may encourage more RFAs to become AFAs. Both of these outcomes would increase consumer access to independent advice.

**...**

**53. In what ways do you expect new technologies will change the market for financial advice?**

In our view, technology is simply a tool that can be used to facilitate advice.

In our view it is very important for the term financial advice to be restricted to advice that is delivered by an individual adviser (who can be identified, monitored and disciplined) and is tailored to an individual consumer.

DIY processes where the client is left to decide which questions they should ask and which answers they should accept is not advice and should not be allowed to be called this. We consider that the specific titles we recommend under Question 8 should apply whether the advice is delivered via technology or not. Further, changing technologies only increase the need for the term "financial advice" to be restricted to advice that is delivered by an individual adviser (who can be identified, monitored and disciplined) and is tailored to an individual consumer (see also our answer to Questions 22 and 23 above).

Provided that there is an individual who is assisting the client to understand the questions that are applicable to their personal circumstances; are providing the answers to those questions; are guiding the client through the purchase process to ensure the product they choose is the best fit for the needs that have been identified; and that individual can be held accountable for the advice they have provided, then it does not matter whether the advice has been delivered via technology or face to face.

**54. How can government keep pace with technological developments to ensure that quality standards for advice are maintained, without inhibiting innovation?**

By ensuring that: the terms financial advice and insurance/mortgage advice are only used when advice is actually provided by an individual; minimum qualification/education thresholds are met; and disclosure requirements are consistent irrespective of how the advice is delivered.

To achieve this, advice sites must be legally required to be registered by the FMA as either a QFE, RFA or AFA (or the equivalent new titles we recommend). They should also be required to belong to a Dispute Resolution Scheme and should be monitored by the FMA in the same way as any other AFA, RFA or QFE adviser.

The FMA should then focus on raising public awareness that any advice they receive should be from a registered financial service provider only, including any robo-advice.

**55. Are the minimum ethical standards for AFAs appropriate and have they succeeded in fostering the ethical behaviour of AFAs**

Yes.

**...**

**57. What is an appropriate minimum qualification level for AFAs?**

We believe the current minimum qualification is appropriate for AFAs.

**58. Do you think that RFAs (for example insurance or mortgage brokers) should be required to meet a minimum qualification relevant to the area of advice they specialise in? If so, what would be an appropriate minimum qualification?**

Further to our answer to Question 8 above, we consider that there should be a minimum qualification threshold for (using the titles we recommended): registered insurance advisers; registered mortgage advisers; and registered insurance and mortgage advisers. We also believe that this minimum threshold should apply to QFE advisers (or "QFE insurance/mortgage advisers").

As mentioned in Questions 8 and 23 above, we accept that any QFE product salespersons could be exempted from these minimum qualification obligations.

Partners Life currently provides a two week, full-time course on how to be a life insurance adviser, which is industry specific but not company specific. We believe the curriculum of this existing course could be used as a basis to form an industry-wide qualification.

In our view there will be QFEs, product providers and/or Dealer Groups in each of the life insurance, mortgage and fire and general insurance industries who have already or could help develop a similar curriculum for advisers in these industries.

**59. How much consideration should be given to aligning adviser qualifications with those applying in other countries, particularly Australia?**

Despite the very heavy regulatory regime, which imposes significant cost on advisers (and is therefore borne by consumers), the Australian market has experienced and is still experiencing significant issues relating to 'financial advice' which is far in excess of any similar issues in the NZ market.

The markets are very different both in terms of government involvement in the markets (Australian super funds vs NZ ACC), and very different in respect of the structure of the advice industries.

The Australian financial services market is also dominated by Australian Banks, which are very effective at lobbying the Australian government for their preferred outcomes, at the potential cost of competition, and therefore to the detriment of the Australian consumer.

New Zealand has the opportunity to put the needs of the consumer to the forefront in adjusting the existing regulation, rather than allowing regulations to effectively create monopolies in the advice industry at the expense of consumer choice.

**...**

**62. Should any changes be considered to the relative obligations of individual advisers and the businesses they represent? If so, what changes should be considered?**

*Please refer to our answer to Question 22 above.*

We strongly support obligations on individual advisers irrespective of which business they represent. The quality of the advice and the potential for conflicts to influence the advice given are both issues that rest with the individual adviser. As a result we believe the same obligations, minimum qualifications, and disclosures should apply to individuals within QFEs as they do for individual RFAs.

**63. Is the QFE system achieving its goals in terms of consumer protection and reducing compliance costs for large entities? If not, what changes should be considered?**

Further to our answers given above, in our view, QFE Advisers (as opposed to QFE product salespersons) should meet the same minimum qualification/education thresholds and disclosures obligations for Category 2 products as AFAs and RFAs.

While we understand the attraction of minimising cost for the QFE, it is important to note that the QFE is also receiving remuneration (either through commission, fees or from the profits of products they manufacture themselves) for the sale of the products which their advisers are providing advice on. We do not therefore understand why the QFE costs should be considered separately from the costs incurred by other product providers which choose to compete for distribution through independent advisers, or adviser Dealer Groups which choose to provide support services to RFAs and AFAs.

**...**

**66. Do you agree that the dispute resolution regime should seek to achieve the identified goals? If not, why not?**

We agree that the current goals are valid, however, we think there is a further goal that is missing.

Our view is that there should also be a goal to ensure that no matter which Dispute Resolution Scheme a financial service provider chooses, the consumer obtains a consistent and fair outcome. That is, rulings by one dispute resolution body are consistent with rulings given by other disputes resolution bodies

It is essential that consumers do not experience very different outcomes as a result of the Dispute Resolution Scheme choices made by the very financial service provider they are in dispute with.

**67. What goals do you consider should be more or less important in reviewing the dispute resolution regime?**

We consider that the most important goal for the Dispute Resolution Scheme is to provide an avenue for consumers to have their grievances heard and to achieve justice if their dispute is found to warrant it.

To achieve this, further work is needed to ensure consumers understand what does and does not constitute a dispute, how to identify potential issues during the advice process (e.g. advice conflicts) to avoid ending up in a dispute, and how to go about raising a dispute with the Dispute Resolution Scheme.

We believe a significant amount of effort is required to raise consumers' awareness of the above.

**...**

**69. What changes, if any, to the minimum registration requirements should be considered?**

We would recommend that the register include details of which product providers a financial service provider can represent (ie who they hold an agency agreement(s) with). By providing this additional information (which must be updated whenever it changes), the register will facilitate a more informed decision by consumers who might be using the register to find an adviser. They will be able to identify if the adviser is able to offer them product choice or not, and to make a decision about whether this is important to them or not.

**70. Does the requirement to belong to a dispute resolution scheme apply to the right types of financial service providers?**

In our opinion it does.

**71. Is the current framework for the approval of dispute resolution schemes appropriate? What changes, if any, should be considered?**

Further to our answer to Question 66, we consider that there needs to be guidelines provided to disputes resolution bodies to ensure there is no 'conflict' in the decisions made by bodies when disputes have been taken against members of a particular Dispute Resolution Scheme (ie the financial service providers, who are also effectively their clients). We also believe jurisdictional limits should be regulated to be consistent across all Dispute Resolution Schemes for the benefit of the consumer who has not had any input into which scheme their disputes will be heard by.

**...**

**73. Is the existence of multiple schemes and the incentive to retain and attract members sufficient to ensure that the schemes remain efficient and membership fees are controlled?**

Further to our answers to Questions 66 and 71, we are concerned that consumers could end up with different results from disputes depending on which Dispute Resolution Scheme their financial service provider (whom the dispute is about) has chosen as being the most relevant for themselves.

Our preference is that there should either be one disputes resolution body to whom all financial service providers must belong (and pay for). By concentrating disputes resolution in one body,

there is a far higher chance of developing deep disputes expertise and for achieving economies of scale in terms of cost. Decisions under this basis would be consistent across all disputes of a similar nature.

If there are to remain multiple bodies then jurisdictional limits should be regulated to prevent competition for members on the basis of lower limits. Having lower limits for the benefit of financial service provider members, could significantly limit the consumer's access to expert, un-biased resolution.

There will also need to be robust guidelines issued by the FMA which all bodies must adhere to in reaching disputes decisions in order to ensure there is consistency of outcome for consumers irrespective of which body their FSP has elected to belong to, especially given the consumer has not had any choice about which DRS their complaint will be heard by.

**...**

**75. Should additional requirements to ensure that financial service providers are able to pay compensation to consumers be considered in New Zealand?**

It certainly would assist with consumer confidence if an industry Fidelity fund was created to provide recourse to consumers where their financial service provider is unable to pay any compensation awarded to the consumer (ie because the adviser committed fraud and their PI insurance doesn't cover them as a result).

**76. What features or information would make the Register more useful for consumers?**

We suggest the below two features:

1. Change the titles of advisers to ensure consumers can quickly and easily understand the kind of advice they can expect to receive (or when they should not expect to receive any advice).

2. Provide information about which product providers an adviser can currently, contractually represent.

**77. Would it be appropriate for the Register to include information on a financial adviser's qualifications or their disciplinary record?**

If the minimum qualification/education standard we recommend above is introduced, then we do not believe there is a need for the register to record qualifications.

Further, we do not understand what is meant by "disciplinary record". Our view is that the adviser either meets the requirements of the Act (and therefore can be on the register) or they do not (and therefore cannot be on the register).

If disputes have been found against advisers, we expect the FMA would consider the outcomes of those disputes and make a decision about whether the adviser is still fit and proper to remain on the register or should be removed.

In summary, if an adviser is on the register, then a consumer should be able to have confidence in utilising them for advice on the applicable products. It is inappropriate to place responsibility on the consumer to make further enquiries as to whether the provider has previous 'blemishes' on the register.

**...**

**80. What are the effects of (positive and negative) competition between dispute resolution schemes on effective dispute resolution?**

*Please refer to our answers to Questions 66 and 73.*

**81. Are there ways to mitigate the issues identified without losing the benefits of a multiple scheme structure?**

*Please refer to our answers to Questions 71 and 73.*

...

**83. Please provide your name and/or the name of the group of people, business, or organisation you are providing this submission on behalf of:**

Naomi Ballantyne, Managing Director, Partners Life Limited.

**84. Please provide your contact details:**

REDACTED TEXT

**85. Are you providing this submission:**

I provide this submission on behalf of an organisation, Partners life Limited.

Partners Life Limited is a New Zealand-owned Life Insurance Company which was founded in 2010 and launched in 2011. We are currently the second largest life insurer in New Zealand by new business market share. We have over $130m in in-force annual premium, we have over 110,000 clients and we have 160 staff. Over 1400 financial service providers hold active adviser agencies with Partners Life Limited.

**86. If submitting on behalf of an organisation:**
**How many people are in the organisation, or work in the organisation, that you are providing this submission on behalf of?**

100-250.

**87. I would like my submission (or specified parts of my submission) to be kept confidential, and explain my reasons for this, for consideration by MBIE:**

No.