

#88

COMPLETE

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Q1 Overall, do you agree or disagree with [standard 1] and proposed commentary? **Respondent skipped this question**

Q2 Please provide any comments on [standard 1] and the proposed commentary. **Respondent skipped this question**

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Q3 Overall, do you agree or disagree with [standard 2] and proposed commentary? **Respondent skipped this question**

Q4 Please provide any comments on [standard 2] and the proposed commentary. **Respondent skipped this question**

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Q5 Overall, do you agree or disagree with [standard 3] and proposed commentary? **Respondent skipped this question**

Q6 Please provide any comments on [standard 3] and the proposed commentary. **Respondent skipped this question**

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Q7 Overall, do you agree or disagree with [standard 4] and proposed commentary? **Respondent skipped this question**

Q8 Please provide any comments on [standard 4] and the proposed commentary. **Respondent skipped this question**

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Q9 Overall, do you agree or disagree with [standard 5] and proposed commentary? **Respondent skipped this question**

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Q10 Please provide any comments on [standard 5] and the proposed commentary. **Respondent skipped this question**

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Q11 Overall, do you agree or disagree with [standard 6] and proposed commentary? **Respondent skipped this question**

Q12 Please provide any comments on [standard 6] and the proposed commentary. **Respondent skipped this question**

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Q13 Overall, do you agree or disagree with [standard 7] and proposed commentary? **Respondent skipped this question**

Q14 Please provide any comments on [standard 7] and the proposed commentary. **Respondent skipped this question**

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Q15 Overall, do you agree or disagree with [standard 8] and proposed commentary? **Respondent skipped this question**

Q16 Please provide any comments on [standard 8] and the proposed commentary. **Respondent skipped this question**

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Q17 Overall, do you agree or disagree with [standard 9] and proposed commentary? **Disagree**

Q18 Please provide any comments on [standard 9] and the proposed commentary.

Why we disagree:

We (Holiday Rescue) support what the standard is trying to achieve and agree that a person who gives financial advice needs to demonstrate general competence, knowledge and skill. However, we feel that the proposed standard is too high for our employees/advisors, given that we provide limited financial advice on one, short term product, with a direct distribution method.

We understand that the code applies to anyone who provides financial advice and appreciate the work involved to ensure the code works for different types of businesses from all parts of the sector. We are a niche player but there may be other providers in the industry who are in a similar position. In submitting our feedback we hope to give voice to this small, specialised section of the industry.

Context - the product and service we provide:

We (Holiday Rescue) have authorisation from The Hollard Insurance Company (the insurer) to provide marketing, policy administration and claims management services for the following insurance business:

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- Product description: retail personal travel insurance
 - Number of products: 1
 - Product type: category 2
 - Number of plan options within the product: 3
- 'Domestic' for travel within New Zealand.
'Essentials' or 'Comprehensive' for international travel departing from New Zealand.
- Sales strategy and distribution model:
Direct to consumer via our website and aggregator sites (there are no intermediaries).
Online only - no face-to-face or contact centre selling, and no sales incentives for employees.
No call centre for general queries.
 - Type of service provided: class advice/service

Hollard have also authorised us to provide the same service for an Australian version of the above product, for which we are regulated in the Australian market by Australian regulators.

Detailed description of the service provided:

1) Website/digital-advice

No financial advice is given during the online quote and sales process, however general advice is given within some of the website content pages. We provide class advice on our own product e.g. we recommend that customers purchase as soon as they've paid out money for non-refundable deposits, and we also provide general recommendations on how consumers can go about choosing a product that suits their needs e.g. that they shouldn't decide on price alone or that they should choose a policy with a high limit for medical cover.

2) Employee to consumer advice

The only opportunities that our employees have to provide financial advice is when they're assisting customers with queries about purchasing a policy, or varying or disposing of an existing policy. In these cases, we're usually simply outlining the options for the customer. It's only on the rare occasion that we provide financial advice e.g. if a customer says they would like cover for their personal items then we will recommend they purchase the Comprehensive plan.

3) We do not provide a Personalised Service

We do not take into account a customer's particular financial situation or goals in providing financial advice. The nature of our product (short-tail, simple category 2 product) means that this level of service is not required.

Current processes and controls in place:

We have a number of processes and controls in place to ensure that our employees demonstrate a certain level of competence, knowledge and skill. Such as in-house induction training for new employees, regular refresher training, formal auditing and analysis of error trends, and compliance monitoring. Additionally, any person who works in a customer-facing role is required to complete ANZIIF's Tier 2 General Insurance compliance qualification.

The time an employee spends in our current induction program (approximately 3 weeks) is significantly less than the study time required to complete the Certificate in Financial Services, and the costs to the company are also significantly lower (approximately 1/4 of the cost of the Certificate in Financial Services).

The above qualification data has been taken from the Open Polytechnic website - <https://www.openpolytechnic.ac.nz/qualifications-and-courses/op5141-new-zealand-certificate-in-financial-services-level-5/>

Risks involved if the proposed standard goes ahead:

We are concerned that if the proposed training standard is implemented, it will drive our cost model up through increased overheads, which will ultimately result in increased premiums for our customers.

Suggested resolution:

We're aware that the distinction between the types of advice and types of products will be removed under the new financial advice regime, and that any changes to this are outside of the scope of the code.

However, our suggestion is to have two or more levels of training standards that must be met according to the type of financial

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advice service provided. We would suggest that the proposed standard is compulsory for those giving detailed advice in areas such as insurance broking, financial planning or life insurance and a lower standard is compulsory for those giving limited general advice on less complex products.

Summary:

We welcome the opportunity for our employees to grow and up-skill, and are happy to be independently assessed as meeting a certain benchmark. Our request is that this benchmark is at a level that is appropriate for the service we provide, and much less onerous than the draft proposal.

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Q19 Overall, do you agree or disagree with [standard 10] and proposed commentary?

Respondent skipped this question

Q20 Please provide any comments on [standard 10] and the proposed comentary.

Respondent skipped this question

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Q21 Overall, do you agree or disagree with [standard 11] and proposed commentary?

Respondent skipped this question

Q22 Please provide any comments on [standard 11] and the proposed commentary.

Respondent skipped this question

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Q23 Overall, do you agree or disagree with [standard 12] and proposed commentary?

Respondent skipped this question

Q24 Please provide any comments on [standard 12] and the proposed commentary.

Respondent skipped this question

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Q25 Is there anything missing from the draft Code?

Respondent skipped this question

Q26 If you answered yes, what is missing?

Respondent skipped this question

Q27 Do you have any feedback on the examples, or suggestions on other examples that should be included in the draft Code?

Respondent skipped this question

Q28 Is there anything else you want to say?

Respondent skipped this question

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Q29 Name

Amy du Toit

Q30 Your role or professional title

Compliance Officer

Q31 Individual or organisational submission

This is a submission on behalf of an organisation (eg employer)

Q32 If you give financial advice...

I am not an AFA, RFA or QFE adviser

Q33 My organisation or I give the following types of advice...

Fire and general insurance

Q34 Organisation Name

Holiday Rescue Limited

Q35 Type of organisation

Other (please specify):
Travel insurance agency (acting on behalf of the insurer)

Q36 Size of organisation

Small firm (1-10 staff)

Q37 If there are other things we should know about you or your business that would provide context to your answers, please provide details below.

Respondent skipped this question

Q38 Please indicate whether your submission contains any information that is confidential or whether you do not wish your name or any other personal information to be included in a summary of submissions.

Respondent skipped this question

Q39 Please provide your contact details (email and/or phone number) This is the only question that requires an answer. This information would not be released publicly. We may get in touch with you in order to help us understand particular points from your submission.

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