

APPENDIX ONE

Universal Financial Adviser Competence Qualification Curriculum

Chapter 1. Consumer Legislation

- Fair Trading Act
- Consumers Guarantee Act
- Privacy Act
- Administration Act
- Minors Contracts Act
- Human Rights Act

Chapter 2. Client Interests

- What are client interests?
- How to put client interests first and how to prove you have.
- Potential advice conflicts of interest – what are they?
- The impact of advice conflicts of interest and how to mitigate them.

Chapter 3. Know your Client

- Know your client – the fact find process – personal financial circumstances, risk appetites, life goals, beliefs, existing contracts
- Know your client – analysis of needs
- Record keeping including ongoing data accuracy and client review

Chapter 4. Making Recommendations and Agreeing Actions

- The difference between 'Sales' and 'Advice'
- Client instructions versus advice
- Making recommendations of the solutions to address identified client needs
- Assisting the client to understand any 'trade-offs' they want to make to recommendations
- Product research and market comparisons
- Selection of Product Provider

Chapter 5. Replacement Advice

- Definition of 'replacement' business

- Replacement risks to the client
- Risk mitigation
- Disclosure obligations regarding replacement advice
- Comparisons of existing contract against current market
- Weighing up risks vs benefits of replacement
- Replacement recommendations

Chapter 6. Product Competence

- What does competence look like for each product type?
- The test for competence
- Disclosure of competence
- Proving competence

Chapter 7. Disclosure

- The imbalance of knowledge between adviser and consumer
- The role of disclosure in addressing this imbalance
- Prescribed disclosures under the Act
- Prescribed format of disclosure under the Act

Chapter 8. Record Keeping

- Client database accuracy
- Data security
- Audit of records
- The role of record keeping in proving your advice to regulators and disputes bodies

Chapter 9. Ongoing client review and client complaints

- Regular updating of 'know your client' information
- Repeat analysis of client's needs as circumstances change
- Complaints handling process
- Disputes Resolution
- Adviser liability
- Penalties

APPENDIX TWO

Minimum Life Insurance Adviser Qualification Curriculum

CLIENT EXPERIENCE TRAINING

INDUSTRY TERMINOLOGY AND JARGON

KNOW YOUR CLIENT – THE FACT FIND PROCESS

CURRENT FINANCIAL POSITION

LIFE RISKS

FUTURE LIFE GOALS

PREFERENCES

CONTINGENCY OPTIONS

EXISTING CONTRACTS

PERSONAL DETAILS

ADVISER OBLIGATIONS

THE LIFE RISKS SIX STEP PROCESS

ESTABLISH AND DEFINE THE RELATIONSHIP WITH THE CLIENT

COLLECTING THE CLIENTS INFORMATION

ANALYSE AND ASSESS THE CLIENT'S FINANCIAL STATUS

DEVELOP THE FINANCIAL ADVICE RECOMMENDATIONS AND PRESENT THEM TO THE CLIENT

IMPLEMENT THE CLIENTS FINANCIAL ADVICE RECOMMENDATIONS

REVIEW THE CLIENT'S SITUATION

IDENTIFYING THE CLIENT'S NEEDS – THE NEEDS ANALYSIS PROCESS

LONG TERM NEEDS

THE DIFFERENCE BETWEEN FULL ADVICE AND LIMITED ADVICE

RESIDENCY, WORK VISAS AND VISITOR VISAS

PRODUCT FUNDAMENTALS

INSURANCE BACKGROUND

THE LIFE AND HEALTH INSURANCE MARKETS IN NZ

ACC

LIFE COVER

TERMINAL ILLNESS

LIMITS ON SUM ASSURED

EXCLUSIONS

SPECIAL EVENTS BENEFITS AND FUTURE INSURABILITY

TOTAL AND PERMANENT DISABLEMENT (TPD)

- ACCELERATED OR STAND ALONE
- OWN OR ANY OCCUPATION DEFINITION
- OCCUPATION CLASSIFICATIONS AND RATINGS
- OCCUPATIONAL CLASSIFICATION AND TPD DEFINITION
- COVER LIMITS
- LIFE COVER BUY-BACK OPTION – ACCELERATED BENEFIT ONLY
- STANDARD EXCLUSIONS
- SPECIAL EVENTS BENEFITS

TRAUMA COVER

- COMPREHENSIVE OR ESSENTIAL
- PRICE
- COVERED CONDITIONS
- ANTI-SELECTION STAND-DOWN PERIOD
- DIAGNOSIS BENEFITS AND PARTIAL BENEFITS
- ACCELERATED OR STAND ALONE
- COVER LIMITS
- LIFE COVER BUY-BACK OPTION – ACCELERATED BENEFIT ONLY
- TRAUMA COVER BUY-BACK OPTION
- STANDARD EXCLUSIONS
- SPECIAL EVENTS BENEFITS

INCOME PROTECTION

- OCCUPATIONAL CLASSIFICATIONS
- DEFINITION OF DISABILITY
- LIMITS ON COVER
- CALCULATION OF PRE-DISABILITY INCOME
- BENEFIT OFFSETS
- WAITING PERIODS
- SPLIT BENEFITS
- PAYMENT IN ARREARS OR ADVANCE
- PARTIAL DISABILITY BENEFITS
- INDEMNITY, AGREED VALUE, LOSS OF EARNINGS AND LOSS OF EARNINGS PLUS
- LOSS OF EARNINGS
- LOSS OF EARNINGS PLUS (LOEP)
- BENEFIT TERM AND COVER TERM
- STANDARD BENEFITS
- STANDARD EXCLUSIONS

MORTGAGE PROTECTION

WAIVER OF PREMIUM

MEDICAL INSURANCE

- PUBLIC VS PRIVATE
- NON-ACUTE
- ACC AND OFFSETS
- TYPICAL BENEFITS
- SUM ASSURED AND EXCESS
- NON-PHARMAC DRUGS
- STANDARD EXCLUSIONS

WORLDWIDE COVER

CPI INDEXATION

PREMIUMS

- PREMIUM STRUCTURES
- PREMIUM GUARANTEES

OWNERSHIP STRUCTURES

- INDIVIDUAL OWNERSHIP – INDIVIDUALS
- INDIVIDUAL OWNERSHIP – TRUSTS
- INDIVIDUAL OWNERSHIP – OTHER ENTITIES
- JOINT TENANTS
- TENANTS IN COMMON

NEW BUSINESS & UNDERWRITING

NEW BUSINESS

- APPLICATION PROCESS
- COMPLETION
- SUBMISSION

UNDERWRITING

- VOLUNTARY INSURANCE
- RISK CLASSIFICATION
- SOURCES OF INFORMATION
- UNDERWRITING
- OFFER OF TERMS
- DECLARATION OF CONTINUED GOOD HEALTH
- LIFE TIME ACCEPTANCE TERMS
- INCREASES IN COVER
- IMPROVEMENTS IN RISK
- NON-DISCLOSURE AND MIS-STATEMENT
- MATERIALITY
- DELIBERATE OR ACCIDENTAL
- REASONS FOR NON-DISCLOSURE OR MIS-STATEMENT
- APPLICATION TIME

ON-GOING SERVICING

- INSURANCE COMPANIES DO PAY CLAIMS
- DEATH AND TERMINAL ILLNESS CLAIMS
- TRAUMA AND TPD CLAIMS
- MEDICAL CLAIMS
- INCOME PROTECTION, MORTGAGE REPAYMENT AND WAIVER OF PREMIUM CLAIMS
- NON-DISCLOSURE AND MIS-STATEMENT
 - MATERIALITY
 - DELIBERATE OR ACCIDENTAL
 - IDENTIFIED DURING LIFE OF POLICY
 - IDENTIFIED AT CLAIM TIME
- CLAIMS CONSEQUENCES

GREY CLAIMS

REGULAR REVIEWS

POLICY ANNIVERSARY

ARREARS

LAPSES

REINSTATEMENTS

POLICY ALTERATIONS

PREMIUM HOLIDAYS

APPENDIX THREE

Standardised Financial Advice Disclosure Document

Adviser Details

Name:

Business/Trading Name:

Telephone Number:

Email Address:

Registered Office Address:

Advice Competencies

I declare that I am competent, by way of experience and/or qualification, to provide advice to consumers only in respect to the following products:

(Delete those which are not applicable)

- Fire and General Insurances
- Life Insurances
- KiwiSaver
- Mortgages
- Funds Management
- Other Investments

I am prohibited from providing advice on any products for which I cannot prove my competence by way of experience and/or qualification.

Access to Product Providers

I am contractually only able to offer consumers products provided by the following companies:

(List applicable companies and type of product)

Product Type	Product Provider

I am prohibited from suggesting or indicating in any way that I am able to represent any product provider with whom I do not have contractual access to.

Market Comparisons

I form my opinion of the comparative value of the range of products available in the market in the following way:

(List applicable research tools or and/or explain methodology for comparing products)

I am prohibited from making any comparative comments and/or providing any comparative advice on those products which I am not able to fully research.

Replacement Business Risks

Whenever I recommend that any existing:

- Insurance premium; or
- Superannuation contribution; or
- Outstanding mortgage balance; or
- Accumulated savings balance; or
- Accumulated investment balance be moved from the existing product provider to a new product provider, then this is legally considered to be replacement business.

There are potential pricing, cover, cost, investment risk, and claims risk that could arise as a result of replacing business. I am obligated to provide the customer with a detailed analysis of all of these replacement business risks.

I must also provide a detailed explanation of how those risks could and should be mitigated, and where applicable, highlight where residual risk may still exist despite these mitigations.

I am obligated to ensure the customer is able to make a fully informed decision about whether the potential value arising from replacing business is outweighed by any residual risks.

Declaration

I, (adviser name) , declare that to the best of my knowledge and belief, the information contained in this disclosure statement is true and complete and complies with the disclosure requirements in the Financial Advisers Act and the Financial Advisers Disclosure Regulations 2010, as at the date below.

Signed:

Date:

APPENDIX FOUR

Standardised Product Sales Disclosure Document

Sales Person's Details

Name:

Business/Employer Name:

Telephone Number:

Email Address:

Registered Office Address:

Sales Competencies

I declare that I am competent, by way of experience and/or qualification, to sell consumers the following products:

(Delete those which are not applicable)

- Fire and General Insurances
- Life Insurances
- KiwiSaver
- Mortgages
- Funds Management
- Other Investments

I am prohibited from commenting on, or advising about, a consumers individual financial needs.

I am also prohibited from commenting on, or advising about, how the products I sell compare with the market and on whether a consumer should cancel any existing contracts and replace them (whether all or in part) with the products that I sell.

Access to Product Providers

I am contractually only able to sell products provided by:

(List applicable companies)

Declaration



I, (sales person name) , declare that to the best of my knowledge and belief, the information contained in this disclosure statement is true and complete and complies with the disclosure requirements in the Financial Advisers Act and the Financial Advisers Disclosure Regulations 2010, as at the date below.

Signed:

Date:

APPENDIX FIVE

Replacement Business Definition for Code of Professional Conduct

replacement business	<p>where all, or any part, of a financial obligation or benefit such as:</p> <ul style="list-style-type: none">(a) insurance premium; or(b) superannuation contribution; or(c) accumulated savings balance; or(d) accumulated investment balance; or(e) home loan balance <p>is to be cancelled with the current product provider and issued with another product provider, irrespective of whether the new product is the same or different from the product which is to be cancelled, then the new contract will be considered to be <i>replacement business</i> where:</p> <ul style="list-style-type: none">• the cancellation date of the existing contract and the issue date of the new contract occur within six (6) months of each other, irrespective of the order that those actions occur.
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APPENDIX SIX

Life Insurance Product Provider Replacement Business Obligations

Recommended replacement business process

In addition to our recommendations around Adviser Training and Disclosure in respect of Replacement Business Advice, there are obligations which product providers should also meet to ensure replacement advice can be demonstrated to be in the client's best interests as follows:

1. Advisers must be able to access and analyse the specific policy wordings which apply to the client's existing policy (before providing replacement advice) - whether through the independent research engines or from the product providers themselves. Product providers should be forced to provide policy wordings (including upgrades which have occurred since inception) to clients when requested (theoretically this could help them retain clients rather than encourage replacement) to ensure all of the replacement risks can be identified by the adviser and disclosed to the client.
2. Advisers must have to legally notify the new product provider that the application is all or in part replacing existing benefits so that the new product provider can underwrite accordingly.
3. Product providers who **receive** replacement business applications must underwrite the application in such a way that the client cannot be exposed to non-disclosure/misstatement being discovered at point of claim (i.e. for the replaced business, non-disclosure and misstatement cannot be used as a reason to decline a claim). I.e. they can choose to access medical records to identify any non-disclosure/misstatement before accepting the replacement business application or they can elect not to and accept the claims liability for the replaced business, irrespective of whether non-disclosure/misstatement occurred.

By engaging the product providers in the replacement business process i.e. to provide policy wordings for existing policies; to underwrite replacement business fully; and to remove the non-disclosure/misstatement risk from the client for replacement business; the industry's historical role in encouraging churn can be stopped.

