

Code of Professional Conduct for Financial Advice Services

Submission Template

Submissions close Monday 30 April 2018

Please send submissions to:

code.secretariat@mbie.govt.nz or

Code Working Group
c/o Code Secretariat (Poppy Haynes and Max Lin)
Ministry of Business, Innovation & Employment
PO Box 1473
Wellington 6140
New Zealand

Submissions process

The Code Working Group (CWG) seeks written submissions on the issues raised in this document by **5pm on Monday 30 April 2018**

We welcome submissions on any or all consultation questions. You are welcome to comment only on the issues most relevant to you.

Where possible, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples.

Please direct any questions that you have in relation to the submissions process to code.secretariat@mbie.govt.nz.

Use of information

The information provided in submissions will be used to inform the CWG's development of the draft Code. We may contact submitters directly if we require clarification of any matters in submissions.

Release of information

The CWG intends to upload PDF copies of submissions received to MBIE's website at www.mbie.govt.nz. The CWG will consider you to have consented to publication of your submission, unless you clearly specify otherwise in your submission.

If your submission contains any information that is confidential or you otherwise wish us not to publish, please:

- indicate this on the front of the submission, with any confidential information clearly marked within the text
- provide a separate version excluding the relevant information for publication on our website.

Submissions remain subject to request under the Official Information Act 1982. Please set out clearly in the cover letter or e-mail accompanying your submission if you have any objection to the release of any information in the submission, and in particular, which parts you consider should be withheld, together with the reasons for withholding the information. The CWG will take such objections into account and will consult with submitters when responding to requests under the Official Information Act 1982.

Private information

The Privacy Act 1993 establishes certain principles with respect to the collection, use and disclosure of information about individuals. Any personal information you supply to the CWG in the course of making a submission will only be used for the purpose of assisting in the development of the draft code. Please clearly indicate in the cover letter or e-mail accompanying your submission if you do not wish your name, or any other personal information, to be included in any summary of submissions that the CWG may publish.

Information about you

<i>Share your details</i>	
i.	Please provide your name and (if relevant) the organisation you represent Allianz Australia Insurance Limited (“Allianz” or “We/our/us”)
ii.	Please provide your contact details S 9 (2) (a)
iii.	<p>Please provide any other information about you or your organisation that will help us understand your perspective (e.g. the financial advice situations you have experience with)</p> <p>We are an Australian incorporated general insurance company operating in New Zealand through our New Zealand branch. In this document, unless expressly noted otherwise, all references to our business are references to our New Zealand business.</p> <p>Our business in New Zealand is carried on predominantly through New Zealand intermediaries. “Intermediaries” means insurance brokers, underwriting agents, distributors and other third parties that promote and sell products that are underwritten by us. Some intermediaries are part of the worldwide Allianz group, but they are separate legal entities.</p> <p>We do not provide financial advice, period. However, we are registered as a Financial Service Provider under the Financial Service Providers Register.</p> <p>Our submissions are based on our own experience and business model, and otherwise from the perspective of the General Insurer, i.e. fire and general, <i>not</i> life, medical or health. Also, we are not speaking from the perspective of any intermediaries.</p> <p>Our references to “customer” are references to the end-customer, i.e. the insured person.</p> <p>NB. We have not completed every single question in this Submission Template, as we may not have the knowledge or information, or may not have formed a particular view at this point in time. We may still provide a view when the process is further down the track.</p>
iv.	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. (See page 2 of this document)

Principles for drafting the Code

<i>Share your views</i>	
A.	<p>What comments do you have regarding the overarching theme of “good advice outcomes” and the underlying principles?</p> <p>Good businesses value its customers and act with them in mind. Nonetheless, the phrase</p>

	<p>“good advice outcomes” is problematic in that it suggests that someone has to get at least good results from the financial advice provided. It may not always be possible to achieve such results – and it can also be subjective, so if they ‘break even’ (from an investment perspective, not insurance), then arguably, that would not be ‘good advice outcome’.</p> <p>From an insurance context, if a product does not cover a particular loss, and it so happened that that loss occurred, then it would appear that the client has not had a good outcome, even if the conduct of the person providing Financial Advice was completely appropriate and above-board.</p>
B.	Are there any further principles that should be included, or existing principles that should be removed?

Ethical behaviour

Act with honesty, fairness and integrity

Share your views

C. Do you agree with a requirement to act with honesty, fairness and integrity? If not, please set out your reasoning.

Any requirement on General Insurers to comply with a requirement to act with honesty, fairness and integrity (when giving Financial Advice, *or otherwise*) is simply too wide and is likely to have unintended consequences.

We are not qualified to speak of the appropriateness of such requirement on financial planners and investment advisers.

How is “fairness” to be dealt with in situations of financial advice? “Fairness” measured against what, exactly? A customer might argue that it is unfair for any business to be able to make any profit and that every business should strive to only break even (or make no more than X% of profit) – even not-for-profit insurers make a profit because a substantial amount of cash reserves is needed to continue operating properly and complying with legislation. Insurers would serve customers better if they were operating well as opposed to merely breaking even or even becoming insolvent.

General Insurers are already regulated by a plethora of legislation. Those that are serious about doing well in a market are also conscious of the power of one’s reputation.

It may be appropriate for some *professions* (as opposed to the general insurance industry) to be required to act with honesty, fairness and integrity. Offering services such as home, contents and motor insurance, and even small business insurance, is not at the same level as doctors, accountants, lawyers and financial/investment planners – in fact, they are worlds apart.

If attempting to utilise examples or borrow terms from overseas, then it is imperative to gain a thorough understanding of those markets and their equivalent industries, including how such standards have actually worked in practice. Most importantly, have consumers actually gained anything of substance? Or have they lost out because information that could, and would otherwise, have been provided may have been held back because an insurer would have breached the limit of what it is able to provide to the customer. If the consumer is indeed the focus of the review of the Financial Services legislation, then any new requirement that is likely or actually going to provide a less advantageous outcome for the consumer is to be avoided.

Keep the commitments you make to your client

<p>D.</p>	<p>Should minimum standards for ethical behaviour for the provision of financial advice extend beyond strict legal obligations, to include meeting less formal understandings, impressions or expectations that do not necessarily amount to strictly legal obligations? If no, please give reasoning. If yes, please propose how a standard for such commitments might be framed.</p> <p>No. Anything short of actual legal obligations would create a grey area that is open to possible exploitation by both sides, but possibly more in favour of the customer.</p> <p>You would need to address the issue of what the <i>repercussions</i> would be if the provider failed to meet any such less formal understandings.</p> <p>If this is intended to appease the consumer without actually:</p> <ul style="list-style-type: none"> (a) understanding the consumer’s concerns; and (b) considering whether the concerns had merit, <p>then it would serve neither the consumer nor the insurer, particularly in an insurance context where the contract is already based on the <i>duty of utmost good faith</i>. It may be a lack of understanding of insurance contracts and the insurance industry in general, which has resulted in insurance being categorised as an “investment business” even though it is not an “investment”.</p> <p>The contract between the customer and the General Insurer typically consists of:</p> <ul style="list-style-type: none"> • the answers provided by the customer in the Application Form; • the policy wording – this is usually the booklet; and • the policy schedule – this typically sets out limited but key information, <p>all of which are in writing. Anything that is not in these documents, does not form part of the contract.</p> <p>Less formal understandings, impressions or expectations could mean businesses could close down if customers had an expectation or impression that is unfounded, unreasonable or even erroneous – and then be able to act on it to their advantage. This could then decrease competition in the market, which ultimately does not serve the consumer’s interests.</p> <p>There is good reason for having the Contractual Mistakes Act 1977 (now Part 2, Subpart 2 of the Contract and Commercial Law Act 2017). This Code should not attempt to change any current law without a full and proper parliamentary process that would consider the wider effects of the proposed changes.</p>
<p>E.</p>	<p>If there was a minimum standard requiring Financial Advice Providers – or Financial Advice Providers in some situations – to have their own code of ethics in addition to the Code, how would you frame the requirement for it to deal with keeping commitments?</p> <p>Will any additional code actually be beneficial for the consumer? General insurers that are members of the Insurance Council of New Zealand already have a Fair Insurance Code with which they are required to comply.</p>

Manage and fully disclose conflicts of interest

F.	<p>Should the Code include a minimum standard on conflicts of interest in addition to the legislation?</p> <p>This may be appropriate where a Financial Advice Provider receives a commission from a product 'manufacturer' (such as a General Insurer) for recommending that manufacturer's product, where the Financial Advice Provider:</p> <ul style="list-style-type: none">• is generally deemed to be the customer's agent; or• 'owns' the customer.
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Do no harm to the client or the profession

G.	<p>Do you agree that a person who gives financial advice must not do anything or make an omission that would or would be likely to bring the financial advice profession into disrepute? If not, please set out your reasoning.</p> <p>The existing code for Authorised Financial Advisers (which is the highest end of the Financial Adviser spectrum) has such a standard (CS2). While this maybe appropriate for persons like the AFAs or someone who provides investment advice (for stocks, property etc) or financial planning advice, it is not appropriate for General Insurers (which are not part of a "profession"). We are aware, for example, that the legal <i>profession</i> also has a similar standard.</p>
H.	<p>Is an additional minimum standard on doing no harm to the client necessary? If so, what standard do you propose?</p> <p>"Do no harm" can be interpreted extremely widely and is likely to have unintended and inappropriate outcomes in the General Insurance context.</p>

Keep your client's data confidential

I.	<p>In which situations, if any, should the retention, use or sharing of anonymised bulk customer data be subject to Code standards?</p> <p>We believe this is best dealt with under the dedicated legislation, i.e. Privacy Act 1993 – it would not be appropriate to have different pieces of legislation or binding codes that exist separately from, or have different standards to, the Privacy Act (which is currently up for review anyway i.e. the recently released Privacy Bill).</p>
J.	<p>Do you agree that the Code should cover the various aspects of maintaining client confidentiality discussed in this paper?</p> <p>We do not believe this is appropriate for General Insurers – in saying that, the Privacy Act already imposes obligations on General Insurers that the General Insurers should already be complying with.</p>

K.	<p>Are there other aspects of maintaining client confidentiality to consider?</p> <p>As far as the General Insurance industry is concerned, we are not aware of any particular confidentiality concerns involving insurance companies. However, if there are indeed any concerns, we reiterate that for the General Insurance industry anyway, it is best dealt with under the specialist legislation, i.e. Privacy Act 1993.</p>
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Ethical processes in Financial Advice Provider entities

L.	<p>Do you agree that the Code should require the Financial Advice Provider to document and maintain its “ethical processes”?</p> <p>This might be appropriate for Financial Advice Providers that are part of a profession, but we believe this would be totally inappropriate for General Insurers.</p>
M.	<p>Should the Financial Advice Provider be required to have a publicly available corporate code of ethics? Are there particular situations where a corporate code of ethics should be or should not be required?</p> <p>Again, this would be inappropriate for General Insurers. General insurance should be accessible and affordable for the consumer. The increasing plethora of regulations and the like, are making General Insurance more and more expensive for the consumer. It is questionable whether the increase in regulatory items and the resultant increase in the cost of doing business ultimately serve the real needs of the consumer.</p> <p>It should also be remembered that most of the employees of an insurance company are also <i>customers</i> of the insurer. Wearing the consumer hat, they are already the natural, albeit informal, checkpoints, within the company. They too, have unexpected losses and file insurance claims with the company. General Insurers that operate in New Zealand, that are of any note, typically already have an in-house lawyer or in-house legal team that work closely with the (Regulatory) Compliance team, to ensure compliance with all relevant laws.</p> <p>Coming back to the actual question, one should ask how the consumer would actually view a set of corporate code of ethics - would they view them in a similar manner as they did the corporate mission statements of the 80’s and 90’s? Would the consumer actually obtain a net benefit from such a code?</p> <p>Perhaps we should go back a step and ask: What is the complaint the lawmakers are trying to fix here? Is the complaint (if any) against one insurance company or a number of insurance companies or any intermediary, of merit? If so, is this the best way to fix it?</p>
N.	<p>Should Financial Advice Providers also be subject to additional standards in respect of leadership and culture? If so, how should these be framed?</p> <p>Inappropriate for General Insurers.</p>
O.	<p>Do you propose other additional standards of ethical behaviour that should apply to Financial Advice Providers?</p> <p>Please see the information provided under question M above.</p>

Ethics training

P.	<p>Do you agree that Financial Advice Providers should be required to meet standards relating to ethics training? If not, please state your reasoning.</p> <p>Inappropriate for General Insurers. Please see the information provided under question M above.</p>
Q.	<p>Should ethics training requirements apply to all officers and employees of a Financial Advice Provider, as appropriate to their role and contribution to the process of financial advice provision? If not, please state your reasoning.</p> <p>Inappropriate for General Insurers in general.</p> <p>We cannot speak for, and are not qualified to speak for life insurance. In our view, General Insurance products at least, are erroneously categorised as investment and financial products, and the industry is lumped in with banking and investment/financial planning, either out of convenience or ignorance. While some level of ethics training might be appropriate for professionals such as investment advisers, doctors, lawyers and so on, it is inappropriate for the General Insurer.</p>
R.	<p>Should there be a requirement for ongoing refresher training on ethics?</p> <p>Please refer to our answer in item Q.</p>

Resolving ethical dilemmas

S.	<p>Do you agree that Financial Advice Providers should be required to have in place, and use, a framework for resolving ethical dilemmas that may arise in giving financial advice? If not, please set out your reasoning.</p> <p>The answer would depend on the type of product/advice sought.</p>
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Compliance functions

<p>T.</p>	<p>Should there be a requirement for explicit sign-off on the soundness of financial advice provided directly by a Financial Advice Provider?</p> <p>Inappropriate for General Insurers. This would also significantly hold up business, especially at the domestic (home, contents and motor insurance) and small business (business interruption and material damage insurance) ends of the spectrum.</p> <p>While it may not be on point, we would take this opportunity to note that there seems to be a view that the Code of Conduct is also intended to address any complaints by consumers affected by the Canterbury Earthquakes. While we had very few customers that were affected, compared to the large insurers and AMI (now Southern Response), we strongly urge caution against using highly unusual events to benchmark against.</p> <p>You would know that the thousands of aftershocks following the Canterbury Earthquakes (which also continued long after the events) were a peculiarity that no other country in the world was known to have experienced, let alone New Zealand. There were also complicating factors that the government is addressing, such as the role of the Earthquake Commission in undertaking repairs on homes.</p> <p>The Canterbury Earthquakes presented an unusually steep learning curve for everyone involved and the fact that there are still outstanding insurance claims more than 7 years on, is testimony to the extreme complications involved – if there is something to be fixed, the government would already be well aware of it, with the appropriate consultation with the various organisations involved. With due respect, it is not something that a Code on Financial Advice should get into.</p>
<p>U.</p>	<p>Do you agree that Financial Advice Providers should be required to have in place a compliance function aimed at following up on concerns raised by employees and other stakeholders? If not, please set out your reasoning.</p> <p>Again, this is not appropriate for General Insurers, even though well-managed businesses would typically already have some process for following up on concerns anyway – we do not believe this should be enshrined in this legislation, its regulations or the code as the burgeoning regulatory compliance continue to expand the cost incurred by General Insurers, of doing business and ultimately, the consumer may end up bearing at least a portion of the cost.</p> <p>Larger General Insurers would typically have some process in place, including an anonymous-report capability.</p>
<p>V.</p>	<p>Should this extend further into an internal audit obligation, having in place processes to systematically test for and detect violations of ethical behaviour?</p> <p>Again, this is not appropriate for General Insurers. This appears to be an expensive sledgehammer approach on a nut of unknown complaint that does not appear to have been assessed on merits.</p>
<p>W.</p>	<p>Are there any potential compliance costs for small and/or large Financial Advice Providers that need to be considered?</p> <p>As already noted above, from our perspective.</p>

Responsibility for the whole advice process

X.	<p>Do you agree that Financial Advice Providers should be required to be able to demonstrate that they meet the standards of ethical behaviour as if the Financial Advice Provider carried out the whole advice process directly itself? If not, please set out your reasoning.</p> <p>Inappropriate for our business, where typically, the Financial Advice (if any) provided to the end customer has been provided by an insurance broker or other insurance intermediary. For clarity, we would expect and require any intermediary to comply with all relevant provisions in the Financial Markets Conduct Act if that intermediary actually provides Financial Advice to a Retail Client or a Wholesale Client that has opted out of being a Wholesale Client.</p> <p>In the General Insurance industry, some intermediaries are large organisations in their own right, with their own customer base. Others may also manage claims up to a set dollar limit. The insurers are typically not allowed to contact these customers for any 'direct' business at any time. There are very limited exceptions, such as if the customer contacted the insurer, of the customer's own volition.</p> <p>Some of those intermediaries may possess particular insurance skill-set (e.g. specific types of general insurance, including providing their own policy wordings, i.e. contracts of insurance) which makes sense for the General Insurers to work with them within the boundaries of the insurer's licence.</p> <p>Typically, there is no contact between the General Insurer and the customer, except when there is a claim.</p> <p>The insurance broking industry facilitates more than 50% of the premium pool in the New Zealand general insurance industry. That does not even include other intermediaries such as banks.</p> <p>Insurance intermediaries would be well remunerated by the General Insurers and in some cases, also remunerated by their own customers, whether or not those customers are aware of it, because there is currently no obligation to disclose actual percentages or numbers, other than a typical, "We may receive remuneration from ..." (which, arguably, is short of actually saying they do in fact receive remuneration).</p> <p>The pricing of the intermediated products are also competitive, enabling the insurance intermediary to compete head-on with the General Insurer, and discouraging consumers from directly going to the General Insurer, as there may be insignificant (or no) savings.</p> <p>The General Insurer, as the underwriter, is solely liable to pay the customer when a claim is founded.</p> <p>It would be wholly inappropriate for the General Insurer to be held responsible for the conduct of the above insurance intermediary in respect of any Financial Advice provided by the insurance intermediary to its own client.</p>
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Reinforcing good ethical behaviour

Y.	<p>What principle or mechanism do you propose the Code could include to reinforce good ethical behaviour on a day-to-day basis?</p> <p>Inappropriate for the General Insurance industry. Even more so for our business where we do not provide Financial Advice. Long established insurers in New Zealand are generally very mindful of “reputational damage.</p> <p>We take this opportunity to also note in the remainder of this box:</p> <p>Increasing regulations and compliance are highly likely to lead to an increase in prices. Government levies (i.e. Fire Service Levy, Earthquake Commission Levy and GST) have also increased or are increasing). These combined, would make insurance unaffordable for some people – and arguably the very people who are least able to afford to self-insure.</p> <p>Even if the General Insurers can hold the premiums, this is likely to be only for a finite amount of time. One of the ways to hold the premiums is to undertake some cost-cutting. One of the ways to reduce costs could include outsourcing some services to other countries. Insurers may also consider reducing the benefits under a policy (e.g. a ‘no frills’ or ‘essential’ type of policy) in order to hold or lower premiums and keep insurance affordable. This, in turn, may lead to under-insurance. For those who can afford a higher premium, they may opt for a more comprehensive cover.</p> <p>Obviously, with factors such as solvency margins imposed by the Reserve Bank of New Zealand, General Insurers need to make a certain level of profit in order to meet that statutory requirement. Solvency margins are intended to ensure that insurers do not become insolvent as a result of large scale events, like the Canterbury Earthquakes.</p>
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Conduct and client care

Advice situations

<i>Share your views</i>	
Z.	Are there other delivery methods that should be considered when testing our thinking?

Advice-giving standards

AA.	How do the current client care standards work in practice, especially in advice-giving situations not previously covered by the AFA Code? In answering this question, please ignore “scope of advice” (CS-8) and “suitability” (CS-9 and part of CS-10).
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BB.	Could any aspect of the current client care standards be worded better? (For example, we are aware that the definition of “complaint” could be improved.)
CC.	Are there any aspects of the current client care standards that could be expanded or clarified (for example, in light of the published findings of the Disciplinary Committee)?
DD.	Are there any potential compliance costs for small and/or large Financial Advice Providers that need to be considered? Increasing compliance costs are a certainty!
EE.	Are there any additional matters that should be addressed in the advice-giving standards? Those listed above? Others? The Code Working Group should bear in mind that the standards for giving Financial Advice in respect of generic insurance products (e.g. home, contents, motor and small business insurance) should be on the other end of the scale, compared to Financial Advice provided in respect of financial/investment planning. As noted by the general insurers during the consultation phase in September and December 2017, the question goes back to the following: What is the mischief that Parliament is trying to fix? This needs to be asked in the context of General Insurance specifically, as opposed to “financial services” or “financial advice” in general.

Advice process

FF.	Do you think there are any other components that should be included in the design considerations of an advice process?
GG.	Should the Code include guidance material to help determine what needs to be considered when designing an advice process?
HH.	Are there any other important aspects you think should be included in the advice process for all types of financial advice activities under the new regime? While not really answering this question, we take this opportunity to note that Insurance companies are not construction/building companies or registered valuers and should not be forced to give advice to its customers on what the sum insured amounts for their homes should be. Even different registered valuers (who are experts in valuations) have been shown to provide different figures. For those who do not know the insurance history in New Zealand, homes were insured on a “Sum Insured” basis (i.e. capped amount) until about a few decades ago when insurers began to insure homes based on a square metre basis, i.e. whatever it costs to replace the home based on the floor area of the home (in square metres) as disclosed to the insurer.

	<p>This became the norm.</p> <p>The Canterbury Earthquakes have resulted in some reinsurers (i.e. the overseas insurance companies that cover a portion of the risks of the local insurers) requiring NZ based insurance companies to ensure that risks are quantifiable (as opposed to being open ended, i.e. whatever it costs to replace the home based on the floor area), in order for the reinsurers to continue providing their support to the insurers operating in NZ.</p> <p>Consequently, most insurers here have, since 2013, gone back to the old regime of “Sum Insured”. While this did not faze the older folks who remembered the Sum Insured days, a lot of folks were very wary of the change.</p> <p>Consumers would do well to take some interest in their own insurance and other important contracts that they enter into.</p> <p>Insurers are also not in a position to suggest or provide a Sum Insured amount at renewal, as they are potentially in a position of conflict of interest, i.e. suggest a higher sum insured to try to ensure that the customer has sufficient cover in the event of total loss of the customer’s home, and they (the insurer) could be accused of trying to get more premium because generally, the higher the Sum Insured, the higher the premium would be. Also, the insurer could be accused of encouraging the customer to have a level of cover that the customer is unlikely to ever need. At renewal time, the insurer can only re-use the last year’s Sum Insured amount because it is the customer’s responsibility to check that the Sum Insured amount is still appropriate for its needs (and if not, then the customer should give the insurer an updated figure). If the customer’s lender wants to ensure that the customer’s house is covered for a sufficient amount to meet the loan and interest, then that is something the lender needs to instruct its client – it is not appropriate for the insurer to be lumbered with the responsibility of providing Financial Advice on this figure.</p> <p>The Canterbury earthquake remains one of the costliest insurance events in the world. See: https://www.statista.com/statistics/267210/natural-disaster-damage-totals-worldwide-since-1970/</p>
II.	Should any of the key aspects that we have listed above be removed? If so, why?
JJ.	Are there any situations in which an advice process need not be followed?

Personalised suitability

KK.	<p>What comments do you have about a proposed minimum standard on personalised suitability analysis? What are your views on the example above?</p> <p>This should not apply to generic insurance products.[Not sure what example is being referred to]</p>
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Organisational standards

LL.	What are the practical advantages and disadvantages of including organisational standards as described? What explanatory material or examples could we provide in the Code that might help to make these standards easier to comply with in practice?
MM.	<p>Would implementing these organisational conduct and client care standards create a particular compliance burden for your firm? If yes, please explain why.</p> <p>Of course – each time there is a new regulatory requirement means additional resources need to be devoted to it.</p>

General competence, knowledge and skills

<i>Share your views</i>	
NN.	<p>Do you agree with our interpretation of the meaning of “competence, knowledge, and skills”? If not, why not?</p> <p>We cannot answer this question at this stage, but take this opportunity to note that in our model of using intermediaries, it would be inappropriate for us to be deemed to be the Financial Advice Provider if an intermediary chooses to provide Financial Advice to the customer. In that scenario, it is the intermediary that should be deemed to be the Financial Advice Provider, even if they are an agent of ours. We should not be held responsible for their conduct.</p>
OO.	Are there other factors, which contribute to combined expertise , that we have not listed? We are particularly interested in factors that are relevant to financial advice that is given by a Financial Advice Provider directly, including by digital means.
PP.	What do you think are the advantages of this approach to general competence, knowledge and skills?
QQ.	What do you think are the disadvantages of this approach to general competence, knowledge and skills?
RR.	In what ways do you think this proposed standard contributes to, or detracts from, the legislative purposes (for example ensuring the quality and availability of advice, avoiding unnecessary compliance costs, and promoting innovation and flexibility)?

SS.	What factors should we consider in determining whether to make the proposed unit standard a renewing obligation?
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Particular competence, knowledge and skills

<i>Share your views</i>	
TT.	<p>What are the advantages and disadvantages of our approach of identifying two types of financial advice? What impact would it have on the type of advice you give and on your compliance costs?</p> <p>Your identification of two types of financial advice, i.e. “product advice” and “financial planning” appears to be helpful in that General Insurance products are clearly not “financial planning”.</p> <p>Any proposal to impose minimum standards when someone in General Insurance is providing “product advice” should not be considered in isolation – at a minimum, the General Insurance industry should be consulted so as to understand what is already in place. Again, we urge you to consider what mischief (if any) in the General Insurance industry that this regime is attempting to fix by requiring minimum standards.</p>
UU.	How should RFA’s experience be recognised?
VV.	What do you think are the advantages of this approach to particular competence, knowledge, and skill?
WW.	What do you think are the disadvantages of this approach to particular competence, knowledge, and skill?
XX.	In what ways do you think this proposed standard contributes to, or detracts from, the legislative purposes (for example ensuring the quality and availability of advice, avoiding unnecessary compliance costs, and promoting innovation and flexibility)?
YY.	What alterations, if any, would you suggest to the baselines we have nominated: specialist strand for product capability, Level 5 for discipline capability, and relevant degree (or other degree plus Level 6) for planning capability?

Other comments

Share your views

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| ZZ. | <p>Are there any other comments you would like to make to assist us in developing the Code?</p> <p>The Code should not apply where no Financial Advice is to be provided.</p> |
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