
From: Richard Turfrey **S 9 (2) (a)**
Sent: 30 April 2018 17:29
To: code secretariat
Subject: Draft Code Submission
Attachments: Submissions Template.docx

Categories: Red Category

Hi,
Thanks for the opportunity to make a submission. In addition I will say this:

as long as NZérs are apathetic about their own mortality/ morbidity,
Insurance Premiums keep increasing with age,
And Insurers do not allow migration of heritage products, into current products,
Then sadly there will always be continued conflicts of interest.
Insurers are only concerned with being upper most represented, with rating houses. There is very little loyalty to existing customers, by the insurers.

Feel free to give me a call, if you would like to learn more.

Thank you.

S 9 (2) (a)



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.	Richard Ewan Turfrey, Director Turfs Financial Services Ltd T/A Insurance Works
ii.	<p style="text-align: center;">S 9 (2) (a)</p> <p>Postal Address: P.O. Box 7124, Wanganui 4540</p> <p>Physical Address: Level 1, 340 Victoria Avenue, Wanganui</p>
iii.	Almost 30 years in the Insurance Industry. Currently member of Kepa, Advice NZ (previously NZFAA), Liberty Group, and past member of LBA. Qualified as Associate of the IIAA in the 1990's, but did not complete CLUA. Have completed other training courses in Personal Risk and Business Risk. Started Level 5 Qualification, but have not completed this, due to uncertainty around what was actually required.
iv.	Not Relevant.

Principles for drafting the Code

<i>Share your views</i>	
A.	<p>Good Advice Outcome, is threatened by a number of aspects. Number 1 is Client Apathy, they don't care about all their potential risks. This is evidenced by the fact that everyone is going to die, and yet only half the population has a will, and fewer have any life insurance. Customers may want some protection, but often they don't want to take the time &/or experience the pain of uncovering the risks. They would prefer to be sold. Customers are often price sensitive, and may change insurance providers or cancel covers without suitable advice being sought, or given. Examples include 1/ loss of accelerated benefits for Critical Conditions, being told they are covered the same with the terminal illness benefit, 2/ The cheaper premium is because the premium is reviewed yearly, and not 5 yearly which the existing cover is. Banks are amongst the worst for giving poor advice.</p>
B.	<p>NUMBER 1, Always put the Client first. What do they want to achieve? What are their limitations? i.e. Price, unavailability due to health, occupation etc. Do they want full advice or specific advice only? Or just place an order.</p> <p>NUMBER 2, Maintain thorough records of what is said, explained and agreed to. A summary of the discussion should be included in each report, and recommended solutions</p>

	follow naturally. Explain how the proposed solutions meet the Clients objectives. Existing covers should be investigated, to determine suitability.
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Ethical behaviour

Act with honesty, fairness and integrity

Share your views

C.	Ethical behaviour is paramount.
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Keep the commitments you make to your client

D.	Yes, if a commitment is made, it should be kept or at least a reason given why it is not achievable.
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E.	A code of Ethics may be better addressed by the Association to which the Financial Provider belongs to.
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Manage and fully disclose conflicts of interest

F.	This could be covered in a simple disclosure. I recommend this cover because..... , however you need to be aware that if I place this cover with XYZ provider I may receive these additional benefits (20% more commission, Qualify for an overseas conference etc). Having said that, these are the additional benefits to you (Priority Underwriting, knowledge of the insurers process, & knowing who to contact if there is an issue).
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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>This is a tough one, especially when advising on existing covers. Periodically, material non-disclosure is discovered, leading to conflict. However, the conflict needs to be resolved and the result may upset the Client.</p>
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H.	It should be relatively easy to demonstrate, that you have taken steps to make sure the client is not harmed.
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Keep your client's data confidential

I.	In which situations, if any, should the retention, use or sharing of anonymised bulk customer data be subject to Code standards? No immediate comment.
J.	The code should reference the obligation of the Financial provider to keep Client information safe, and for the F P to demonstrate how this is achieved.
K.	Are there other aspects of maintaining client confidentiality to consider? The biggest one I can think of is where a book of business is purchased, without the Client knowledge. The new Financial Provider receives confidential files and information without the agreement of the Client. How can both parties be made safe, in this situation?

Ethical processes in Financial Advice Provider entities

L.	Do you agree that the Code should require the Financial Advice Provider to document and maintain its "ethical processes"? I'm not yet sure. Perhaps this is a role for the various associations to suggest to it's membership.
M.	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? How about shared Ethics, as they are required by their Association.
N.	Should Financial Advice Providers also be subject to additional standards in respect of leadership and culture? If so, how should these be framed? No comment.
O.	Do you propose other additional standards of ethical behaviour that should apply to Financial Advice Providers? No.

Ethics training

P.	Do you agree that Financial Advice Providers should be required to meet standards relating to ethics training? Yes.
Q.	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? Yes.
R.	Should there be a requirement for ongoing refresher training on ethics? Periodic requirement, to demonstrate ethics within the F P organisation.

Resolving ethical dilemmas

S.	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. Yes, again this could come from the Association.
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Compliance functions

T.	Should there be a requirement for explicit sign-off on the soundness of financial advice provided directly by a Financial Advice Provider? The whole emergence of the Compliance Regime, has highlighted the importance of both consistent process, as well as significant sign off and record keeping. This is essential.
U.	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. I'm not sure for the small F A P's.

V.	Should this extend further into an internal audit obligation, having in place processes to systematically test for and detect violations of ethical behaviour? Ask the question “is this in the best interest of the Client” if not, why are we doing it?
W.	Are there any potential compliance costs for small and/or large Financial Advice Providers that need to be considered?

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>A FAP should be able to demonstrate their own ethical behaviour, but surely cannot be accountable for the Insurers behaviour.</p> <p>If you are referring to Robo Advice, then yes, the FAP needs to be accountable for the whole process of Robo Advice.</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>A periodic requirement for the FAP to demonstrate how they ensure Ethical Behaviour every day.</p>
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Conduct and client care

Advice situations

<i>Share your views</i>	
Z.	<p>Are there other delivery methods that should be considered when testing our thinking?</p> <p>Banks and Robo Advice. How do they demonstrate Ethical Behaviour?</p>

Advice-giving standards

AA.	<p>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).</p> <p>I believe the client care standards, do focus upon putting the client’s interest first.</p>
BB.	<p>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.)</p> <p>Not considered.</p>
CC.	<p>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)?</p>
DD.	<p>Are there any potential compliance costs for small and/or large Financial Advice Providers that need to be considered?</p> <p>Potentially, compliance will come at a cost in both time and money. Unfortunately, it is unavoidable.</p>
EE.	<p>Are there any additional matters that should be addressed in the advice-giving standards? Those listed above? Others?</p>

Advice process

FF.	<p>Do you think there are any other components that should be included in the design considerations of an advice process?</p> <p>It concerns me that Insurers focus so much on getting new customers. All effort is put into having well rated products showing up in the rating houses. However, they have done little to care for existing policyholders. Heritage Policies have little or no opportunity to migrate into the current policies. Apart from transferring Life Cover, other benefits such as income protection and trauma must be underwritten. This leaves Clients (especially when their health has deteriorated) often with little choice, but to stay where they are. Also, as the healthy customers leave, the pool of customers reduce and claims increase. This forces premiums up. So the clients loyalty is rewarded with higher premiums and often an inferior product. Or they move and face the consequence of loadings, exclusions, or declines. How does this assist in putting the customer first? How does this help improve the reputation of the industry.</p>
GG.	<p>Should the Code include guidance material to help determine what needs to be considered when designing an advice process?</p> <p>Yes.</p>

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?
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.	What comments do you have about a proposed minimum standard on personalised suitability analysis? What are your views on the example above?
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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.	Would implementing these organisational conduct and client care standards create a particular compliance burden for your firm? If yes, please explain why.

General competence, knowledge and skills

<i>Share your views</i>	
NN.	Do you agree with our interpretation of the meaning of “competence, knowledge, and skills”? If not, why not?
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?

Particular competence, knowledge and skills

<i>Share your views</i>	
TT.	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?
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

<i>Share your views</i>	
ZZ.	<p>Are there any other comments you would like to make to assist us in developing the Code?</p> <p>I congratulate the Code Committee for involving all parties, in the discussion.</p> <p>I'm sorry I have only completed some of your questions, I am a small business and other commitments have made it difficult to spend much time on this. Feel free to phone me.</p> <p>Regards Richard Turfrey S 9 (2) (a)</p>