

From: Chris Goddard **S 9 (2) (a)**
Sent: 30 April 2018 20:42
To: code secretariat
Subject: submission

Share your details	
i.	Please provide your name and (if relevant) the organisation you represent Chris Goddard
ii.	Please provide your contact details S 9 (2) (a)
iii.	Please provide any other information about you or your organisation that will help us understand your perspective (e.g. the financial situations you have experience with) RFA for 13 years specialising in personal insurance for mums and family
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) No

Principles for drafting the Code

Share your views	
	What comments do you have regarding the overarching theme of “good advice outcomes” and the underlying principles? Better trained and degree touting advisers does not make better advice for clients. Advisers either have ethical behaviour or they don’t.
	Are there any further principles that should be included, or existing principles that should be removed? If the FMA discover advisers who have deliberately acted without the clients best interest, get them out of the industry much the same as the medical and law professions do.

Ethical behaviour

Act with honesty, fairness and integrity

Share your views	
	Do you agree with a requirement to act with honesty, fairness and integrity? If not, please set out your reasoning. Yes That is why we are there in the first place.

Keep the commitments you make to your client

	<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>Yes. There is a lot of “legalese” that does not actually some real world situations that advisers can sometimes find themselves in. They should always feel obligated to do the right thing in any situation.</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>Due diligence must be carried out with random selection of advisers regarding the ethics and make sure their behaviour matches their intentions.</p>

Manage and fully disclose conflicts of interest

	<p>Should the Code include a minimum standard on conflicts of interest in addition to the legislation?</p> <p>Yes. It will be easier for clients to understand and feel secure.</p>
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Do no harm to the client or the profession

	<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>Yes</p>
	<p>Is an additional minimum standard on doing no harm to the client necessary? If so, what standard do you propose?</p> <p>No. The rules are already in place for clients protection. They just have to be followed.</p>

Keep your client’s data confidential

	<p>In which situations, if any, should the retention, use or sharing of anonymised bulk customer data be subject to Code standards? It is an individual customers decision whether the data is shared or not.</p>
	<p>Do you agree that the Code should cover the various aspects of maintaining client confidentiality discussed in this paper?</p> <p>Yes</p>
	<p>Are there other aspects of maintaining client confidentiality to consider?</p> <p>The privacy act keeps a tight lid on clients confidentiality</p>

Ethical processes in Financial Advice Provider entities

	Do you agree that the Code should require the Financial Advice Provider to document and maintain its “ethical processes”? Yes absolutely
	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? If personal advice is being given then a code of ethics is essential, however if the client is only interested in getting in a “price war” with no specific advice given, a code of ethics is redundant.
	Should Financial Advice Providers also be subject to additional standards in respect of leadership and culture? If so, how should these be framed? Yes. Much like GP’s operate through the hipocratic oath, advisers should have the same onus on them to develop a code of honesty and helpfulness before commission
	Do you propose other additional standards of ethical behaviour that should apply to Financial Advice Providers? Yes

Ethics training

	Do you agree that Financial Advice Providers should be required to meet standards relating to ethics training? If not, please state your reasoning. Yes
	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. Yes. Everyone needs to be reading off the same page otherwise we end up with the current situation where no action is taken against and RFA but AFA’s doing the same job can be held accountable.
	Should there be a requirement for ongoing refresher training on ethics? Yes.

Resolving ethical dilemmas

	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
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Compliance functions

	Should there be a requirement for explicit sign-off on the soundness of financial advice provided directly by a Financial Advice Provider? Yes. Many advisers already have it in place.
	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. Yes
	Should this extend further into an internal audit obligation, having in place processes to systematically test for and detect violations of ethical behaviour? Yes. And consequences for their actions.
	Are there any potential compliance costs for small and/or large Financial Advice Providers that need to be considered? Yes.

Responsibility for the whole advice process

	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. Yes. The buck stops with the person giving the advice
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Reinforcing good ethical behaviour

	What principle or mechanism do you propose the Code could include to reinforce good ethical behaviour on a day-to-day basis? A thorough information gathering process should always be undertaken before ANY advice is given to a customer particularly in the area of replacement business.
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Conduct and client care

Advice situations

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

Advice-giving standards

	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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	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.)
	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)?
	Are there any potential compliance costs for small and/or large Financial Advice Providers that need to be considered? Yes
	Are there any additional matters that should be addressed in the advice-giving standards? Those listed above? Others?

Advice process

	Do you think there are any other components that should be included in the design considerations of an advice process? The basic footprint of a fact find should be standardised and made compulsory in the industry, particularly where banks are concerned
	Should the Code include guidance material to help determine what needs to be considered when designing an advice process? Yes
	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? Yes I think the involvement of the customer in the advice process should be recorded and graded after each meeting.
	Should any of the key aspects that we have listed above be removed? If so, why? No
	Are there any situations in which an advice process need not be followed? When someone simply wants a premium total for a comparison insurance and no advice is ought or needed.

Personalised suitability

	What comments do you have about a proposed minimum standard on personalised suitability analysis? What are your views on the example above? I think it is long overdue and will become essential if the new regime requires advisers to have a university degree to operate their business. Many very skilled and experienced advisers will leave our
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	industry and the void will be filled by people who have no long term experience and also may be very unsuitable for the position.
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Organisational standards

	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?
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They need to be concise and “plain English” in their explanation and not have duplicitous terminologies or loop holes as in RFA /AFA currently.

	Would implementing these organisational conduct and client care standards create a particular compliance burden for your firm? If yes, please explain why.
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Many other professions have them and I think if we want to move more to be viewed as a profession organisational conduct and client care standards should be part of the makeup.

General competence, knowledge and skills

Share your views	
	Do you agree with our interpretation of the meaning of “competence, knowledge, and skills”? If not, why not? Yes
	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. No
	What do you think are the advantages of this approach to general competence, knowledge and skills? There is no room for not understanding what is required by advisers if it has been standardised and communicated correctly
	What do you think are the disadvantages of this approach to general competence, knowledge and skills? Nil
	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)?
	What factors should we consider in determining whether to make the proposed unit standard a renewing obligation?

Particular competence, knowledge and skills

Share your views	
	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? In the insurance business information is often gathered of a financial nature as well as a risk assessment nature, however we do not give investment advice so a customer needs to be able to easily make that distinction and be advised accordingly.
	How should RFA’s experience be recognised? Not financial advisers. We are risk assessment advisers. We need to be separated from the financial advice sector as that is not our role.

What do you think are the advantages of this approach to particular competence, knowledge, and skill?
RFA's can be just as experienced and competent as AFA's and QFE's. We still need to know our providers products and care about our clients wellbeing so we can advise them ethically and with conviction. All the qualifications and degrees available are not going to change the basic purpose of advisers.

What do you think are the disadvantages of this approach to particular competence, knowledge, and skill?
More time from business to study and sit tests etc when the majority of our business is to go out and talk to customers, get an understanding of their situation and concerns and then conduct our research to them best advice.

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)?

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?
Product capability should be conducted by the providers and compulsory training needs to be enforced as part of the competency process.

Other comments

Share your views

Are there any other comments you would like to make to assist us in developing the Code?

There are a lot of very good experienced advisers in the industry who are very passionate about their profession and take pride in how they operate and treat their customers both short and long term. I cannot but feel that the legislation etc is a typical kneejerk reaction by the FMA and the government because of some self serving individuals in the past who have not had their customers best interests at heart and those customers may have unfortunately paid a heavy price in different ways. More legislation and controls is not going to improve our industry to any great degree or ensure that customers are taken care of as they would like to be. It will only provide a method of reducing the available skilled and experienced adviser pool and the customer will be worse off than ever because they will start turning to google and the internet to make their own risk assessments or analysis. We will very rapidly go backwards in this industry.

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