



FINANCIAL SERVICES FEDERATION

The Insurance Premium Funders' Code of Practice

This Code has been voluntarily developed by the Insurance Premium Funding members of the Financial Services Federation to encourage the adoption of high industry standards over and above what is required by laws and regulation.

Who is the Insurance Premium Funders Code of Practice for?

- For Insurance Premium Funders (IPFs) to promote high industry standards of service to customers and to support their compliance with legal and industry obligations.
- For customers of IPFs, to assist them to understand how they should expect to be treated.

What is Insurance Premium Funding (IPF)?

IPF is a loan which has a term and which is wholly or predominantly provided to fund Insurance Premiums.

The finance is provided with the insurance policies as the sole security item.

Who does this Code apply to?

This Code applies to all IPF providers who are members of the Financial Services Federation (FSF). It is applicable to all IPF loans provided by these Funders since the implementation date of this Code.

What is the status of this Code?

All IPF provider members of the FSF agree to abide by this Code from the date of implementation and to be fully compliant with the Code by 12 months from the date of implementation.

The Code does not take the place of any laws or regulations that apply to IPFs operating in New Zealand, so it does not limit customers' rights under those laws or regulations.

The Code imposes standards on IPF members of the FSF and failure to adhere to this Code could result in disciplinary action being taken by the Federation against that member that could result in their membership being terminated.

What IPFs promise customers under this Code

IPF members of the FSF promise to:

- Be honest and ethical. To always act honestly and with integrity and to treat customers fairly and reasonably in all their dealings.

- Provide clear and accessible information about their loan product so customers can make informed decisions about whether to enter into the loan contract. This includes clear disclosure of all applicable interest rates including the Annual Interest Rate, fees and charges (the Total Cost of Credit*), the loan amount, the term of the loan contract, the total repayment amount, and the type of any remuneration that may be paid to an intermediary, agent or broker. **
- Set all credit fees associated with a consumer IPF loan on a cost recovery basis only in line with the requirements of the Credit Contracts and Consumer Finance Act 2003.
- Work with customers in good faith if the customer experiences financial difficulties to seek a mutually beneficial solution.
- Deliver high standards of customer service. To provide product that is useful, reliable and easily understood. To treat customer information with respect and in accordance with the Privacy Act 2020.
- Focus on customers by providing a polite and responsive service.
- Always comply with legal and industry obligations and act fairly towards customers.
- Support and promote this Code through staff, agents and intermediaries by training them to put it into practice and by monitoring to ensure it is effective.

How we will deliver on these promises

IPF members of the FSF will deliver on these promises by ensuring that

- All advertising and promotional material for their product is clear and not misleading or deceptive.
- The information provided about their product is clear, concise and accurate and written in plain language.
- Customers receive their terms and conditions, a statement of fees and charges and disclosure about the type of any remuneration paid to an agent or intermediary before they enter into a contract.
- The documentation for their product is clear, concise and accurate, in plain language, distinct from marketing material, and compliant with all applicable laws and regulation.
- The documentation clearly sets out whether the customer is able to make an early repayment and the terms that apply to that early repayment.

Use of intermediaries, agents or brokers

If an intermediary or agent is engaged by an IPF member of the FSF to distribute their product, they will:

- Require these intermediaries or agents to be aware of and adhere to their obligations under this Code.
- Where an IPF provider pays any remuneration to an intermediary, agent or broker, the IPF provider expects the intermediary, agent or broker to disclose this to the customer.

If a customer is in financial difficulty

If a customer of an IPF member advises the Funder that they are experiencing difficulty in meeting their financial obligations, the Funder will comply with all obligations under law to work with the customer to seek a mutually beneficial solution. The Funder will:

- Consider a mutually acceptable repayment arrangement with the customer, having regard to their financial circumstances.

- Have procedures in place to ensure they respond promptly to any request or application (or they may also contact the customer to discuss their financial situation) and will genuinely consider the customer's request or application in good faith.
- Ensure that any Late Payment, Dishonour or Cancellation Fees charged on a commercial IPF loan are reasonable having regard to IPF members' costs.

Complaints

The customers of IPFs that are FSF members can access the Funder's complaints process if they are unhappy with any aspect of their experience with the provider.

The Funder will always try to resolve customer complaints through their internal complaints handling process. This process will cover all customer complaints, including complaints about breaches of this Code.

If the complaint cannot be resolved through the Funder's internal complaints handling process, the customer may also report any concerns about the Funder's compliance with this Code or any applicable laws or regulation to the external disputes' resolution scheme of which the Funder is a member. The Funder will provide information on their website about how they deal with complaints and how customers can contact the Funder's external disputes resolution scheme in need.

The Funder will do their best to ensure that their internal investigation of the complaint is completed and a decision on the complaint communicated to the customer within 10 business days and will inform the customer if they require more time to resolve the complaint.

The Funder will work to respond to complaints and disputes promptly and efficiently, consistent with the law, and fairly to everyone involved. But the Funder can only deal effectively with a customer complaint if the customer continues to communicate with the Funder and responds to reasonable requests for information while they consider the complaint.

The Funder will tell the customer in writing if they are not able to resolve the complaint and will provide information on how the customer can take their complaint to the Funder's independent disputes resolution scheme. The scheme will be one of those listed below.

The Insurance and Financial Services Ombudsman Scheme

Freephone: 0800 888 202

Email: info@ifso.nz

Website: www.ifso.nz

Financial Services Complaints Limited:

Freephone: 0800 347 257

Email: complaints@fscl.org.nz

Website: www.fscl.org.nz

Financial Disputes Resolution Service

Freephone: 0508 337 337

Email: enquiries@fdrs.org.nz

Website: www.fdrs.org.nz

The Insurance Premium Funders Code of Practice is produced by the Financial Services Federation and applies only to FSF's IPF members. It should not be used by any IPF that is not a member of the FSF.

This Code of Practice is not a substitute for reading and understanding the terms of the loan contract with the Insurance Premium Funder.

This Code of Practice is implemented from 1 July 2023. FSF's IPF members will be fully compliant with this Code of Practice from that date.

Should any of the terms of this Code of Practice be breached by an FSF IPF member, that member will be subject to the FSF's disciplinary process including investigation into the matter by the FSF's Disciplinary Committee which may result in the termination of the IPF member's membership of the FSF.

* Total Cost of Credit = Interest Expense, Application Fee, Intermediary Remuneration and any other fees.

** Beyond 1 July 2023, the following types of remuneration may not be paid to an intermediary, agent or broker:

Conflicted Remuneration	Definition
Advanced Remuneration/ Cash flow lending	Remuneration that is paid in advance to the Intermediary prior to the Intermediary providing the service.
Profitability / Income Share arrangements	Payment of a calculated amount of remuneration based on a profitability hurdle or income share.
Soft-Dollar Incentives	All non-monetary remuneration that is provided to an Intermediary who provides credit assistance to a customer
Volume Based Incentive (VBI)	A volume-based incentive is one where access to the incentive or the value of the incentive is dependent on the total number or value of Loan Contracts that are recommended to clients by a broker or, intermediary or its representatives.
Over-ride Intermediary Remuneration	Extra remuneration paid on top of standard commission to intermediaries or third party 'head groups' or cluster groups.