

How to have your say

Submissions process

The Ministry of Business, Innovation and Employment (MBIE) seeks written submissions on the questions raised in this document.

- Submissions on the questions in Part 3 of this paper (relating to the Financial Service Providers Register) are due by **5pm on Friday 29 January 2016**.
- Submissions on the questions in Part 1 and Part 2 of this paper are due by **5pm on Friday 26 February 2016**.

Your submission may respond to any or all of these questions. We also encourage your input on any other relevant work. Where possible, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples.

Please include your name, or the name of your organisation, and contact details. You can make your submission:

- By filling out the submission template online.
- By attaching your submission as a Microsoft Word attachment and sending to faareview@mbie.govt.nz.
- By mailing your submission to:

Financial Markets Policy
Ministry of Business, Innovation & Employment
PO Box 3705
Wellington
New Zealand

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

Use of information

The information provided in submissions will be used to inform MBIE's policy development process, and will inform advice to Ministers on the operation of the Financial Advisers Act 2008 and the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

We may contact submitters directly if we require clarification of any matters in submissions.

Submissions are subject to the Official Information Act 1982. MBIE intends to upload PDF copies of submissions received to MBIE's website at www.mbie.govt.nz and will do so in accordance with that Act.

Please set out clearly with your submission if you have any objection to the release of any information in the submission, and in particular, which part(s) you consider should be withheld, together with the reason(s) for withholding the information under that Act.

If your submission contains any confidential information, please indicate this on the front of the submission, mark it clearly in the text, and provide a separate version excluding the relevant information for publication on our website.

MBIE reserves the right to withhold information that may be considered offensive or defamatory.

The Privacy Act 1993 establishes certain principles with respect to the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information you supply to MBIE in the course of making a submission will only be used for the purpose of assisting in the development of policy advice in relation to this review.

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Chapter 3 – Barriers to achieving the outcomes

1. Do you agree with the barriers outlined in the Options Paper? If not, why not?

Barrier 1. It is hard or consumers to know where to seek financial advice.

Vero does not provide financial advice to consumers. Vero is an intermediated insurer distributing insurance products to consumers and commercial entities via a number of distribution channels, including insurance brokers.

Vero is not directly aware of any difficulty consumers face in locating specialist insurance brokers. The MBIE consumer survey response appears to indicate that this is an issue.

Vero considers some of the terminology in the legislation is unclear and may be confusing to some consumers. The actual differences between registered financial advisers, authorised financial advisers and QFE advisers is not readily apparent from the titles.

The definition of broker and broking services does differ from common use and should be amended to reflect the common consumer use of the term broker which relates to mortgage and insurance brokers.

Barrier 2. Certain types of financial advice aren't being provided.

Vero agrees that the FA Act has 'dis-incentivised' the provision of some types of advice.

Personalised advice tailored to consumer circumstances is costly to train for and supervise effectively. These costs will ultimately be passed on to the consumer. Competitive pricing pressures are therefore a factor in insurer decisions to provide personalised advice.

Vero has elected to take an 'information only' approach to selling direct general insurance sales and therefore operates outside the Financial Advisers Act 2008 regime.

Vero agrees that there is an opportunity for the legislation to enable insurance providers to give more consumer assistance at the point of sale short of a full personalised advice service particularly in relation to the sale of relatively straightforward financial products such as general insurance house, motor and contents insurance. The separation of personalised and class advice is appropriate on the basis that 'class advice' engagement with customers will form

part of a 'Sales' process operating outside the FAA'08. This will improve consumer access to insurance products and opportunities for insurers to educate customers on aspects of different insurance products and factors to consider in assessing coverage.

Vero agrees that the provision of online advice should be enabled by the legislation. It is however important that online offerings in New Zealand are subject to the New Zealand regulatory regime.

Barrier 3: Consumers may receive advice from people without adequate knowledge, skills and competence levels.

Vero agrees that introducing a competency standard for RFAs would help to ensure that consumers receive good quality financial advice.

The options paper uses the example of 'insurance' products as products that can have a significant impact on consumer financial wellbeing. There are many different types of insurance products in the New Zealand market. Product selection (resulting from advice or otherwise) will rarely have a significant impact on consumer financial wellbeing.

The primary and significant impact is the consumer decision to purchase insurance cover to mitigate their risks. For insurance products this decision is strongly informed by affordability. A customer's ability to afford a particular level of insurance cover may or may not be subject to financial advice but ultimately if the consumer considers they are unable to fund insurance premiums the product purchase cannot be sustained or they will not purchase.

It is important that consumer access to general insurance products is not limited by adviser regulation. Vero is in favour of a clear 'sales', 'advice' distinction being made with 'Sales' activity being outside the scope of the Financial Advisers Act 2008 (appropriate given the current protection consumers have from the Fair Trading Act 1986 (FTA'86) and Consumer Guarantees Act 1993 (GCA'93)).

Barrier 4: Certain conflicts of interest may be leading to suboptimal outcomes for consumers.

Vero considers that transparency of remuneration arrangements is in the interests of consumers and manufacturers of financial products.

Barrier 5: Consumers don't always understand the limitations of different types of advice. Vero does not currently provide advice to consumers. Vero considers that in the majority of cases consumers purchasing general insurance products do not seek personalised financial advice from insurers.

2. Is there evidence of other major barriers not captured in the Options Paper? If so, please explain.

Vero has no evidence of other barriers to achieving the outcomes set out in MBIE paper.

Chapter 4 – Discrete elements

1. Which options will be most effective in achieving the desired outcomes and why?
Option 1 Remove the distinction between class and personalised advice for adviser based on customer demands (preferred option).

This option will be most effective if it is implemented in conjunction with a separation of Sales and Advice (with Sales activity operating outside the FAA'08 regime).

This would clarify to consumers that personalised advice services to consumers do not form

part of Sales processes. Consumers would therefore have a better understanding that if they require financial advice relevant to their personal circumstances they should engage appropriately qualified advisers. This would also enable more helpful consumer information (such as generic product information) to be provided at point of sale, (regulated by the FTA'86 and CGA'93).

General insurers and their distributors selling insurance products would be able to provide information about the insurance products and also helpful considerations relating to insurance products that currently qualify as class advice. These considerations should assist in improving consumer financial literacy as it relates to general insurance products.

Option 2 Remove any distinction based on product category so that any adviser can advise on areas within their area of competence (ie: currently only AFAs can advise on more complex products).

Vero's general insurance products are category 2 products capable of being sold by all current financial advisor categories and Vero employees. The current product categories introduce a level of complexity into advice regulation that may undermine consumer awareness of FAA'08 regulation.

Option 3: Restrict the provision of certain complex or high risk services to certain advisers.

Vero's general insurance products are category 2 products capable of being sold by all current financial advisor categories and Vero employees.

Vero does not consider consumer general insurance products to be inherently complex or high risk. Consumer decisions relating to the selection of insurer product providers in particular carries a low risk compared to investment product provider selection.

If MBIE considers that general insurance is sufficiently complex or high risk to warrant restricting advice this may unnecessarily restrict access to general insurance products by both consumers and wholesale (ie: commercial) customers.

Please engage with Vero on this issue if general insurance products are considered complex or high risk.

Option 4. Require a client to opt in before being considered a wholesale client.

Vero is not in favour of this option as it will introduce unnecessary complexity to the sale and advice of commercial general insurance products and will result in increased compliance costs for insurers and advisers with no benefit to wholesale customers.

2. What would the costs and benefits be of the various options for different participants (consumers, financial advisers, businesses)?

See above.

3. Are there any other viable options? If so, please provide details.

Removing the sale of general insurance products from the FAA'08 regulatory regime would be likely to enhance consumer access to general insurance products.

Removing the class advice and personalised advice distinction and enabling 'class advice' to be delivered as part of the Sales process would also assist in improving financial literacy amongst NZ consumers.

General insurance products are an essential tool to help consumers manage their financial risk. Insurance regulation means that product provider selection by consumers is relatively low risk (compared to investment product provider selection). Sales of general insurance products is regulated by the FTA and CGA

This would reduce costs of compliance for insurers and therefore be likely to have a positive price impact on general insurance products and increase the take up of general insurance

products by the NZ public. This in turn has far reaching benefits to the economy and community Consumers would still have the benefits of protection by the FTA'86, CGA'93 and Dispute Resolution Services under the Financial Service Providers Registration Act 2008.

4.1 Restrictions on who can provide certain advice

1. What implications would removing the distinction between class and personalised advice have on access to advice?

Removing the class advice and personalised advice distinction and enabling 'class advice' to be delivered as part of a Sales process operating outside the provisions of the FAA'08 regime would be beneficial.

It would also help consumers understand that when they are receiving advice related to their personal financial circumstances, it is a regulated service, whereas when they are purchasing a product and receive information at the point of sale, this is sales information.

Making the distinction would also enable insurers and distributors to engage with customers in a sales context in a more customer friendly way, providing information about important considerations such as the importance of selecting appropriate cover and affordability. This would assist in improving financial literacy amongst NZ consumers.

1. Should high-risk services be restricted to certain advisers? Why or why not?

Creating subsets or categories of adviser may complicate the regulatory regime for both the profession and consumers. This proposal also depends on what services are categorised 'high risk'.

A product purchase by one customer may be entirely reasonable and low risk but have high risk implications for another customer in a different financial situation. The customer may not have sought any financial advice prior to making the purchase.

The risk of adverse implications to a customer as a result of inappropriate advice can only be assessed can only be assessed with reference to a consumers particular circumstances.

2. Would requiring a client to 'opt-in' to being a wholesale investor have negative implications on advisers? If so, how could this be mitigated?

Vero does not provide advice to wholesale investors. However our comments at questions 3 above are relevant in that such proposals may introduce unnecessary complexity and will result in increased compliance costs for advisers with no benefit to wholesale customers.

4.2 Advice through technological channels

1. What ethical and other entry requirements should apply to advice platforms?

Vero agrees with MBEs assessment and preferred option: allow financial advice to be provided online by a licenced entity. (NB: contained in all 3 options)

It is important that there is accountability for advice delivered by automated advice processes and compliance with regulatory requirements.

NZ FSPR registration should be required with performance bonds or indemnity insurance for offshore providers to ensure relevance of advice to NZ environment and consumer recourse for poor advice.

The risk that international advice may not be appropriate for the consumer in the NZ environment will remain a real risk for the NZ consumer.

2. How, if at all, should requirements differ between traditional and online financial advice?

The requirements should regulate offshore providers of online advice to customers in NZ on an equivalent basis to ensure a competitive, sustainable, advice industry in New Zealand.

3. Are the options suggested in this chapter sufficient to enable innovation in the adviser

industry? What other changes might need to be made?

Option 1 (Allow financial advice to be provided online by a licensed entity (preferred option), illustrated in Packages 1, 2 and 3 in Chapter 5) appears appropriate however further detail is required to ensure it does not restrict possible future innovation.

4.3 Ethical and client-care obligations

1. If the ethical obligation to put the consumers' interests first was extended, what would the right obligation be? How could this be monitored and enforced?

Obligations to 'put the consumer's interests first' should be developed in wide consultation as the implications are potentially significant to consumer access insurance and other financial products.

Legislation outside the FAA already provides significant consumer protection for sales activity (ie: the Fair Trading Act 1986, Consumer Guarantees Act 1993, Privacy Act, Human Rights Act and Financial Service Providers Act. What current gaps in consumer protection would new FAA requirements be developed to meet?

2. What would be some practical ways of distinguishing 'sales' and 'advice'? What obligations should salespeople have?

A person acting for the consumer would usually be viewed as an adviser while a person acting for the provider would usually be viewed as a salesperson. In our view a person acting for the consumer would usually be viewed by a consumer as an adviser while a person acting for the provider would usually be viewed as a salesperson.

Another distinction is that an adviser will be generally advising on product provider selection, whereas sales activity will be selling one provider products only.

Independence is an important criteria for an adviser and there should be obligations for advisers to state any association (including remuneration incentives) they have with particular providers. Consumers should be made aware as to whether advice given is independent or not.

Salespeople are expected to have the required level of skills, knowledge and experience to be able to promote and sell a financial product. Vero believes that it is the responsibility of the provider to take responsibility for the actions of its staff and ensure they train and monitor their salespeople appropriately.

By making this clear distinction consumers would be in no doubt as to the difference between advice and sales, and would then be able to seek out the most appropriate adviser or salesperson depending on their own needs and requirements.

Disclosure by advisers and salespersons as to the service they are providing is one way to clarify the distinction between sales and advice for consumers.

3. If there was a ban or restriction on conflicted remuneration who and what should it cover?

Vero does not support a ban or restriction on conflicted remuneration such as commissions in relation to general insurance products.

Vero notes that this is not currently a preferred option of MBIE. Effective disclosure of remuneration by all advisers is recommended. It is noted that developing effective disclosure of adviser remuneration to consumers will be challenging given the varied forms adviser remuneration may take, ranging from commissions based on premiums to funding arrangements and other 'soft commission' arrangements with product providers.

4.4 Competency obligations

1. How can competency requirements be designed to lift capability, without becoming an undue barrier to entry and continuation in the profession?

Vero supports Option 4; Competency Standards set through licencing process (preferred option in combination with entity licencing).

Vero considers that competency requirements should be matched to the complexity of products being sold and the level of information or advice being provided to consumers.

Product and advice service providers are in the best position to assess and document how appropriate competency requirements are being complied with whether this is part of entity licencing or internal compliance.

2. Should all advisers be subject to minimum entry requirements (Option 1)? What should those requirements include? If not, how should requirements differ for different types of advisers?

Vero does not currently provide financial advice to consumers.

Vero considers that minimum entry requirements may involve higher costs for financial service providers and may also drive adviser remuneration higher which may ultimately impact on consumers.

The level of cost in introducing minimum competency entry requirements would depend on the detail of the entry requirements, the time and cost of completing them. The availability of relevant competency courses may also be an issue which may restrict entry into the advice industry.

All advisers should have to meet minimum standards of competency. However these standards should be varied depending on the adviser services being provided (ie: investment advice should require different competency standards to general insurance advice).

4.5 Tools for ensuring compliance with the ethical and competency requirements

1. What are the benefits and costs of shifting to an entity licensing model whereby the business is accountable for meeting obligations (Option 1)? If some individual advisers are also licensed (Option 2), what specific obligations should these advisers be accountable for?

Vero supports Option 1 entity licencing (the preferred option in packages 1, 2 and 3).

Vero currently sells insurance products via intermediaries (corporate partners and brokers)

Vero customer contact with consumers is information only responses to consumer requests received via corporate partners to acquire, amend and claim on insurance policies. As a result, Vero is not currently required to register as a QFE.

Vero currently has responsibility for the sales activities of its employees under the FTA'86 and CGA'93 in addition to reputation and stakeholder risk in engaging with customers.

Vero is a NZ licenced insurer and has risk management and compliance programmes in place to manage compliance with regulatory obligations. Entity licencing incurs costs in the application process and ongoing licence maintenance also incurs some costs. However, given its existing risk, compliance and regulatory engagement capabilities, the introduction of entity licencing would not in itself drive increases in product prices should Vero wish to engage in adviser services..

2. What suggestions do you have for the roles of different industry and regulatory

bodies?

Vero supports single point regulatory responsibilities where possible in the interests of certainty and simplicity. Where regulatory agencies are engaged in different licencing functions, it is important for their jurisdictional mandates to be clear to ensure business can engage effectively on compliance issues.

However, Vero notes that some professional bodies such as the NZ Law Society operates legal industry self regulation relatively effectively. An equivalent role could be established for financial adviser industry bodies but this would require in depth regulatory approval and monitoring to ensure that the industry body meets regulatory obligations of its members.

4.6 Disclosure

1. What do you think is the most effective way to disclose information to consumers (e.g. written, verbal, online) to help them make more effective decisions?

Vero supports Option 2: A review of the information disclosed and form of disclosure to make it more meaningful for consumers (preferred option).

Vero currently engages with intermediary and corporate partner referred customers on an information only basis and makes key disclosures to these customers as part of product fulfilment processes by telephone, online and in writing.

Different methods of disclosure each have advantages and disadvantages. Telephone disclosure is often convenient to consumers but is not able to be easily referred to at later times by consumers.

Written disclosures online can be effective if they are prominently displayed at key points in purchase processes, however consumers may not read them or be able to refer to them again in future.

Written disclosures hardcopy can be referred to by consumers prior to or after purchase. However, there are time delays in providing this information.

As a general rule, Vero considers that the longer the required disclosure, the less effective it can be communicated to consumers whether in orally or in writing.

2. Would a common disclosure document for all advisers work in practice?

A common disclosure document for all advisers could work in practice. It would be important to ensure the disclosure is concise and suitable for telephone disclosure as well as in writing.

3. How could remuneration details be disclosed in a way that would be meaningful to consumers yet relatively simple for advisers to produce?

Vero does not operate a financial adviser service that requires disclosure of remuneration and therefore has limited view on what would be relatively simple for advisers to produce.

Insurance product distribution agreements may agree remuneration based on a percentage of the premium over a specified period of time. Disclosure of remuneration of this type may be relatively straightforward.

Disclosure of the actual amounts of commission charged are more problematic being contingent on the amount of product premiums being maintained by the customer over a period of time. The actual amount of commission is also likely to be considered to be of a commercially sensitive nature by some advisers.

It is noted that developing effective disclosure of adviser remuneration to consumers will be challenging given the varied and complex forms adviser remuneration may take, ranging from

commissions based on premiums to funding arrangements and other 'soft commission' arrangements with product providers.

4.7 Dispute resolution

1. Is there any evidence that the existence of multiple schemes is leading to poor outcomes for consumers?

Vero notes that the sole option provided in this area is a preferred option common to all packages is: Changes to improve the transparency and consistency of dispute resolution schemes and promote greater access for consumers.

Vero is not aware that the existence of multiple dispute resolution schemes is leading to poor outcomes for consumers. In Vero's experience of the IFSO scheme, the Ombudsman is always concerned to ensure the interests of the consumer using the scheme are protected. Vero supports improvements in transparency and consistency between schemes.

Scheme selection is currently a decision of the financial service provider, not the consumer. Vero strongly supports this current position. Any move to the selection of dispute resolution service by consumers would be disruptive and undermine certainty of outcome and drive up costs for financial service providers.

2. Assuming that the multiple scheme model is retained, should there be greater consistency between dispute resolution scheme rules and processes? If so, what particular elements should be consistent?

Vero is a member of the Insurance and Financial Savings Ombudsman dispute resolution scheme and has not had any experience of any Schemes to form a view on which rules and processes should be consistent. However, Vero believes that it would support consumer confidence in the schemes if there was a large degree of consistency of rules and processes across all the schemes.

3. Should professional indemnity insurance apply to all financial service providers?

Vero is a NZ licenced insurer that manufactures liability insurance products. Vero supports the application of a level of professional indemnity insurance for all financial service providers. However, it is important that the level of required indemnity insurance does not act as a barrier to entry into the distribution of financial products, and particularly insurance products.

4.8 Finding an adviser

1. What is the best way to get information to consumers? Who is best placed to provide this information (e.g. Government, industry, consumer groups)?

Vero is supportive of initiatives to improve information available to consumers to help them identify and locate relevant financial advisers. However, Vero does not agree that a new portal needs to be established.

There are fundamental differences in financial adviser services. For example, the consumer website Sorted provides links to industry associations such as the Insurance Brokers Association of New Zealand (IBANZ) which contains adviser locators on their websites for general insurance advisers.

However, there is no equivalent website for financial investment advisers or life insurance advisers and it refers to the FSPR which is not designed with a view to consumer accessibility or ease of use for locating an appropriate adviser.

Perhaps the Commission for Financial Capability should investigate include adviser location

support on a website such as Sorted (supported by government).

2. What terminology do you think would be more meaningful to consumers?

Vero supports the proposal in Option 2 to identify useful terminology that is more relevant to consumers and the New Zealand public generally.

Vero supports the development of naming changes for QFE advisers to reflect that they are linked to a particular entity. Vero considers that the term 'adviser' should be limited to advisers who are not 'tied' or required by their contract of employment to sell certain products. Vero is also supportive of the development of appropriate labels for people providing 'sales only' services under a separation of sales and advice model.

Vero is also in favour of renaming 'wholesale' and 'retail' advice, 'class' and 'personalised' advice and 'broker' to terms that have more relevance to the NZ public.

4.9 Other elements where no changes are proposed

The definitions of 'financial adviser' and 'financial adviser service'

3. Do you have any comments on the proposal to retain the current definitions of 'financial adviser' and 'financial adviser service'?

Vero has no particular concerns with these definitions. As stated at 26 above, Vero considers that the term 'adviser' should be limited to advisers who are not 'tied' or required by their contract of employment to sell certain products.

Exemptions from the application of the FA Act

4. Are those currently exempt from the regime posing undue risk to consumers through the provision of financial advice in the normal course of their business? If possible, please provide evidence.

Vero is not aware of any issues relating to exempted entity activities related to the provision of general insurance or at all.

Territorial scope

1. How can the FA Act better facilitate the provision of international financial advice to New Zealanders, without compromising consumer protection? Are there other changes that may be needed to aid this, beyond the technological options outlined in Chapter 4.2?

Vero is concerned that international advice may be provided to NZ consumers by offshore entities not registered as financial advisers. This may lead to limited recourse available to NZ consumers against offshore providers who have provided poor or negligent advice.

The proposals to require offshore financial advisers to undertake some form of indemnity insurance or provide a performance bond may address some of these risks.

The risks that international advice may not be appropriate for the consumer in the NZ environment will remain a real risk for the NZ consumer.

2. How can we better facilitate the export of New Zealand financial advice?

Vero considers that the export of NZ financial advice into other jurisdictions is best enabled by

the NZ government entering into bi-lateral agreements with other governments recognising equivalent status for NZ advisers.
To a certain extent this is developing in relation to the provision of financial advice by NZ advisers in Australia.

The regulation of brokers and custodians

3. Do you have any comments on the proposal to retain the current approach to regulating broking and custodial services?

Vero's comments are in relation to the use of the work 'broker' which is considered to be more commonly used in relation to mortgage or insurance brokers than the current definition which appears to relate to 'stockbrokers'. Vero recommends a change in name for broking services to clarify what services are being provided.

Chapter 5 – Potential packages of options

1. What are the costs and benefits of the packages of options described in this chapter?

Package 1's new ethical obligations requires advisers to only recommend products to customers that they consider are in the customer's best interests.

The full impact of this change can only be assessed with reference to a full definition of what the phrase 'the customer's best interests' will mean in practice. It appears that the customer's best interests could only be properly assessed with reference to the customer's personal financial circumstances. As such it would need to be a requirement of a personalised advice service.

Package 2's proposal to remove the distinction between personalised and class advice and instead focus on services that match customer requests should reduce compliance costs for sales activity and help to develop an advice industry focused on providing personalised advice. Package 3 is Vero's preferred option. Vero currently provides 'execution only' services fulfilling customer requests for insurance products and providing product information only and is therefore outside the scope of the regime.

It is not clear how 'execution only' services will differ from the 'Salespeople' designation which appears to operate within the scope of the regime.

How are Salespeople to assess whether a particular product is suitable for a particular consumer when they are simply responding to a customer's purchase request?

A restriction on Salespeople only being able to sell their own products does not recognise the practice of 'white labelled' insurance products sold by employees of well run and compliant businesses offering other services (such as banks).

The proposal to remove the distinction between personalised and class advice and instead focus on services that match customer requests may reduce compliance costs and potentially make it easier for product providers to provide limited advice related directly to their products without requiring a full personalised advice 'needs assessment' of each customer. However, to deliver real benefits, the proposal to remove the distinction between personalised and class advice should form part of a change to separate Sales from Advice and remove Sales activity from the FAA'08 regime.

This should improve consumer financial literacy in relation to insurance products and clarify that the provision of financial advice is a discreet regulated activity.

The benefits of Package 3 include:

- a simplified regime
- increased consumer awareness and less confusion between provision of advice and sales
- increased transparency of potential conflict of interest, greater awareness of independence and remuneration consequences
- lower compliance cost and more consistency between like providers

2. How effective is each package in addressing the barriers described in Chapter 3?
See above.

3. What changes could be made to any of the packages to improve how its elements work together?
See above.
4. Can you suggest any alternative packages of options that might work more effectively?
See above.

Chapter 6 – Misuse of the Financial Service Providers Register

5. Do you agree with our assessment of the pros and cons of the options to overcome misuse of the FSPR?
Vero has no direct experience of offshore entities using NZ FSPR registration in order to take advantage of NZs reputation as a well regulated jurisdiction. Vero has no view on the effectiveness of the FMAs deregistration powers.
6. What option or combination of options do you prefer and why? What are the costs and benefits?
 - Option 1 – including stronger registration requirements.
This option will not impact on current NZ based financial service providers such as Vero. Requirements on offshore entities such as a level of indemnity cover may provide additional comfort for NZ consumers who suffer as a result of poor performance by offshore providers operating in NZ.
 - Option 2. Amend the grounds for de-registration.
This option will not impact on Vero and appears to address some of the issues identified in the options paper.
 - Option 3. Amend territorial scope of legislation to require a legitimate connection to New Zealand.
This option will not impact on Vero and appears to address some of the issues identified in the options paper.
 - Option 4. Require trust and company service providers to register.
This option will not impact on Vero. The proposal appears to address some of the issues identified in the option paper.
 - Option 5. Limit public access to all or parts of the FSP Register
This option will not impact on Vero. The proposal appears to address some of the issues identified in the option paper.
 - Option 6. Convert the current FSP register into a non-public notification list.
This option will not impact Vero. This option would remove the ability for NZ consumers to verify whether any particular financial service provider is actually registered and obtain details about the registered provider to enable action for redress.
7. What are the potential risks and unintended consequences of the options above? How could these be mitigated?
See above
8. Would limiting public access to parts of the FSPR help reduce misuse?
In Vero’s view, limiting public access to parts of the FSRP would do little to mitigate the risk of unscrupulous offshore providers representing that they are registered in New Zealand. Limiting public access would also remove the ability of overseas consumers from verifying NZ registration status.

Demographics

1. Name: Chris Taylor, Executive Manager Regulatory Affairs and Compliance, Vero NZ.

Enter your name and/or the name of the group of people, business, or organisation you are providing this submission on behalf of here.

2. Contact details: Redacted

Enter your email address, or other contact details here.

3. Are you providing this submission:

As an individual

On behalf of an organisation

Vero Insurance New Zealand Limited, a New Zealand licenced insurer.

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Reason: Enter text here.