## AIA: FSC report fails to represent the views of AIA

10 November, 2015 – The Financial Services Council (FSC) report into the risk insurance market is counterproductive and should not be published, says AIA chief executive Natalie Cameron.

Cameron says the present review of the Financial Advisers Act is welcome and it was important the FSC’s contribution to the debate was informative, constructive and balanced, goals it failed to achieve.

“AIA supports reform of the Act, as we set out in our submission to the Ministry of Business, Innovation and Employment,” says Cameron. “Under-insurance is a major issue in New Zealand and the industry needs to work hard to eliminate impediments to families receiving coverage.”

But the FSC report is biased in its treatment of market participants, singling out financial advisers to the exclusion of all other elements that constitute a healthy, competitive market, she says.

“Different distribution channels using different remuneration models are needed if we are to increase availability and affordability,” Cameron continues. “For instance, the Council report could have singled out banks, whose employees are remunerated on a bonus structure or volume basis, a key conflict of interest risk highlighted by the Financial Markets Authority in its Strategic Risk Outlook 2015.

“Banks also perform an important role in this market and have their challenges – for example the financial products and union Fintec has called for the sales targets for bank staff to be reduced – yet it is the advisers who have been singled out in the FSC report.”

Cameron says there is an important balancing act between protecting the consumer but at the same time not unduly restricting access to financial advice.

“It is vital that specialist sellers of insurance products remain in the market. We believe that misdirected regulation has the potential to remove choice from the market – which would impede access to insurance, not increase it,” she says.

“It is disappointing that the FSC has taken this stance, despite strong advocacy for the IFA market from a number of insurers,” comments Cameron. “It does not represent the views of AIA.”

“We feel we have no other option but to withdraw our membership of the FSC at this time.”

ENDS