

MEMBER UPDATE

Financial Services Council

June 2017

Welcome

April and May have continued the busy start to the year with a rolling programme of consultation, issue papers and guidelines for the financial services industry. Member activity this quarter has focussed on responding effectively to these submissions, maintaining focus on developing the FSC Code and building the inaugural 'Navigating Change' national conference. This update brings you highlights from the conference and our policy work.

Policy

We're committing significant time, energy and resources to respond on the continuing programme of policy work, including:



Area of work	Outcomes
Financial Advice Regime	<ul style="list-style-type: none">• Our response to the Consultation Paper supported the Ministry's aim of improving access to quality financial advice, resulting in more informed and confident participation of consumers in financial markets.• We highlighted six key themes and provided recommendations focussed on the consumer; advice categorisation, client first, conflicts of interest, transition and robo-advice.• Exceptional work and engagement across the membership through the Regulation Committee resulted in a cohesive, substantial and detailed response to the Consultation Paper.• The industry is waiting for the expected consultation on disclosure.• The market is eagerly awaiting news on formation of the Code Working Group.
KiwiSaver Annual Statements – Calculation of Total Fees (in dollar values)	<ul style="list-style-type: none">• Our response supported the goal of driving better consumer outcomes and ultimately building trust and confidence in the sector.• We highlighted potential unintended consequences from the proposed solution.• Leveraging strength in numbers, our submission was made jointly with Workplace Savings NZ.
Insurance (Prudential Supervision) Act	<ul style="list-style-type: none">• Consultation is underway on the IPSA Issues Paper with the deadline of 30 June fast approaching.• The Regulation Committee is forming a view on the key themes of our submission and we'll bring you more news in the next update.• Thank you to all involved for your robust engagement.
Insurance Law Reform	<ul style="list-style-type: none">• Our meetings with MBIE have highlighted that Insurance Law Reform is on the short-term horizon.• We are supportive of Insurance Law reform and will focus on driving consumer outcomes and a sustainable sector.• Once we discover more about the timing and content, the Regulation Committee will swing into action.
Automatic Exchange of Information (AEOI)	<ul style="list-style-type: none">• Our engagement with the Inland Revenue has resulted in good awareness of AEOI issues and outcomes.• IR are now delivering monthly communications and attached is their May update.
Exemption of KiwiSaver Schemes and their Members' Accounts	<ul style="list-style-type: none">• Another positive outcome for the industry, with the Inland Revenue confirming that KiwiSaver schemes will not be required to carry out CRS due diligence and reporting on their financial accounts.• Determinations CRS 2017/001 and 2017/002 are now available on the Inland Revenue website: http://www.ird.govt.nz/technical-tax/determinations/crs/

Advocacy

Our advocacy work focusses on the key themes of superannuation policy, insurance and investment & funds management. Conversations with policy-makers and regulators reinforce the importance of delivering strong and sustainable consumer outcomes, building the sustainability of the financial services sector and increasing professionalism and trust in the industry.



Audience	Outcomes
Politicians	<ul style="list-style-type: none"> Building and reinforcing our relationships with politicians, we have spent the majority of our recent time with Minister Dean (Commerce and Consumer Affairs). Our recent meetings have focussed on KiwiSaver, post-retirement products and financial capability. The run-up to September's election provides a great opportunity for more robust political engagement, and we have meetings lined up for later in June with a broader range of politicians across the different parties.
MBIE	<ul style="list-style-type: none"> Our regular meetings with MBIE highlighted the potential modernisation and reform of Insurance Law, which, when it goes ahead, will have a strong focus on strong and sustainable consumer outcomes. Upcoming meetings will explore Financial Advice Regime policy direction and provide the opportunity to represent our member views.
FMA	<ul style="list-style-type: none"> Recent meetings have resulted in lifting our understanding of the FMA's focus areas - consumer capability, conduct and financial advice related matters. In our next meeting, we will seek a better understanding of consultation papers on the horizon. This will mean we can become more proactive in our responses to the regulator.
RBNZ	<ul style="list-style-type: none"> The recent IPSA Q&As in Wellington and Auckland gave the industry an insight into RBNZ's thinking and their focus on a drive for consistency, balance of cost-effectiveness vs risk, principles-based vs rules-based and the importance of policy-holder protection. Our planned regular engagement sessions with RBNZ will support us as we move through the IPSA consultation process.
Inland Revenue	<ul style="list-style-type: none"> Regular engagement has resulted in our becoming a key stakeholder and communication channel for the Inland Revenue. Topics discussed recently include anti-money laundering and the Inland Revenue's transformation project. We are particularly interested in the how the IR intends to collect data and engage with the community.

Thanks for reading the June newsletter. If you have any feedback or any questions, please feel free to contact me:

richard.klipin@fsc.org.nz or haydee.stroud@fsc.co.nz

And please read on for the latest news and updates on the conference.



Rob Flannagan
Chairman



Richard Klipin
CEO

**EARLY BIRD
SPECIAL
CLOSING
30 JUNE**

LATEST JUNE UPDATE

**Navigating
Change** 
NATIONAL CONFERENCE

LATEST CONFERENCE NEWS

For the first time, the FSC and Workplace Savings NZ are co-hosting a national two-day conference in Auckland. The conference will showcase the big issues facing the sector and challenge and inspire delegates to 'Navigate the Change' in their worlds.

New on the main platform

Our guest speaker for the conference is Minister Jacqui Dean along with Lisa King (Eat My Lunch founder) and New Zealand entrepreneur Murray Thom.



Lisa King



Murray Thom – Sponsored by 



Minister Jacqui Dean

Thought-provoking, insight-leading panels will explore:



Life Insurance – The Consumer of the Future – facilitated by Russell Hutchinson

Senior leaders will share their thoughts and ideas on the consumer of the future, consumer trust and the current state of the market. Panellists will explore opportunities for growth and lessons learned.



Culture, Conduct and Consumers – facilitated by Mike Woodbury

This diverse panel will explore consumer trust in the industry, the FMA's recent guidance and insights from home and abroad. The panel will tackle questions such as 'what does great look like for culture and conduct? And how do we get there?', 'What are consumers telling us? And how do we better listen?' and 'what are the big issues for the next decade?'



The Future of Retirement, Super and KiwiSaver – facilitated by Diana Clements

Addressing pressing issues such as the changing nature of work in retirement, contribution levels, and whether we can afford NZ Super as it currently exists. Panellists will explore learnings from overseas and home.



Keep an eye on the www.navigatingchange.co.nz website for more confirmed panels and speakers over the next few weeks.



Sponsored by



Navigating Change – Gala Awards Dinner

Diarise the evening of 7 September for the **Gala Awards** dinner and book a table with your colleagues. We'll be showcasing excellence at the event by celebrating the winners of the new industry awards.

Media coverage of the conference is continuing to build and there's plenty of interest across the market.

Build your knowledge and your networks and show your collaborative spirit by inviting a colleague to attend!

For more information, to keep up to date on programme speakers and activities, visit us at www.navigatingchange.co.nz


If you're interested in helping and becoming part of the collaborative community creating this event, please call Haydee on 09 985 5762.

LAUNCHING NEW AWARDS!

FINANCIAL SERVICES COUNCIL AWARDS

Celebrating success in the financial services industry, we're excited to bring you the **new FSC Awards**. Launching on Thursday 15 June, the inaugural awards showcase individuals who are truly making a difference for the financial services industry and the broader NZ community.

NEW!

Award Name	Area of Focus	Nominations open
Rising Star Award 	For an individual who has shown tangible growth and development over the previous 12 months, making a real difference to the industry while early in their career.	15 June 2017
Innovation Award 	For an individual who has proactively taken the initiative to lift professionalism in the industry by addressing a big industry issue or industry challenge.	15 June 2017
Shaping the Future Award 	For an individual who has consistently demonstrated industry leadership, proactively advocating for market change and a future focus.	15 June 2017
Diversity Award 	For an individual who walks the talk when it comes to diversity. A person who is passionate about making a difference on any aspect of diversity both within and beyond the workplace.	15 June 2017

Get your thinking hats on about who you can nominate and keep an eye on navigatingchange.co.nz for more information nearer launch date!

Key Dates

15 June 2017	Entries open
31 July 2017	Entries close
7 September 2017	Winners announced at the Gala Dinner

More information will be published on the website when entries open.

Insights

Our ‘spotlight on insurance’ showcased the contribution the insurance industry makes to the NZ economy. These facts will help us in our policy and advocacy work by giving tangible information about the impact of FSC members on the NZ community

SPOTLIGHT ON INSURANCE

ANNUAL SNAPSHOT

AS AT 31 MARCH 2017



3.87 MILLION

NUMBER OF INSURANCE POLICIES

\$2.42 BILLION

ANNUAL INSURANCE PREMIUMS



4.79 MILLION

NUMBER OF PEOPLE IN NZ

\$1.16 BILLION



CLAIMS PAID TO 31 MARCH 2017 (12 MONTHS)

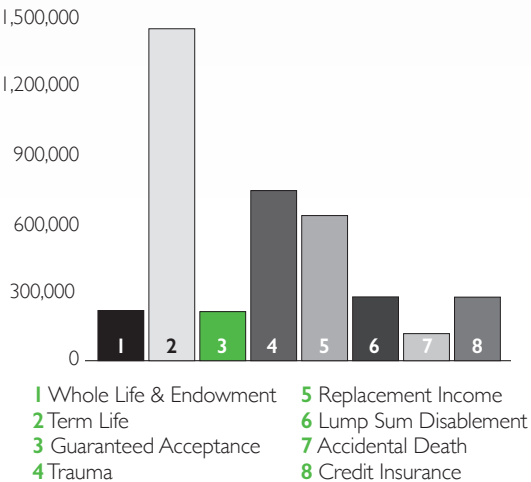
37% OF CLAIMS PAID TO 31 MARCH 2017 WERE TERM LIFE POLICIES

\$276 MILLION

CLAIMS PAID (IN THREE MONTHS TO MARCH 2017)

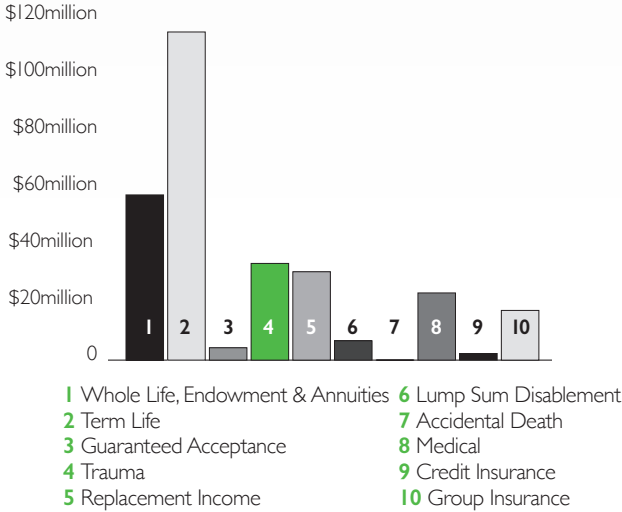
NUMBER OF INSURANCE POLICIES

12 MONTHS TO 31 MARCH 2017



CLAIMS PAID

THREE MONTHS TO 31 MARCH 2017



Sources: Financial Services Council Statistics, 31 March 2017 / Stats NZ Population Clock, 3 May 2017