

# IMPORTANT Insurance legislative changes that affect you.



**BRIDGES  
INSURANCE**

DISCLOSURE  
DOCUMENTATION

New legislation now requires that Bridges Insurance Services and its staff be registered as an FSP (Financial Services Provider).

Please retain a copy of this information with your records.

FIRST HERE ARE THE FACTS:

## 1st July 2011 – the day of change!

The Financial Service Providers (Registration and Dispute Resolution) Act 2008 ('the Act') was passed into law on 29 September 2008. This is a register of individuals and companies that provide financial advice or assistance in New Zealand.

On 1st July 2011, anyone offering advice within the financial services industry (including insurance) must be registered!

Part of the registration requires everyone to:

- Produce free of charge a FULL DISCLOSURE DOCUMENT
- Belong to a DISPUTES RESOLUTION SCHEME

## The key objectives of this Act are to:

- Provide an electronic register of Financial Service Providers
- Increase the level of transparency of public information related to Financial Service Providers, their licensed services and their related dispute resolution schemes;
- Ensure certain people are prevented from being involved in the management of FSPs, such as those with specific criminal convictions;
- Assist New Zealand to comply with its international obligations to prevent money laundering and the financing of terrorism;

## Registration applies to:

- individuals who live or have a place of business in New Zealand; and
- are in the business of providing financial services (in NZ or overseas)

In order to register applicants will have to pass a criminal conviction background check and those who provide services to retail clients will have to join an approved consumer disputes resolution scheme.

## Financial advisers

Financial advisers are a large group of the financial service providers in New Zealand. People who provide advice on high risk and/or long term investment products (including financial planning) will have to be "authorised" by the Securities Commission under the Financial Advisers Act 2008.

Bridges Insurance Services is not an Investment adviser and therefore only needs to be registered.

## The Definition of Financial Service

So what exactly is the definition of Financial Service? Does it include the teller at the bank offering you some life insurance when you deposit your hard earned cash?

The answer is YES. Anyone who is providing you with advice in regards to investments, insurance, currency or loans/debt must be registered! After 1 July even a teller has to be authorised to provide advice and will need to refer on if they don't have authorisation.

**"There are some exceptions such as lawyers and accountants"** CHRIS ROLFE

Some examples of common financial services are below:

- providing financial advice (including investment planning)
- mortgages, saving and cheque accounts, and loans
- consumer loans and credit – such as when you buy an item from a retailer on credit or you obtain a cash loan
- issuing and managing means of payment (for example, credit and debit cards, cheques, travellers' cheques, money orders, bankers' drafts, and electronic money)
- money transfers
- foreign currency exchanges – whether buying or selling
- money management and/or advice
- investment management and/or advice
- insurance – including life, health, home/contents and vehicle

**“The team at Bridges Insurance Services does NOT offer advice on investments, instead concentrates on our core business – protecting your assets and covering your liabilities and risk against the elements and the unforeseen!”** CHRIS ROLFE

For this reason we've chosen to be registered not authorised.

### **Who can't register and therefore should not be used?**

There are some people who cannot register on the Financial Service Providers Register.

People who have been convicted of crimes involving dishonesty under the Crimes Act 1961, in the last five years, such as fraud, as well as anyone convicted of money laundering or financing of terrorism offence, will be excluded from registering or from being involved in the management of a registered financial service provider. Undischarged bankrupts and banned directors will also not be able to register

**“This should provide you with the reassurance that the person you are dealing with is credible and works within the law.”** RON BRIDGES

### **Think it's just smoke & mirrors?**

Financial service providers must be registered to legally provide financial services. If, after 1st July 2011 they provide, or offer to provide, financial services without current registration, they are in breach of the Act and then subject to substantial fines and/or imprisonment.

- individuals face up to 12 months imprisonment or a fine not exceeding NZ\$100,000
- body corporates such as companies, building societies and credit unions face a fine not exceeding NZ\$300,000

**“Hefty fines may well be the deterrent to stop unscrupulous individuals working in the marketplace”** RON BRIDGES

### **Exemptions**

Some individuals and entities that provide a financial service may not have to register:

- lawyers, chartered accountants, tax agents, or real estate agents who provide a financial service as a necessary incident of their practice

- a non-profit organisation providing free financial services – such as a budget service
- a trustee of a family trust providing financial services to beneficiaries

For a full list we suggest you visit <http://www.business.govt.nz/fsp/>

### **Ron's Opinion**

The aim of the new regulation is to restore and build public confidence in the professionalism and integrity of financial advisers and brokers and to provide the public with appropriate avenues of complaint and dispute resolution should that be necessary.

This has been an area of negative publicity in recent years with the collapse of many so-called solid firms. We applaud these changes.

It will also provide consumers who have issues with an accessible disputes process. We have never had an issue that hasn't been resolved by myself or Chris. However, we acknowledge that for others this may not always be the case and for many, an independent third party is required to assist.

The DISPUTES RESOLUTION SCHEME will alleviate this because customers (individuals or small organisations with 19 or less full time equivalent employees - FTEs) can access the dispute resolution scheme free of charge.

Sensibly, it is important to note that customers with concerns approach their Financial Service Provider with the problem first.

### **Chris's Opinion**

One of the fundamental principles of this new law is DISCLOSURE. As Insurance Brokers we often talk about DISCLOSURE, telling all up front so that miscommunication is less likely down the track at claim time.

### **Well now it's OUR turn to disclose!**

There are minimum details we are required to disclose. We will be voluntarily disclosing additional information in our Statement of Services, which highlights some of the following:

- Our services
- Our responsibilities to you and your's to us
- How we make our money
- Privacy

**So just to reassure you that you have, in fact, made a solid decision to choose Bridges Insurance, here are our disclosure documents!**