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MEDIA RELEASE

CONSULTATION COMMENCES ON AN INSURANCE PREMIUM FUNDING CODE OF PRACTICE

The Australian Financial Industry Association (AFIA) has today commenced consultation on a Code of Practice for Insurance Premium Funders (IPF Code).

The IPF Code is a continuation of AFIA's work on Codes of Practice. AFIA considers Codes of Practice critical to the setting of minimum standards and for encouraging best practice within industry.

Premium funding is a simple and innovative lending product that allows businesses and consumers to pay their insurance premiums in easy to manage monthly instalments.

The draft has been developed by AFIA and its IPF members – Hunter Premium Funding, IQumulate, BOQ Finance, Principal Finance, Attvest, Premium Funding, Elantis and Westpac – to voluntarily respond to the standards set by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the Royal Commission) in particular in relation to transparency and disclosure.

AFIA CEO, Diane Tate, said of the Code 'Insurance premium funding is fundamental for small business, it gives them flexibility in managing their cash flows, something that is particularly important in times of economic uncertainty.

'The IPF Code of Practice strengthens disclosure obligations and makes it easier for customers to compare prices and other aspects of these funding products.

'AFIA and its IPF members have developed this Code proactively, looking for it to go above and beyond the law because we all understand that good conduct, disclosure and complaints handling standards are important to allow customers to consider the most suitable and cost effective product for themselves and their businesses and to get things fixed if something goes wrong.'

The Code's key requirements include committing IPF providers to:

- Delivering clear and transparent disclosure to enable customers to compare the cost and features of lending products.
- Ensuring that customers have access to internal and external complaints resolution.
- Ensuring arrangements with their brokers act in the best interests of customers in the distribution of the IPF product.

- Continuous improvement of customer service and transparency.

A Code Compliance Committee (CCC), independent of AFIA and the IPF providers, will be charged with monitoring, policing and dealing with potential non-compliance.

AFIA will conduct an 8-week public consultation of the IPF Code from 16 November 2020 and wants to hear from a range of stakeholders, especially customer groups. AFIA is open-minded and is seeking feedback on all aspects of the Code, its aim is to ensure it contains standards that are best practice for industry and all IPF customers.

AFIA aims to have the Code operating by July 2021 but acknowledges this timeframe may be affected by the consultation process.

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Notes to editors:

AFIA members are financing Australia's future. AFIA represents over 100 providers of consumer, commercial and wholesale finance in Australia. These banks, non-bank lenders, finance companies and fintechs provide specialised finance to meet the needs of businesses through right-sized and best-priced products, services and technologies that help mobilise working capital, cashflow and investment. They are also at the forefront of financial innovation in consumer finance.

AFIA members are a fundamental part of Australia's competitive and innovative financial services industry. These specialised lenders promote simple, convenient, innovative, and affordable credit. This activity supports financial and economic participation by consumers and businesses, improving social participation and financial wellbeing and supporting the economic success of our nation. For more information about AFIA, please see our [website](#).

AFIA administers the [AFIA Online Small Business Lenders Code of Practice](#), the [Car Rental Conciliation Code of Practice](#) and is currently consulting on the [Buy Now Pay Late Code of Practice](#).