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MEDIA RELEASE

AFIA IPF MEMBERS COMPLETE AN IMPORTANT MILESTONE IN THE DEVELOPMENT OF THEIR NEW IPF CODE OF PRACTICE

Today, AFIA and its Insurance Premium Funding (IPF) Working Group members (BOQ Finance, Clearmatch, Elantis, Hunter Premium Funding, IQumulate, and Westpac), along with a number of IPF industry observers, finalised their Code of Practice for a final round of consultation with key stakeholders.

The new IPF Code of Practice is an example of the finance industry voluntarily adopting industry standards that go above and beyond what is required by the law.

AFIA CEO, Diane Tate said: 'This is an important milestone. The Financial Services Royal Commission made it very clear that it is not just what financial institutions do that is important, but how they do it. And how important it is for all financial service providers to understand their customer's experience in order to improve their products and services.

'We have taken on board feedback received from stakeholders during our initial rounds of consultation, and now it is time to test some changes we've made to make sure they capture the sentiment and intent of their feedback.

'We've tightened some sections and expanded others to make sure the industry's commitments are clear and reflect stakeholders' expectations about how to deliver better customer outcomes.

'Having received mixed feedback, we're specifically consulting on the best approach to disclosure to ensure customers clearly and easily understand the cost of their IPF product and can compare with other IPF products in the market.

'Insurance premium funding is fundamental for small businesses, it gives them flexibility in managing their cashflows and ensures they have in place the right insurance protection for their business. Cashflow and risk management are particularly important during these current times of economic uncertainty.

'The purpose of introducing the IPF Code is really threefold – it is about ensuring high standards of practice in the offer of IPF products to business customers, especially small businesses, addressing concerns raised more broadly and ensuring small businesses understand the features and costs of the product, and supporting access to finance and insurance through a competitive and innovative market.'

The Code's commitments require IPF providers to:

- act honestly, with integrity and to treat customers fairly and reasonably
- deliver clear disclosures to enable better comparison of the features and costs of IPF products
- provide customers with access to internal complaints processes, and if a complaint cannot be resolved, the right to take their dispute to the Australian Financial Complaints Authority (AFCA)
- ensure customers have access to hardship assistance if they are experiencing financial difficulties, and that third parties who they work with are kept informed of these hardship policies
- ensure arrangements require brokers to act in the best interests of customers in the distribution of IPF products
- promote continuous improvement of customer service and a culture of professionalism in the IPF industry.

Ms Tate said, 'AFIA will now work on putting in place the necessary code architecture, including the establishment and appointment of an independent Code Compliance Committee to oversee the IPF Code. The Code Compliance Committee will be charged with monitoring compliance and dealing with any potential non-compliance or breaches of the Code. This will ensure that small business customers are protected and the Code has real teeth'.

AFIA is aiming to publish the new IPF Code by the end of 2021, with a commencement date of 1 July 2022.

Key stakeholders involved in this final round of consultation will include industry stakeholders, specifically the National Insurance Brokers Association (NIBA), and other stakeholders that provided input previously, such as Australian Financial Complaints Authority (AFCA), Australian Small Business and Family Enterprise Ombudsman (ASBFEO), and the Australian Securities and Investments Commission (ASIC).

If you would like to be involved in this final round of consultation, please contact AFIA on info@afia.asn.au.

Media enquiries:

Karl Turner

Executive Director, Policy

0417 496 151

karl@afia.asn.au

Notes to editors:

AFIA is a leading advocate for the Australian financial services industry. We support our members to finance Australia's future. We believe that our industry can best support Australia's economy by maximising choice in and access to consumer and business finance, fostering competition and innovation in financial services, and facilitating greater financial, and therefore social, participation across our community.

AFIA represents over 100 providers of consumer, commercial and wholesale finance across Australia. These banks, finance companies, and fleet and car rental providers, and fintechs provide traditional and more specialised finance to help businesses mobilise working capital, cashflow and investment. They are also at the forefront of financial innovation in consumer finance.

AFIA's role, as an industry association, is to provide leadership and represent members' views. We do this through engagement with governments, financial regulators, and other key stakeholders on issues important to our members and their customers. This includes advocating for balanced legislation, policy and regulation. We facilitate self-regulation through industry codes of practice and gather industry data to help support more evidenced-based decision-making.