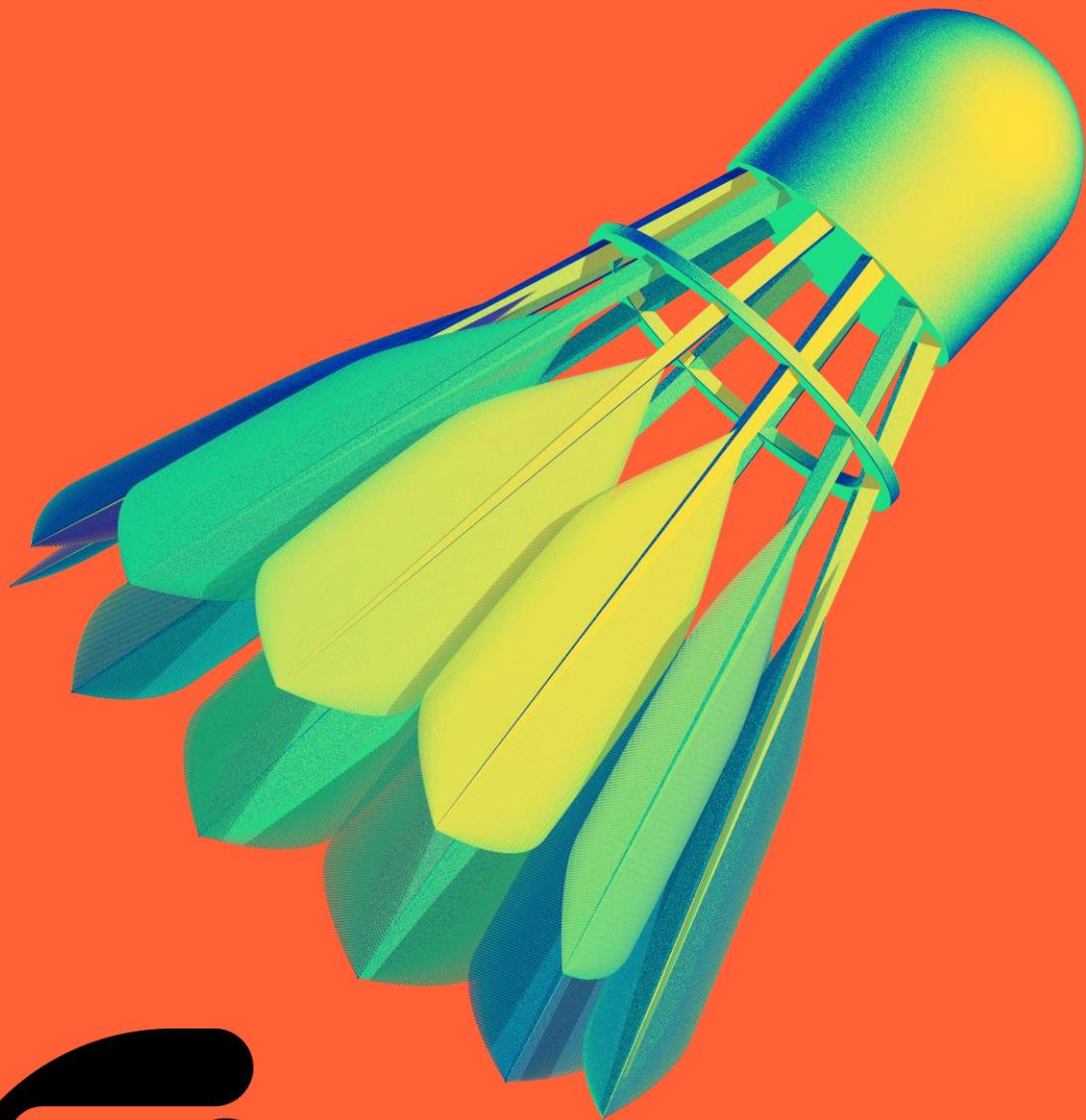


# Insurance Premium Funding Code of Practice



Australian  
Finance  
Industry  
Association



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## Part A – Introduction and background

This Code is the AFIA Insurance Premium Funding Code of Practice (Code).

This Code is effective from 1 October 2022.

Australian Finance Industry Association Limited ACN 000 493 907 (AFIA) will arrange for a review of this Code in accordance with clause 31.

### 1. OBJECTIVES OF THIS CODE

- 1.1 A primary objective of this Code is to encourage the adoption of high industry standards and compliance with laws and regulations.
- 1.2 This Code has been voluntarily developed by the AFIA Insurance Premium Funding Group (Group) to assist the Group to:
  - a. promote high industry standards of service to customers
  - b. provide a benchmark for consistency within the Group with respect to matters such as the disclosure of comparable financial information about Insurance Premium Funding Products to borrowers
  - c. support compliance with legal and industry obligations.

### 2. WHO IS BOUND BY THIS CODE?

- 2.1 This Code is binding on Code Compliant Members of the Group when they provide Insurance Premium Funding Products.
- 2.2 The particular circumstances in which the Code will apply are set out in the balance of this Part A. A list of Code Compliant Members, and details of when they became Code Compliant Members (and where applicable ceased to be) Code Compliant Members, can be found on the AFIA website.
- 2.3 Code Compliant Members are subject to the oversight of the Code Compliance Committee (CCC). The CCC is an independent committee that has been established by AFIA to monitor and investigate compliance by Code Compliant Members with this Code.
- 2.4 All Members of the Group must at all times comply with the terms and conditions of the [AFIA Constitution](#) including clause 6.3.

### 3. READING THIS CODE

- 3.1 In this Code, the words "we", "us" and "our" are to be read as referring to a relevant Code Compliant Member that is bound by this Code and that has agreed with you (that Code Compliant Member's customer) that it will comply with this Code.
- 3.2 Some words or phrases used in this Code have special meaning and are identified by the use of capital letters, such as in the case of an 'Insurance Premium Funding Product'.



#### **4. APPLICATION OF THIS CODE TO INSURANCE PREMIUM FUNDING PRODUCTS PROVIDED BY CODE COMPLIANT MEMBERS**

4.1 This Code applies to all Insurance Premium Funding Products that we provide to you from the time we become a Code Compliant Member to the time we cease to be a Code Compliant Member.

#### **5. WHEN DOES THIS CODE APPLY TO YOU?**

5.1 Where you are a customer, this Code applies to the interactions and arrangements we have with you in relation to an Insurance Premium Funding Product provided to you on or after the date that we became a Code Compliant Member.

#### **6. LEGAL STATUS OF THIS CODE**

6.1 This Code describes contractually enforceable commitments between us (as the relevant Code Compliant Member) and you (as the customer).

6.2 When determining a complaint, AFCA is required to do what is fair in the circumstances, having regard to matters including 'applicable industry codes or guidance'. Accordingly, when considering a complaint against us, AFCA would have regard to the provisions of the Code. If AFCA determined that we had breached the Code, it may require us to compensate you. AFCA determinations are binding on us, if accepted by you.

6.3 If you have a complaint about a provider of Insurance Premium Products that is not a signatory to the Code (and a non-AFCA member), the Australian Small Business and Family Ombudsman (here) may be able to assist resolve any dispute.

6.4 This Code operates alongside, and is subject to, existing laws and regulations and does not limit your rights under such laws and regulations.

6.5 Where applicable, this Code imposes standards on Code Compliant Members that are above those required by the law or regulation.

6.6 Where there is any conflict or inconsistency between this Code and any law or regulation, that law or regulation prevails.

#### **7. COMPLAINTS**

7.1 You can:

- a. access our complaints process if you are unhappy with any aspect of your experience with us, or
- b. report any concerns about our Code compliance, or about possible Code breaches, to the CCC, which it can investigate at its discretion.

as set out in clause 29 of Part C of this Code.



- 7.2 This Code is not intended to create legal or other rights between us and any third person or entity.
- 7.3 An external dispute resolution scheme that we are a member of, including AFCA or any other dispute resolution scheme approved by the Government, may consider whether we have complied with the standards of this Code when determining or dealing with a matter before it.

## Part B - Our 9 key commitments to you

### **8. WE WILL FOCUS ON CUSTOMERS**

We will place a high priority on service, competitiveness and customer focus. We will provide you with a respectful and responsive service. We will ensure that our staff, agents and representatives (Representatives) acting on our behalf are competent and adequately trained to provide the relevant services and will maintain this competence.

### **9. WE WILL BE HONEST AND ACT WITH INTEGRITY**

We will always act honestly and with integrity and will treat you fairly and reasonably in all our dealings with you.

### **10. WE WILL DELIVER HIGH CUSTOMER SERVICE AND STANDARDS**

We will provide Insurance Premium Funding Products that are useful, reliable and designed to be readily understood. We will treat your personal information with respect and in accordance with our Privacy Policy.

### **11. WE WILL GIVE YOU CLEAR INFORMATION ABOUT OUR INSURANCE PREMIUM FUNDING PRODUCTS**

We will provide clear and accessible information about our Insurance Premium Funding Products, so you can make an informed decision about whether to enter into an Insurance Premium Funding Product with us. We will disclose interest rates, and fees and charges, in an accessible and clear format. Our advertising and promotional material will not be misleading or deceptive or be likely to mislead or deceive.

### **12. WE WILL WORK WITH YOU IN GOOD FAITH WHEN LENDING TO YOU**

Where we have lent to you, and where you find yourself in financial difficulties, we will work with you in good faith and in accordance with our policies with a view to seeking to assist you to meet your ongoing financial obligations to us.

### **13. WE WILL DEAL FAIRLY WITH ANY COMPLAINTS**

We will handle complaints promptly and fairly and provide you with information on avenues for resolving disputes if we are not able to reach an agreement with you.



#### **14. WE WILL COMPLY WITH OUR LEGAL AND INDUSTRY OBLIGATIONS**

We will comply with all our obligations under the law and this Code. We will act fairly and in a manner that is consistent with good industry practice.

#### **15. WE WILL SUPPORT AND PROMOTE THIS CODE**

We will promote this Code, ensure our staff, agents and Representatives acting on our behalf are adequately trained to put it into practice, and we will support its monitoring and effectiveness.

### **Part C – Delivering on our promises**

#### **16. ADVERTISING AND INFORMATION ABOUT OUR INSURANCE PREMIUM FUNDING PRODUCTS**

16.1 We will ensure that our advertising and promotional material for our Insurance Premium Funding Products is clear and not misleading or deceptive, or likely to mislead or deceive, and consistent with ASIC Regulatory Guide 234: Advertising and financial products and services (including credit): Good practice guidance as amended from time to time.

16.2 The information we provide about our Insurance Premium Funding Products will:

- a. be clear, concise and accurate
- b. be written in plain language
- c. use applicable standard terms where appropriate, as defined in the Glossary section of this Code.

16.3 We will answer any questions you have about the features of our Insurance Premium Funding Products and how they work.

#### **17. TERMS AND CONDITIONS FOR OUR INSURANCE PREMIUM FUNDING PRODUCTS**

17.1 If you are proposing to enter into a contract for an Insurance Premium Funding Product with us, we will give you:

- a. our terms and conditions
- b. a statement of our fees and charges
- c. information pertaining to proposed remuneration to be paid to an Intermediary.

We will do this before a contract is made with us. This information may be provided in one or more separate documents.

17.2 The documentation for our Insurance Premium Funding Product will:

- a. be clear, concise and accurate





- b. be in plain language
- c. be distinct from our marketing material
- d. be drafted so as to be compliant with all applicable laws and regulations (including those related to unfair contract terms)
- e. set out whether the customer can make an Early Repayment and the terms of that Early Repayment.

17.3 Nothing in clause 17.2 limits our right to determine the pricing of our Insurance Premium Funding Products on a commercial basis.

17.4 We will make sure any fees and charges payable to us as a result of the Insurance Premium Funding Product (such as Late Payment Fees or direct debit Dishonour Fees) are reasonable having regard to our costs.

## **18. REVIEW OF FEES AND CHARGES**

18.1 We will regularly review the effectiveness of our disclosure of our fees and charges to you.

## **19. WHEN WE LEND TO YOU**

19.1 When we lend to you, we:

- a. expect you to provide honest and accurate information to us when applying for a loan or the renewal of an existing Insurance Premium Funding Product
- b. will use a risk assessment process to assess whether the Insurance Premium Funding Product is suitable and meets your needs
- c. will periodically review this risk assessment process and associated criteria for the Insurance Premium Funding Product.

## **20. REMUNERATION ARRANGEMENTS**

20.1 We will offer only clear and transparent remuneration arrangements to our Representatives and other third parties involved in the referral, marketing or distribution of our Insurance Premium Funding Product to you (Intermediary).

20.2 Where we are paying an Intermediary remuneration or other benefits in connection with an Insurance Premium Funding Product, before (or, if this is not practicable, at the time) you enter into the Insurance Premium Funding Product, we will:

- a. clearly tell you:
  - the nature and type(s) of remuneration or other benefits that we are aware the Intermediary is to receive in respect of, or that is attributable to, the service provided in relation to the Insurance Premium Funding Product that a reasonable person in the circumstances would consider could influence them in the provision of the service





- when and how it is payable by us to them (e.g. if it is payable before or after entry into the Insurance Premium Funding Product)
- such other information as required by law, and
- b. answer any questions you have about the above.

20.3 We will not pay any remuneration or benefit to an Intermediary to the extent prohibited by law.

20.4 We will adhere to the transitional arrangements set out in Part D with regards to only offering remuneration that is upfront and transparent and will use best endeavours to cease all Conflicted Remuneration arrangements ahead of the transitional arrangements where possible.

20.5 We will use best endeavours to require that our Intermediaries comply with a relevant industry code, in particular, those aspects that relate to the management of conflicts of interest and the disclosure of remuneration or other benefits that the Intermediary is to receive in distributing the Insurance Premium Funding Product to you.

## **21. TIMELY, CLEAR AND EFFECTIVE COMMUNICATION**

21.1 We are committed to clear and effective communication with our customers. We will write our communications in plain language, avoiding legal and technical jargon as far as possible.

21.2 On the first page of the agreement for the Insurance Premium Funding Product or the quote you accept, or on the digital screen we use to sell our product to you, we will clearly set out some key features of the proposed Insurance Premium Funding Product, including:

- a. the Term of the Loan Contract
- b. the Loan Amount
- c. the Total Cost of Credit comprising the total of the Interest Expense, Application Fee, Intermediary Remuneration and any Other Fees
- d. the Total Repayment Amount comprising the total of the Loan Amount and the Total Cost of Credit
- e. the Annual Percentage Rate (APR)
- f. the Average Monthly Repayment
- g. any other information we think may assist you (including a Total Interest Percentage)
- h. details of security taken in consideration for the Loan (if any)
- i. the steps that we could take if you default on a payment to us.

## **22. EXPLANATION OF THE ANNUAL PERCENTAGE RATE**

22.1 We will provide you with information about the Annual Percentage Rate (APR) to accompany the disclosures in clause 21.2. This disclosure will be:



The APR is the rate that is used to calculate the cost of the loan taking account of the reducing balance of the Loan Amount, expressed as an annual rate. For the purposes of calculating the APR, the cost of the loan is exclusive of fees.

The APR is indicative and assumes the loan starts on the inception date of the insurance policy(ies) being funded. The Total Repayment Amount (including Application Fee) will not exceed the sum shown even though the APR will differ if the date of acceptance of the offer is later than the inception date of the insurance policy.

The APR is not a term of the offer and is provided to allow a simple comparison of insurance premium funding products.

## **23. NOTIFYING CHANGES TO YOUR INSURANCE PREMIUM FUNDING PRODUCT**

23.1 Subject to clause 23.2, or unless a longer period is required by law, we will give you at least 30 days' prior notice before we change your Insurance Premium Funding Product. However, any agreed changes can commence from the time the change is agreed with you, or from a later agreed time.

23.2 We may give you a shorter notice period, or no notice, if:

- a. any default is unable to be remedied
- b. it is reasonable for us to do so to manage a material and immediate risk relating to the nature of the relevant default, your particular circumstances, or the value of the security, or
- c. we have already given you a period to remedy the default, and you have not remedied that default.

23.3 Any commitment we may make to notify you by electronic methods is subject to your keeping us informed of, as applicable, your current electronic contact information.

## **24. ELECTRONIC COMMUNICATIONS**

24.1 When the law allows us to do so, we may communicate with you electronically rather than in paper form.

24.2 We may do this:

- a. by sending the information using a form of electronic communication; or
- b. where it is reasonable for us to do so, by notifying you that we have made the information available electronically (for example, on a website) and how you may retrieve the information.

24.3 You must notify us of any change to your electronic contact information.



## **25. COPIES OF DOCUMENTS, STATEMENTS AND OTHER INFORMATION**

25.1 We will, at your request, give you a copy of:

- a. the contract — including the terms and conditions, and the standard fees
- b. a statement of your outstanding balance
- c. any notice we previously gave to you which is relevant to us exercising our rights.

25.2 We will do this within 10 Business Days of your request.

25.3 If, for some reason, we are unable to provide a document within these timeframes, we will advise you of this, together with the expected timeframe for providing the document.

25.4 Documents may be provided in electronic form, including in the form of a computer-generated record, or in any other form as mutually agreed.

## **26. INFORMATION PRIVACY AND SECURITY**

26.1 We will comply with the Privacy Act 1988 (Cth), including the Australian Privacy Principles and the Privacy (Credit Reporting) Code 2014 (Version 2.1), including with respect to credit reporting and the collection, storage, use and disclosure of your personal information.

26.2 We will treat your personal information with respect and in accordance with our Privacy Policy.

26.3 We will not use or disclose that information to any other organisation unless:

- a. you have consented to us using and disclosing your personal information
- b. we think it is reasonably necessary for enforcement related activities carried out by or on behalf of an enforcement body or we are required to by law
- c. we are otherwise not restricted from doing so under applicable laws.

26.4 We will take reasonable steps to protect your personal information from misuse or loss, and from unauthorised access, modification or disclosure. We will regularly review the security and reliability of our services.

26.5 We will publish our Privacy Policy on our website.

## **27. IF YOU ARE IN FINANCIAL DIFFICULTY**

27.1 If we are advised by you, or a representative acting on your behalf, that you are experiencing difficulty in meeting your financial obligations to us, we will work with you in good faith and in accordance with our policies with a view to seeking to assist you to meet your ongoing financial obligations to us.

27.2 We may do this by negotiating a new and mutually acceptable repayment arrangement with you, having regard to your financial circumstances as a whole at the relevant time, as well as your obligations to us. We are not obliged, however, to do so.

27.3 Without limiting clause 27.1, we will have procedures in place to ensure we:



- a. respond promptly to any request or application made to us (we may also initiate contact to discuss your financial situation)
- b. genuinely consider your request or application in good faith, including by taking your financial situation into account.

27.4 As part of implementing clause 27.3(b) and when considering your application, we will delay any contractual rights and remedies that may be available to us.

27.5 We will tell you whether we will be able to provide you with any contract variation or other assistance in relation to your financial situation and the reasons for our decision within 21 days of an application.

## **28. PROMPT AND FAIR RESOLUTION OF COMPLAINTS**

28.1 In the event of a dispute, complaint or expression of dissatisfaction, you will have access to internal and external dispute resolution processes, including AFCA or any other scheme approved by the Government.

28.2 You may provide us with details of any complaint or expression of dissatisfaction against or concerning us in the manner provided for in our Insurance Premium Funding Product documentation.

28.3 We are committed to responding to complaints or expression of dissatisfaction in a manner that is:

- a. prompt and efficient
- b. consistent with the law
- c. fair to everyone involved.

28.4 We will only be able to deal effectively with your complaint or expression of dissatisfaction if you continue to communicate with us, and respond to our reasonable requests for information, while we are considering the complaint.

## **29. OUR COMPLAINTS HANDLING PROCESS**

### Internal complaints handling

29.1 We will have an internal process for handling complaints from our customers in relation to the Insurance Premium Funding Products we provide. This process will cover all customer complaints or expressions of dissatisfaction, including those about breaches of this Code. We will engage with our Intermediaries where we are required to resolve a complaint.

29.2 We will provide information on our website regarding how we deal with complaints, including your right to take unresolved complaints to our external dispute resolution scheme.

29.3 Our complaint resolution procedures will comply with ASIC Regulatory Guide 271- Internal dispute resolution, except where we promise to improve on those standards and requirements.



- 29.4 We will work to resolve all complaints as quickly as possible.
- 29.5 We will acknowledge all complaints within 1 Business Day if received via electronic communication to an email or facsimile machine, or otherwise as soon as practicable and will send an initial response within 10 Business Days from the date of receipt of the complaint.
- 29.6 We will tell you the name and contact details of the person assigned to liaise with you about your complaint.
- 29.7 Your complaint will be handled by a person with appropriate authority, knowledge and experience. This will not be the person whose decision or conduct your complaint relates to.
- 29.8 We will make a decision about your complaint within 30 calendar days. If we cannot make our decision within this timeframe then, before this deadline passes, we will tell you in writing:
- the reasons for the delay
  - your right to take your complaint to AFCA
  - AFCA's contact details.
- 29.9 When we have completed our investigation of your complaint, we will provide you with a written response, which will include:
- the outcome of our investigation
  - your right to take your complaint to AFCA
  - AFCA's contact details.
- 29.10 There may be some circumstances where (unless otherwise required to do so) we will not provide a written response to you because we have:
- resolved the complaint to your satisfaction within 5 Business Days, or
  - given you an appropriate explanation and / or apology and there are no further actions we to reasonably address the complaint.
- 29.11 We must give you the information that we relied on when making a decision about your complaint within 10 Business Days of you asking us for that information.
- 29.12 We are committed to responding to complaints and disputes in a way that is:
- prompt and efficient
  - consistent with the law
  - fair in all the circumstances.
- 29.13 We will work with you (or your nominated representative if you have one) to resolve your complaint. In certain instances, we may only be able to resolve your complaint where you respond to our requests for information.



#### External complaints handling

- 29.14 Our external dispute resolution scheme (including AFCA or any other scheme approved by the Government) may not deal with your dispute unless you have attempted to resolve the problem with us first, and either:
- a. we have made a formal proposal to resolve the complaint, and you have told us that the proposal is not acceptable to you, or
  - b. at least 30 days or the timeframe outlined by the external dispute resolution scheme has elapsed since you made your complaint.
- 29.15 Our external dispute resolution scheme, as applicable, may consider whether we have complied with the standards of this Code when seeking to resolve a matter before it.
- 29.16 AFCA can consider whether we have complied with this Code when seeking to resolve a matter. To lodge a complaint with AFCA, contact them on either 1800 931 678 or [info@afca.org.au](mailto:info@afca.org.au).

#### Code compliance committee

- 29.17 In addition to contacting us or AFCA, any person can make a complaint regarding us, and/or report an alleged breach of this Code by us to the CCC. The CCC is an independent committee that has been established to monitor our compliance with this Code (as outlined in the separate Terms of Reference for the CCC).
- 29.18 If you have a specific complaint about us, you should first talk to us, and then AFCA. The CCC will not consider your complaint if you are still trying to resolve it with us, or within AFCA.
- 29.19 The CCC is authorised to investigate any activities within its Terms of Reference and, in carrying out its administrative, compliance and investigative roles, is authorised to take such actions as are within its powers and to make recommendations to the AFIA Board, if appropriate, where further actions are required.
- 29.20 The CCC will have access to relevant records to carry out its task and will have the right to seek such additional information and explanations as (acting reasonably) it considers appropriate in the circumstance provided that a Code Compliant Member is not obliged to provide access to records if to do so would cause it to be in breach of existing obligations at law (including obligations of privacy and confidentiality).
- 29.21 We will co-operate and comply with all reasonable requests of the CCC in the performance of its monitoring and investigative functions.
- 29.22 The CCC can investigate any Alleged Breaches of this Code (as defined in the Terms of Reference for the CCC) at its discretion.
- 29.23 Where it is appropriate for it to do so, the CCC can make a range of recommendations to resolve a complaint. In some circumstances, the CCC is also able to impose sanctions upon us.



29.24 To lodge a complaint with the CCC, contact them at [CCC-IPF@afia.asn.au](mailto:CCC-IPF@afia.asn.au). Further details about the powers of the CCC in the Code of Lending Practice By Laws and the Code of Lending Practice Terms of Reference can be found [here](#).

### **30. TRAINED AND COMPETENT STAFF**

- 30.1 We will make sure that our Representatives are well trained so that they can competently do their work and understand this Code and how to comply with it.
- 30.2 We will regularly review the effectiveness of our training programs for our Representatives. This includes:
- a. having policies and procedures for our Representatives that require them to conduct their services appropriately
  - b. only allow our Representatives to provide services that match their expertise
  - c. require our Representatives to hold any licence the law requires
  - d. require our Representatives, when they are providing a service to you, to tell you the service we have authorised them to provide and that they are acting on our behalf
  - e. require our Representatives to first get our approval before subcontracting any services they perform on our behalf
  - f. require our Representatives to tell us about any complaint received by them or breach of this Code by them when acting on our behalf, as soon as reasonably practicable but no later than 2 Business Days
  - g. require our Representatives to provide reasonable cooperation and make available to the CCC any information relevant to their and our compliance with the Code
  - h. ensure records of our Representatives' training are kept for at least seven years and make the records available for examination by the Code Compliance Committee on request
  - i. measure the effectiveness of our Representatives' training by appropriately monitoring their performance
  - j. require additional or remedial training to address any identified deficiencies or improvements required in our Representatives' training and ongoing development, and
  - k. maintain and keep current a training and development plan for our Representatives that is appropriate for the services provided by them or to be provided by them in the future.
- 30.3 If:
- a. we are aware that our Representative's performance does not meet the relevant standards of the Code, or
  - b. you raise any concerns with us about the conduct of our Representatives, then we will address this. For example, by terminating our contract with them, other disciplinary action or requiring them to go through further training.





30.4 We will also ensure that:

- a. we provide our Intermediaries with up-to-date information in relation to our products, services, policies and procedures
- b. our Intermediaries are kept informed of our hardship policies and processes
- c. our Intermediaries are aware they are to tell us if a customer is at risk of or experiencing financial difficulties, and
- d. our Intermediaries are aware they are to tell us about any complaint received by them as soon as reasonably practicable but no later than 2 Business Days from the receipt of that complaint.

#### **REVISION AND AMENDMENT OF THE CODE**

30.5 The Board may, after consultation with, and seeking comments and suggestions from:

- a. the members of the CCC at the time
- b. the Code Compliant Members at the time, and
- c. such other organisations or people as it considers appropriate;

review and amend the Code at any time it considers it appropriate to do so.

30.6 As part of complying with clause 31.1, the Code will be reviewed no less frequently than two years from the date of this Code to ensure that it continues to promote high industry standards of service for customers, incorporates changes reflecting industry developments, in particular remuneration and disclosure practices, and builds best practices across the industry.



## DEFINITIONS

**AFCA** means the Australian Financial Complaints Authority.

**AFIA** has the meaning given in Part A.

**AFIA Insurance Premium Funding Group** means the AFIA Insurance Premium Funding Group that has been established under the terms of the By-Laws.

**Amount of Insurance Premium Funded** means the amount of the loan that funds the Insurance Premium and may be less than the Loan Amount.

**Annual Percentage Rate** is the rate that can be used to calculate the cost of the loan taking account of the reducing balance of the Loan Amount, expressed as an annual rate. For the purposes of calculating the Annual Percentage Rate, the cost of the loan is exclusive of fees.

**Application Fee** means any Fees charged by the lender which is in relation to the application for the Loan.

**ASIC** means the Australian Securities and Investments Commission.

**Average Monthly Payment** is the Total Repayment Amount divided by the Term. (The Average Monthly Payment amount does not include fees and other charges you can avoid, such as interest at a default interest rate on overdue amounts, Late Payment Fees and Dishonour Fees.)

**Board** means the board of directors of AFIA from time to time, acting as a board.

**Business Day** means a day which is not a Saturday Sunday or a public or bank holiday in the place where the relevant act is to be performed.

**By-Laws** means the AFIA Insurance Premium Funding Code of Practice By-Laws, as approved by the Board, as amended from time to time.

**CCC** means the Code Compliance Committee described in clause 2.3.

**Code Compliant Member** means an AFIA Member that has been approved as a Code Compliant Member of the AFIA Insurance Premium Funding Group under the terms of the By-Laws.

**Conflicted Remuneration** means the following types of remuneration:

| Conflicted Remuneration                   | Definition  |
|---|---|
| Advanced Remuneration                     | Remuneration that is paid in advance to the Intermediary prior to the Intermediary providing the service.   |
| Profitability / Income Share arrangements | Payment of a calculated amount of remuneration based on a profitability hurdle or income share.   |
| Soft Dollar Incentives                    | All non-monetary remuneration that is provided to an Intermediary who provides credit assistance to a customer and that non-monetary remuneration is not excluded by subsections 963B to 963E of the Corporations Act 2001 (Cth). |



|                                     |  |
|-------------------------------------|--|
| Over-ride intermediary remuneration | Extra remuneration paid on top of standard commission to intermediaries or third party 'head groups' or cluster groups.  |
| Volume Based Incentive (VBI)        | A volume-based incentive is one where access to the incentive or the value of the incentive is dependent on the total number or value of Loan Contracts that are recommended to clients by a broker or, intermediary or its representatives. |

**Constitution** means the Constitution of AFIA as amended from time to time.

**Direct Debit Fee** means the fee (if any) charged by the lender to a borrower for requesting the drawdown of funds from the borrower's nominated account, where the request is made under an authority granted by a Direct Debit Request.

**Dishonour Fee** means the fee charged by the lender where you fail to pay an amount that is due and payable to the lender under the Loan Contract. Early Repayment means the early repayment of the loan amount, as well as the payment of all amounts that you are required to pay under the Loan Contract.

**Fees** means all fees payable, or that may become payable, by you to the lender under the Insurance Premium Funding Product agreement.

**Government** means the government of the State of New South Wales.

**Industry** means that section of the loan market in which the Code Compliant Members are participants as lenders to consumer and business customers under any Insurance Premium Funding Products.

**Insurance Premium** means the amount to be paid for a contract for insurance.

**Insurance Premium Funding Product** means a loan which has a Term and where:

- a. the finance is provided (or to be provided) for a purpose that is wholly or predominantly to fund Insurance Premiums; and
- b. the finance provided (or to be provided) is:
  - i. unsecured (with or without a guarantee), or
  - ii. secured by any form of security that is not a mortgage over land in registrable form.

**Interest Expense** means the interest charge, or charge for the cost of credit, that is payable by you under the Loan Contract. (The Interest Expense does not include any allowance for Fees that are separately payable under the Loan Contract).

**Intermediary** has the meaning given in clause 20.1.

**Intermediary Remuneration** means the payment made to a third party in connection to the Loan Product that is related to the distribution of the Loan Product by that Intermediary to customers.

Late Payment Fee is a fee charged by the lender where an amount due and payable under the Loan Contract has not been received by the lender within the required time for the payment of that amount.



**Loan Amount** is the total amount of the finance made available, or to be made available, under the Loan Contract.

**Loan Contract** is a loan contract that is a contract for an Insurance Premium Funding Product.

**Other Fees** means a fee that will be charged by the lender to a borrower under the Loan Contract that is not an Application Fee or Interest Expense and that is not contingent on the occurrence of any later event.

**Representatives** has the meaning given in clause 8.

**Term** is the period expressed a number of months (including any part of a month) over which the Total Repayment Amount is to be paid by you to the lender.

**Total Cost of Credit** is the total amount you will pay in Interest Expense, the Application Fee, Intermediary Remuneration and Other Fees for the Loan. (The amount does not include fees and other charges you can avoid, such as interest at a default interest rate on overdue amounts, Late Payment Fees and Dishonour Fees).

**Total Interest Percentage** is the Interest Expense expressed as a percentage of the Loan Amount (and may also be referred to as a 'flat rate' or 'flat interest rate').

**Total Repayment Amount** is the total amount that you will pay to the lender, comprising the Loan Amount and the Total Cost of Credit.

## Part D – Transitional Arrangements

The transitional arrangements for this Code of Practice are set out below.

| Code Compliant Requirement  | Transitional Arrangements   |
|---|---|
| Clause 20 requires Code Compliant Members to only offer remuneration that is upfront and transparent. | From the effective date of this Code, Code Compliant Members may no longer enter into new Conflicted Remuneration arrangements, including the extension of existing arrangements, and will terminate all Conflicted Remuneration arrangements on or before 1 November 2023. |



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