



Financial Supervisory Commission
Cook Islands

FINANCIAL CONSUMER PROTECTION GUIDELINES

I. Authority

1. The Financial Consumer Protection Guidelines (FCP Guidelines) are issued pursuant to the Financial Supervisory Commission's (FSC's) functions and duties under the Financial Supervisory Commission Act 2003 and related legislation, including the Banking Act 2011 and the Insurance Act 2008.
2. The FCP Guidelines also reflect the FSC's strategic priorities as outlined in the FSC Strategic Roadmap 2021 – 2025. These priorities include the modernization of the FSC's regulatory framework so as to better provide for digitization of financial services and products and innovation and the promotion of public awareness and education in relation to financial products and services.

II. Definitions

3. In these Guidelines the following terms, unless otherwise indicated, have the meanings specified below:

Commencement Date means the date which is 12 months from the date on which the FSC publicly announce their approval of the FCP Guidelines.

Effective Interest Rate (EIR): means a per annum rate which reflects the true total cost of a fixed term loan (including all interest charges and other fees and charges) which is calculated in accordance with a standardized formula approved by the FSC.

FCP: means Financial Consumer Protection.

FSC: means the Financial Supervisory Commission of the Cook Islands.

Key Facts Statement (KFS): means a short form (1-2 pages) document summarizing key terms and pricing for commonly used credit and insurance products, of the type set out in Annexes 1, 2 and 3.

Licensed Financial Institution (LFI): means an entity licensed by the FSC.

III. Introduction

4. **These FCP Guidelines set out the FSC expectations concerning key consumer financial protection (FCP) standards to be applied by licensed financial institutions (LFIs) operating in the Cook Islands.** The proposed Scope of Application is described in Part IV below.
5. **The protection of consumers is increasingly recognised internationally as a major objective of regulatory and supervisory bodies.** An FCP framework is aimed at protecting consumers from an imbalance in bargaining power and information deficiencies vis à vis financial institutions. Such a framework is key to building trust in the financial sector which in turn can raise demand for financial services and hence encourage financial inclusion, resulting in overall economic benefits. Further,



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consumer confidence and trust in financial markets can promote financial stability, growth, efficiency, and innovation over the long term. An FCP framework can also stimulate competition by having the same market conduct rules apply to all types of LFIs.

6. **The risks faced by consumers of financial services are numerous and may have significant implications.** They may include aggressive sales and debt collection practices; terms and conditions and fees and charges which are not clearly disclosed; complex products which consumers do not understand and / or do not meet their needs or financial capabilities; misuse of customer data; fraud or other misconduct; unreliable payments platforms; and discriminatory practices. They are especially acute for individuals (including sole traders) and vulnerable groups such as youth, women, the elderly and consumers living with disabilities (referred to as 'vulnerable consumers') who may acquire financial products or services for personal or business purposes. These consumers may have relatively low levels of financial capability² and limited knowledge of any rights they have; limited skills to use digital financial services and also be more likely to face constraints in access to formal financial services (such as credit provided by banks).³
7. **The rapid expansion of digital financial products and services further supports the need for the FCP Guidelines.** These developments may create new and enhanced risks for consumers because of the development of new types of financial products and services (such as e-money); new distribution and service delivery channels (for example, through agent networks), new types of providers (such as telecommunication companies providing mobile money services) and new data privacy and protection concerns.
8. **The FCP Guidelines are broadly based on FCP international good practices, whilst considering the key FCP issues relevant to the Cook Islands.** However, they are not intended to cover all FCP issues that may arise in larger, more complex economies. The focus for the Cook Islands is on ensuring consumers are treated fairly, and that they receive the information they need about key financial products and services, have access to an efficient, prompt, and fair service for resolving complaints which is transparent and accessible and on ensuring that LFIs engage in responsible lending practices and protect the confidentiality and security of customer information. Examples of particular concerns include the disclosure of the cost of credit (including interest rates and the amount and reason for charging fees and charges) and provision of details of insurance policies.

IV. Application

9. **The FCP Guidelines apply to financial institutions operating in the Cook Islands which are licensed by the FSC.** LFIs include domestic and international banks; licensed insurers; and insurance intermediaries (agents and brokers); licensed money

² World Bank Group. Financial Inclusion and Consumer Protection website definition of "Financial capability": "**financial capability** is the internal capacity to act in one's best financial interest, given socioeconomic environmental conditions. Financial capability encompasses the knowledge, attitudes, skills, and behaviors of consumers with regard to managing their resources and understanding, selecting, and making use of financial services that fit their needs. ...". Available here: <https://responsiblefinance.worldbank.org/en/responsible-finance/financial-capability>

³ [World Bank Group. The Global Findex Database 2021.](#)



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changers and remittance providers; and licensed trustee companies.⁴ LFIs who are not licensed by the FSC could include unregulated moneylenders, providers of credit for purchases of motor vehicles and whitegoods and other retail products and any cross-border Fintech - enabled providers of financial services. The FSC also asks that the Cook Islands National Superannuation Fund Board note the Guidelines, especially as the assets of the Fund are similar to those in the Cook Islands banking sector.

10. **The FCP Guidelines are intended only for guidance as to the FSC's general expectations.** They are not to be interpreted as affecting rights and obligations under any law applicable in the Cook Islands. This includes laws such as the Financial Supervisory Commission Act 2003, the Insurance Act 2008, the Cook Islands National Superannuation Act 2000, the Competition and Regulatory Authority Act 2019, the Consumer Guarantees Act 2008, the Fair-Trading Act 2008, and the Personal Property Securities Act 2017.
11. **The FSC expectations as to the extent of compliance with the FCP Guidelines will depend on the nature, scale, and complexity of the relevant LFI's business.** Relevant factors could be the types of financial products and services provided by an LFI and the levels of financial capability of the consumers with whom the LFI interacts.
12. **The FCP Guidelines apply to any financial products and services provided or distributed by an LFI.** This would include, for example, credit products such as secured and unsecured personal loans, home loans, credit cards, fixed term loans, credit sale facilities, and lines of credit (such as overdrafts); deposit products (transaction accounts, savings accounts, and fixed term products); general and long-term insurance products and services provided by insurance agents and brokers; payments products such as e-money, mobile banking services, domestic and international remittances, payments cards and cheque account services; and trustee company services provided to consumers.
13. **Consumers to whom the Guidelines apply are to include at least: (i) individuals who acquire a financial product or service for personal purposes; and (ii) small businesses (such as sole traders) which acquire a financial product or service for the purposes of their business.** It is considered that sole traders should be covered on the basis that they are as likely as individuals who engage with LFIs for personal purposes to have an imbalance in bargaining power and information deficiencies vis à vis the LFI. Further, it is likely to be very difficult in any event to distinguish between a personal and a business purpose of a financial facility for a small business. Finally, for the avoidance of doubt, a not-for-profit organization may be considered to be a small business.
14. **There is not a monetary cap on the value of a covered financial product or service.** This is because it would be difficult to determine appropriate limit(s) given the diversity in the value and type of relevant financial products and services; the rationale for FCP rules does not depend on their value; and FCP international standards do not take this approach.

⁴ The list of LFIs : <https://www.fsc.gov.ck/cookislandsFscApp/content/business-contacts>



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V. Overarching FCP Responsibilities

15. **LFI's should have, and apply, documented internal processes, procedures, and policies which reflect the FCP Guidelines.** Depending on the nature, scale, and complexity of the relevant LFI's business, this could include, for example:

- (a) Having a written plan for compliance with the FCP Guidelines which is approved, and regularly reviewed and updated, by the LFI's Board or senior management;
- (b) LFI's ensuring that they have the required resources and capacity to meet the expectations reflected in the FCP Guidelines (including appropriately trained staff and agents, IT systems, records and documented processes and procedures);
- (c) Designating a member of senior management to oversee compliance on a day-to-day basis; and
- (d) In relation to their employees, agents, and other intermediaries, LFI's:
 - (i) ensuring they are trained and monitored on relevant aspects of the FCP Guidelines, and on the features, risks, terms, and pricing (such as interest, fees, and charges) of the LFI's products and services (to the extent relevant to their role);
 - (ii) taking responsibility for their acts and omissions; and
 - (iii) having in place compensation and remuneration arrangements which do not create a conflict of interest with the expectations in these Guidelines and especially for the fair and respectful treatment of consumers.

VI. Fair Treatment Principle

16. **The FSC's overarching expectation is that LFI's treat consumers fairly and respectfully at all times.** Of particular concern are individuals (including sole traders) and vulnerable consumers such as youth, women, the elderly and consumers with disabilities. The FSC's expectations include the following:

- (a) **LFI culture:** LFI's seek to promote within their organization a culture of respect for the fair and respectful treatment of consumers;
- (b) **Unfair business conduct:** LFI's do not engage in pressure selling; misleading, deceptive, abusive, or aggressive treatment of consumers;
- (c) **Discriminatory conduct:** LFI's do not engage in conduct which discriminates on the basis of a personal attribute of the consumer (such as their gender, age, religion, political affiliation, sexual orientation, or nationality) or against vulnerable consumers;
- (d) **Unfair terms:** LFI's do not include in standard form contracts which are not negotiated with the consumer, or seek to rely on, any terms which may be considered unfair on the basis it reflects a significant imbalance in the parties' rights



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and obligations, causes detriment to the consumer, and is not reasonably required to protect the LFI's interests⁵;

- (e) **Product design:** LFIs have, and apply, documented processes and procedures designed to ensure that their financial products and services are designed and marketed having regard to the needs and behaviours of consumers in the target market (including vulnerable consumers); and
- (f) **Personal advice:** Personal advice about the suitability of a financial product or service is provided on request or it seems reasonably likely that the consumer needs that advice. Such advice should consider the consumer's financial objectives, needs and capacity and be documented, with a copy provided to the consumer. The advice should be provided in Cook Islands Maori if requested or it is reasonably obvious that it is necessary.
- (g) **Fees and charges:**
 - (i) Consumers will always be made aware in advance of the amount or method of calculation of any fee or charge, when it will be charged and what the fee is for;
 - (ii) Fees should reflect the LFI's reasonable costs of providing the relevant service; and
 - (iii) Fees should not be so excessive as to limit a consumer's ability to move between LFIs. For example, a prepayment or account closure fee should only reflect the reasonable administrative costs of dealing with the consumer's request. Further, in the case of a prepayment fee applicable to a fixed interest rate contract, it is also expected that an LFI will only charge break costs to the extent the loss arises from a difference between the interest rate payable under the contract and the market rate for contracts of that type.
- (h) **Interest:** Interest charges should be calculated on a declining balance basis (rather than a flat basis) and consumers should always be made aware in advance of any applicable interest rate.

VII. Disclosure and Transparency

17. **LFIs are expected to provide consumers with clear, simply expressed, and timely information at all applicable stages of the consumer / LFI relationship.** This information should be sufficient to enable consumers to make informed financial decisions. Relevant stages include the advertising stage; the pre-contractual / point of contract stage; and the post – contractual stage (while the contract is still in effect).

⁵ Examples of terms which might be considered unfair could include (without limitation) terms which: allow the LFI to unilaterally change without prior notice the terms of an agreement or a fee or charge, or a fixed interest rate; terms which require the consumer to waive or seek to modify any rights to which the consumer may have under law or agreement with the LFI or to waive the right to complain or to take legal action; and terms which seek to prevent the consumer from relying on representations or conduct of the LFI or their employees, agents or other representatives.



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18. General transparency and disclosure expectations designed to ensure effective disclosures apply at all stages of a consumer – LFI relationship and apply to all financial products and services. They include:

- (a) Disclosures should be clearly and simply expressed and in plain language, with key information prominently displayed at the beginning of the disclosure;
- (b) Disclosures should be in English and Cook Islands Māori;
- (c) Disclosures should be made in a form that consumers can keep for future reference (whether provided electronically or in hard copy);
- (d) Disclosures should be timely. This means, for example, that terms and conditions and fees and charges are disclosed before the contract is signed and notice of any changes should be given before they take effect; and
- (e) Consumers should be encouraged to keep their contact information up to date to enable disclosures to be made.

19. Specific transparency and disclosure expectations cover the following 3 key stages.

Advertising stage

20. Advertising through any media should clearly disclose the identity and contact details of the LFI and their regulatory status; should not be misleading or deceptive; and should contain information and warnings recommended by the FSC from time to time (for example if there is a reference to the cost of credit then the advertisement may need to refer to the fees and charges which are payable and the applicable annual percentage rate).

Pre-contractual/point of contract stage

21. Consumers should be given:

- (a) **Copy of key contractual documents:** A copy of the contract between the LFI and the consumer should be given to the consumer to keep. A reference to a “contract” here includes any letter of offer, applicable terms and conditions, schedules and, in the case of insurance, the applicable insurance policy.
- (b) **Contract documentation is expected to contain the following information:** information on the features and type of the financial product or service; all terms and conditions; key risks; pricing (including interest rates and how interest is calculated and details of all fees and charges including when they are payable; the nature of each fee and the amount or method of calculation; the LFI’s regulatory status and contact information; information about how to cancel the contract and information about how to make a complaint to an LFI or raise a dispute with the FSC about an unresolved complaint.
- (c) **Information specific to different types of financial products or services:** Information specific to the type of financial product or service should also be provided in the abovementioned contractual documents, with key information



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expressed prominently. **For example, the following type of information is considered to be key information:**

- (i) **Credit products:** The type of credit; the amount or any applicable credit limit, and the applicable term; the amount or method of calculation of all required repayments and when they are due and the total to the extent ascertainable; the amount or method of calculation of fees and charges and the total to the extent ascertainable; any applicable interest rate and how interest is to be calculated (including whether it is fixed or variable) and the total to the extent ascertainable and any default rate;
 - (ii) **Deposit products:** The applicable interest rate and how interest is to be calculated; and any fees or charges; the term of the deposit and the penalty for withdrawing early (if any); and any minimum balance requirements; and
 - (iii) **Insurance products:** Details of the type of insurance, the risks or events covered; the sum and property insured; the premiums and applicable fees and charges; any limits, conditions, exclusions and excess; and any withdrawal rights. A copy of the insurance certificate should also be provided to the insured to keep as soon as reasonably possible after the policy takes effect.
- (d) **Securities / guarantees:** A security provider under a credit contract (such as a mortgagor or a guarantor) should be given a copy of the security they provide together with a copy of the credit contract, and any amendment. The security document should contain a prominent warning on the front page as to the effect of the security and any other information recommended by the FSC from time to time.
22. **Key Facts Statements (KFS):** Information to enable the consumer to compare offers from different LFIs for commonly acquired financial products and services (such as credit and insurance products) should be provided to help the consumer understand key terms and pricing. This is commonly done internationally by requiring LFIs to provide prospective customers with a short form (1-2 pages), standardized and comparable,
23. **The FSC expects that, at this stage, a KFS should be provided for commonly used credit and insurance products.** See these recommended examples which may be varied by the FSC from time to time:
- (a) KFS for Fixed Term Loan Contracts (Annexure 1); and
 - (b) KFSs for General Insurance Policies – Home Contents; Home Building and Motor Vehicles Insurance (Annexure 2).
24. **Effective Interest Rates:** Over time and with further consultation, LFIs may be expected to provide prospective borrowers of fixed term credit with the Effective Interest Rate (EIR) for the relevant loan, to be calculated in accordance with a formula to be issued by the FSC. An EIR reflects the true total cost of the loan (including all interest charges and other fees and charges). The EIR will be expected to be included in any advertisement which mentions the cost of credit, any KFS provided in relation



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to the product and in the signed contract document. Annexure 3 provides an EIR formula example from Australia. This is for initial discussion purposes.

25. **Public information:** LFIs are also encouraged to make available on their websites, and at or through branches and other public channels the current standard fees and charges, interest rates, and terms and conditions applicable to financial products and services commonly available to consumers.

Post-contractual stage:

26. LFIs should provide or make available:
- (a) **Periodic statements of account** for credit, savings, payments and long-term insurance products. Ideally these statements are provided at least monthly with opening and closing balances and detailed transaction information;
 - (b) **Advance notice of changes to terms, interest rates and fees and charges** (and should not charge interest or fees of which notice has not been given). Ideally at least 30 days' notice is provided via email, in branches, in nationally circulating newspapers, and by personal notice if to do so is reasonably practicable;
 - (c) **Transaction receipts for any payment made to the LFI.** The receipt should identify the amount paid and the relevant contract or security; and
 - (d) **Other information** on a financial product or service reasonably requested by a consumer (such as the balance of an account).

VIII. Responsible lending

27. **Credit affordability:** An LFI should have and implement policies and procedures designed to ensure that:
- (a) A credit facility will only be made available to a consumer after a reasonable assessment of the consumer's ability to repay the credit without substantial hardship; and
 - (b) The LFI will undertake reasonable steps to verify the information on which they rely to assess a consumer's creditworthiness.
28. **Unsolicited offers of credit:** An LFI should not make unsolicited offers of credit directed to a specific person, including by sending out unsolicited credit cards.
29. **Fair treatment of consumers suffering financial hardship:** LFIs are encouraged to respond promptly and reasonably to any request for debt restructuring or other relief in the case of financial hardship, such as that caused by a pandemic or any natural disaster or external shock.
30. There is also an expectation that any debt re-structuring arrangement is documented in an agreement signed by the LFI and the consumer with a clear and prominent statement of the impact of the agreement on the term of the contract; the total amount due; repayment frequency and amount and on interest accruals. The aim is to ensure that consumers understand the monetary impact of the arrangement.



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31. **Defaults:** The FSC expects LFIs to follow these guidelines (for the avoidance of doubt these provisions are not intended to affect the application of the *Personal Property Securities Act 2017*):
- (a) **Notice of default** under a credit contract should be given at least 30 business days before enforcement proceedings are commenced for a credit contract;
 - (b) **Default interest or fees** should only be charged in relation to the actual repayment amount which is overdue for payment and while the default continues and should not exceed the LFI's reasonable costs of the default. The contract document should include disclosure of any default interest or fees which may be payable, when they are payable and a detailed and prominent example, including information as to the amount payable;
 - (c) **Consumers in default should not be harassed in relation to an overdue debt.** Harassment in this context is considered to include excessive or unnecessary contact with a person; making threats in relation to property which has not been provided as security; physical threats; public shaming (such as by advertising the fact that a consumer is in default); excessive or unnecessary calling at a place of employment or business to seek repayment; and
 - (d) **Disclosure to credit bureau:** Consumers should be advised in advance that information about a default may be advised to a credit bureau. .

IX. Complaints

32. **LFIs are expected to have and apply documented internal complaints resolution processes and procedures which are designed to resolve complaints efficiently, promptly, and fairly.** These processes and procedures should be accessible and transparent to consumers. A "*complaint*" in this context is an expression of dissatisfaction made to an LFI about a financial product or service which is not just a simple enquiry, and which is not immediately resolved when first made.
33. **More specifically, it is expected that LFIs will follow the following guidelines:**
- (a) An LFI should have a complaints' handling function or unit which is independent of the staff member(s) or business unit responsible for the events giving rise to the complaint and for which senior management is responsible.
 - (b) A range of channels for making complaints should be made available (such as, for example, branches; online; or by phone or social media) which consider the needs of consumers with low levels of financial or digital capability;
 - (c) A complaint should be acknowledged within a short period (no more than 5 business days) and ideally given a unique identifying number which should be advised to the consumer;
 - (d) The complainant should be kept informed of the process and timelines for considering a complaint.
 - (e) The LFI will provide their final response to a complaint as soon as reasonably practicable and, if reasonably possible, within 20 business days;



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- (f) Staff and agents are to be appropriately trained on an LFI's complaints processes and procedures, including the needs of vulnerable consumers;
 - (g) An LFI should keep detailed written records of complaints and of the LFI's response in a form specified by the FSC from time to time and which may be reviewed by the FSC;
 - (h) LFIs should use data from complaints to improve their financial products and services and related systems, practices and documentation; and
 - (i) The public, and complainants, should be made aware of the complaints handling process through describing it in terms and conditions and KFSs, on the LFI's website and in branches and other consumer facing premises (such as agents).
34. **LFIs are expected to maintain a register of all complaints they receive and to allow the FSC to inspect it.** The register should include information such as the name of the complainant; their gender, the date of the initial complaint; the reason for the complaint and the dates and details of each interaction with the consumer in relation to the complaint.
35. **The FSC may publish aggregate complaints data on a regular basis, highlighting and evolving risks of concern for consumers and LFIs.**

X. Disputes between a consumer and an LFI

36. **Consumers who are dissatisfied with an LFI response to a complaint ideally have access to an alternative dispute resolution system.** Such a system normally meets minimal criteria relating to independence, accessibility, effectiveness, and transparency. In the Cook Islands this role is fulfilled by the FSC which encourages consumers to approach them. However, it should be recognized that the FSC can only make recommendations – it does not have power to make binding decisions.
37. **Against this background, the FSC expects LFIs to publicize the dispute resolution services provided by the FSC, whilst noting that a consumer should first seek to have a complaint resolved by the relevant LFI.** This should be done through a range of channels, including describing it in terms and conditions and KFSs, on the LFI's website and in branches and other consumer-facing premises (such as agents). Complainants should also be reminded of the FSC's services at the time of making a complaint. The complainant should also be advised that the FSC should not be approached until the complainant has been given a decision on their complaint by the LFI, or the time for doing so has expired (whichever comes first).

XI. Data privacy and protection

38. An LFI is expected to have in place, and apply, policies and procedures to ensure the confidentiality and security of the personal and business information of consumers and any security provider. Further, an LFI should only use or disclose such information for the original purpose of collection and should only hold the information for the period required for that purpose; except to the extent required or permitted by law or with the express consent of the consumer or the security provider. The consumer or security



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provider should be advised that they may withdraw their consent on reasonable notice to the LFI.

XII. Commencement and transitional arrangements

39. LFIs are expected to follow the FCP Guidelines from the date which is 6 months from the date on which the FSC publicly issues the FCP Guidelines (Commencement Date).

40. The FCP Guidelines apply to:

- (a) a contract or security entered into or given on or after the Commencement Date;
and
- (b) a contract or security which is entered into or given before the Commencement Date but only in relation to anything done, or omitted to be done, after the Commencement Date.

XIII. Review of FCP Guidelines

41. These FCP Guidelines will be reviewed from time to time, and at least every three years.



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This amount does not include any government charges, third party fees or fees for something which may not happen (such as a late payment)

OTHER IMPORTANT INFORMATION

YOUR RIGHTS AND RESPONSIBILITIES

Any questions or complaints? Call the lender: [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS] to contact us regarding your question or complaint.

If you cannot resolve a complaint with your lender, contact the Financial Supervisory Commission [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS]

Want to repay all or part of your loan early? You can do this, but a fee may apply. The prepayment fee is NZ\$ Or is calculated as follows:

If you pay late:

- **THE TOTAL AMOUNT YOU MUST PAY MAY SUBSTANTIALLY INCREASE**
- You may have to pay additional fees (for example, the fee for a missed repayment is NZ\$.
- The late payment may be reported to a credit reference bureau
- Your ability to re-borrow may be affected
- **You may lose your security and / or a guarantor may need to pay**

CERTIFIED CORRECT

..... (Signature)
 (Name)
 (Date)

Lender's Representative

NOTES FOR LENDER

The Cook Islands Financial Supervisory Commission expects lenders to provide a completed Key Facts Statement (KFS) in the abovementioned form for any type of fixed term credit product they provide:

- (a) on request by a consumer;
- (b) when a consumer makes an enquiry about the relevant credit product; and
- (c) at the same time as the consumer is given the proposed final form of the contract.

The information in the KFS should be current at the date the KFS is provided.



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Annexure 2: Key Facts Statements for General Insurance Policies

SEE ATTACHED KEY FACTS STATEMENTS FOR:

- Home Contents Policy
- Home Building Policy
- Motor Vehicle insurance Policy



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INSERT
INSURER'S
LOGO /
BRAND

KEY FACTS STATEMENT ABOUT [NAME OF INSURER]'S HOME CONTENTS POLICY

This KEY FACTS STATEMENT summarizes key information about your Policy. IT IS NOT AN INSURANCE CONTRACT. The examples provided are only some of the limits, conditions, and exclusions.

Your INSURANCE CERTIFICATE is separately provided and shows the type of cover, the home contents insured, the insured person, the sum insured, any limit for specified items, the premium and any other charges payable, any excess, and the term of the insurance, as well as other important information.

READ YOUR POLICY DOCUMENT AND INSURANCE CERTIFICATE FOR FULL DETAILS.

WHAT IS INSURED?			
<p>Our Home Contents Policies covers the accidental loss or damage of your home contents caused by specified events and other related benefits. The table below provides a summary of key information about the policies. <u>Monetary limits, conditions and exclusions may apply.</u></p> <p>Home building insurance is covered by a different policy.</p>			
<u>Event(s) covered</u> <i>(Include brief description of event if necessary)</i>	<u>Yes / No / Optional</u>	<u>Limit(s) - see below for single item limits</u>	<u>Example of Key Conditions / Exclusions</u>
Fire		<i>(Insert NZ \$ limit if any)</i>	<i>(Specify applicable conditions / exclusions)</i>
Explosion			
Flood			
Storm			
Hurricane / cyclone/ typhoon			
Lightning			
Earthquake			
Riot, strike, civil disturbance			
Theft and Burglary			
Accidental damage			
Malicious Damage			
Escape of liquid			
<i>(Include other events)</i>			
OTHER BENEFITS			
<u>Benefit</u>	<u>Yes / No / Optional</u>	<u>Limit(s)</u>	<u>Example of Key Conditions / Exclusions</u>



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Temporary accommodation			
Temporary storage			
Removal of debris			
Spoiled food			
Accidental loss or damage away from home			
Liability to third parties for personal injury or property damage			
<i>(Include other benefits)</i>			
SINGLE ITEMS COVER			
Items	<u>Yes / No / Optional</u>	<u>Limit(s)</u>	<u>Example of Key Conditions / Exclusions</u>
High value collections			
Documents			
Jewelry			
Watches			
Mobile phones			
Money, gold or other precious metals or stones			
Spectacles, contact lenses, hearing aids, dentures			
Boats or other types of watercraft			
<i>(Include other single items)</i>			

TYPE OF COVER	
Different types of cover	Yes / No / Optional
Replacement	
Repair	
<i>(Include any other type of cover)</i>	

OTHER IMPORTANT INFORMATION
<i>WARNING: Carefully read your Policy and Insurance Certificate for further details</i>
Limits, conditions, and exclusions: This Policy has conditions and limits for certain events and items. Exclusions may also apply to covered events.



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Excesses: If you make a claim, the excess is the amount you may have to pay for each event. Several different excesses may apply in respect to this Policy.

Sum insured: When working out how much cover you need, ensure that you value your contents correctly (for example, by listing them and their replacement value). Otherwise, you may be underinsured.

HOW TO MAKE A CLAIM

Advise us of the event as soon as possible by contacting us by [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS], or visit any of our offices.

READ YOUR POLICY FOR FURTHER DETAILS ON HOW TO MAKE A CLAIM.

If a claim is not resolved to your satisfaction, you may contact the Financial Supervisory Commission [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS]

NOTES FOR INSURERS:

The Cook Islands Financial Supervisory Commission expects insurers to provide a completed Key Facts Statement (KFS) in the abovementioned form for any type of home contents insurance policy they provide:

- (a) on request by a consumer;
- (b) when a consumer makes an enquiry about the relevant policy; and
- (c) Immediately before the insurance cover commences.

The information in the KFS should be current at the date the KFS is provided.



KEY FACTS STATEMENT ABOUT [NAME OF INSURER]'S HOME BUILDING POLICY

This **KEY FACTS STATEMENT** summarizes key information about your Policy. **IT IS NOT AN INSURANCE CONTRACT.** The examples provided are only some of the limits, conditions, and exclusions.

Your **INSURANCE CERTIFICATE** is separately provided and shows the type of cover, property details, the insured person, the sum insured, the premium and any other charges payable, any excess, and the term of the insurance, as well as other important information.

READ YOUR POLICY DOCUMENT AND INSURANCE CERTIFICATE FOR FULL DETAILS.

WHAT IS INSURED?			
<p>Our Home Building Policies cover the repair or re-building of your home if it is damaged by fire or another specified event. The table below provides a summary of key information about the policies. <u>Monetary limits, conditions and exclusions may apply.</u></p> <p>Home contents insurance is covered by a different policy.</p>			
<u>Event(s) covered</u> <i>(Include brief description of event if necessary)</i>	<u>Yes / No / Optional</u>	<u>Limit(s) - see below for single item limits</u>	<u>Example of Key Conditions / Exclusions</u>
Fire		<i>(Insert NZ \$ limit if any)</i>	<i>(Specify applicable conditions / exclusions)</i>
Explosion			
Flood			
Storm			
Hurricane / cyclone / typhoon			
Lightning			
Earthquake			
Riot, strike, civil disturbance			
Theft and Burglary			
Accidental damage			
Malicious damage			
Escape of liquid			
Temporary accommodation			
Temporary storage			
Removal of debris			
Escape of liquid			
Loss of rent			
Landscaping			
Liability to third parties for personal			



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injury or property damage			
<i>(Include other events)</i>			

TYPE OF COVER	
Different types of cover	Yes / No / Optional
Re-build	
Repair	
<i>(Include any other type of cover)</i>	

OTHER IMPORTANT INFORMATION
<i>WARNING: Carefully read your Policy and insurance certificate for further details</i>
Limits, conditions and exclusions: This Policy has conditions and limits for certain events and items. Exclusions may also apply to covered events.
Excesses: If you make a claim, the excess is the amount you may have to pay for each event. Several different excesses may apply in respect to this Policy.
Sum insured: When working out how much cover you need, ensure that you value your home building correctly. Otherwise, you may be underinsured.

HOW TO MAKE A CLAIM
Advise us of the event <u>as soon as possible</u> by contacting us by [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS], or visit any of our offices.
READ YOUR POLICY FOR FURTHER DETAILS ON HOW TO MAKE A CLAIM.
If a claim is not resolved to your satisfaction, you may contact the Financial Supervisory Commission [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS]

NOTES FOR INSURERS:

The Cook Islands Financial Supervisory Commission expects insurers to provide a completed Key Facts Statement (KFS) in the abovementioned form for any type of home contents insurance policy they provide:

- (a) on request by a consumer;
- (b) when a consumer makes an enquiry about the relevant policy; and
- (c) Immediately before the insurance cover commences.

The information in the KFS should be current at the date the KFS is provided.



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INSERT
INSURER'S
LOGO /
BRAND

KEY FACTS STATEMENT ABOUT [NAME OF INSURER]'S MOTOR VEHICLE INSURANCE POLICY

This **KEY FACTS STATEMENT** summarizes key information about your Policy. **IT IS NOT AN INSURANCE CONTRACT.** The examples provided are only some of the limits, conditions, and exclusions.

Your **INSURANCE CERTIFICATE** is separately provided and shows the motor vehicle details, the type of insurance; the insured person, the sum insured, the premium and any other charges payable, any excess, and the term of the insurance, as well as other important information.

READ YOUR POLICY DOCUMENT AND INSURANCE CERTIFICATE FOR FULL DETAILS.

WHAT IS INSURED?			
Depending on the option you choose our Motor Vehicle Insurance Policies cover loss or damage to your motor vehicle caused by specified events, and also liability to third parties for injury or death and damage to other parties' property and other related benefits. The table below provides a summary of key information about the policies.			
<u>Monetary limits, conditions and exclusions may apply.</u>			
<u>Event(s) covered</u> <i>(Include brief description of event if necessary)</i>	<u>Yes / No / Optional</u>	<u>Limit(s) - see below for single item limits</u>	<u>Example of Key Conditions / Exclusions</u>
		<i>(Insert NZ \$ limit if any)</i>	<i>(Specify applicable conditions / exclusions)</i>
Accident			
Fire			
Theft			
Natural disaster (such as flood / cyclone / earthquake)			
Third party property loss or damage			
Third party bodily injury and death <i>(Include other events))</i>			
OTHER BENEFITS			
<u>Benefit</u>	<u>Yes / No / Optional</u>	<u>Limit(s)</u>	<u>Example of Key Conditions / Exclusions</u>
Towing			
Windscreen damage			
Rental car			
Accessories and modifications			



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TYPE OF COVER	
Different types of cover	Yes / No / Optional
Repair	
Replace	
<i>(Include any other type of cover)</i>	

OTHER IMPORTANT INFORMATION
<i>WARNING: Carefully read your Policy and insurance certificate for further details</i>
Limits, conditions, and exclusions: This Policy has conditions and limits for certain events and items. Exclusions may also apply to covered events.
Excesses: If you make a claim, the excess is the amount you may have to pay for each event. Several different excesses may apply in respect to this Policy.
Sum insured: When working out how much cover you need, ensure that you value your motor vehicle correctly. Otherwise, you may be underinsured.

HOW TO MAKE A CLAIM
Advise us of the event <u>as soon as possible</u> by contacting us by [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS], or visit any of our offices.
READ YOUR POLICY FOR FURTHER DETAILS ON HOW TO MAKE A CLAIM.
If a claim is not resolved to your satisfaction, you may contact the Financial Supervisory Commission [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS]

NOTES FOR INSURERS:

The Cook Islands Financial Supervisory Commission expects insurers to provide a completed Key Facts Statement (KFS) in the abovementioned form for any type of home contents insurance policy they provide:

- (a) on request by a consumer;
- (b) when a consumer makes an enquiry about the relevant policy; and
- (c) Immediately before the insurance cover commences.

The information in the KFS should be current at the date the KFS is provided.



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Annexure 3: Effective Interest Rate Calculation

THE FOLLOWING EXAMPLE IS FOR DISCUSSION PURPOSES DURING CONSULTATIONS ON THE PROPOSED FINANCIAL CONSUMER PROTECTION GUIDELINES.

EXAMPLE: AUSTRALIA – NATIONAL CONSUMER CREDIT REGULATIONS (regulation 71 (1) – (7)). Note Australia uses the term “comparison rate” rather than “Effective Interest Rate”.

71 Comparison rate

- (1) This regulation applies if:
 - (a) a credit provider, before entering into a credit contract, informs the debtor of the comparison rate in accordance with subsection 16(3) of the Code; or
 - (b) a person publishes, or causes to be published, an advertisement that states or implies that credit is available and includes in the advertisement the comparison rate in accordance with Part 10 of the Code.
- (2) The comparison rate must be calculated as a nominal rate per annum, together with the compounding frequency, in accordance with this regulation.
- (3) The comparison rate is calculated using the formula:

$$n \times r \times 100\%$$

where:

n is the number of repayments per annum to be made under the credit contract (annualised if the term of the contract is less than 12 months), except that:

- (a) if repayments are to be made weekly, *n* is 52.18; and
- (b) if repayments are to be made fortnightly, *n* is 26.09; and
- (c) if the contract does not provide for a constant interval between repayments, *n* is to be derived from the interval selected for the purposes of the definition of *j*.

r is the solution of:



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$$\sum_{j=0}^t \frac{A_j}{(1+r)^j} = \sum_{j=0}^t \frac{R_j + C_j}{(1+r)^j}$$

where:

A_j is the amount of credit to be provided under the contract at time j (the value of j for the provision of the first amount of credit is taken to be zero).

C_j is the fee or charge (if any) payable by the debtor at time j in addition to the repayments R_j , being a credit fee or charge (other than a government fee, charge or duty) that is ascertainable when the comparison rate is disclosed (whether or not the credit fee or charge is payable if the credit is not provided).

j is the time, measured as a multiple (not necessarily integral) of the interval between contractual repayments that will have elapsed since the first amount of credit is provided under the credit contract, except that if the contract does not provide for a constant interval between repayments an interval of any kind is to be selected by the credit provider as the unit of time.

R_j is the repayment to be made at time j .

t is the time, measured as a multiple of the interval between contractual repayments (or other interval so selected) that will elapse between the time when the first amount of credit is provided and the time when the last repayment is to be made under the contract.

- (4) The comparison rate must be correct to at least the nearest one hundredth of 1% per annum.
- (5) In the application of the above formulae, reasonable approximations may be made if it would be impractical or unreasonably onerous to make a precise calculation.
Example: If repayments are to be made on a fixed day each month, it may be assumed that repayments will be made on that day each month even though the credit contract provides for payment on the preceding or succeeding business day when the due date is not a business day.
- (6) The tolerances and assumptions under sections 180 to 182 of the Code apply to the calculation of the comparison rate.
- (7) The comparison rate must be accompanied by a statement of the amount of credit on which it is based and the term for which credit is provided.

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