

## Chapter 19F

# Remuneration and performance management



**19F.3 Funeral plan remuneration incentives**

**Application**

- 19F.3.1 **R** This section applies to a *firm* carrying on *regulated funeral plan activities*.  
Remuneration and the customer’s best interests
  
- 19F.3.2 **R**
  - (1) A *firm* must not:
    - (a) be *remunerated*; or
    - (b) *remunerate* or assess the performance of its *employees*, in a way that conflicts with its duty to comply with the *customer’s best interests rule*.
  - (2) In particular, a *firm* must not make any arrangements by way of *remuneration*, sales target or otherwise that could provide an incentive to itself or its *employees* to recommend or offer a particular *funeral plan contract* to a *customer* when the *firm* could offer a different *funeral plan contract* which would better meet the *customer’s* needs.
  
- 19F.3.3 **G**
  - (1) A *firm* should consider ■ FPCOB 6.4R and ■ FPCOB 6.5R when making arrangements which concern *remuneration* or performance incentives.
  - (2) Examples of *remuneration* arrangements which may conflict with the *customer’s best interests rule* include:
    - (a) arrangements which provide for higher levels of *remuneration* based on the price of the plan that is recommended or offered (i.e. higher *remuneration* for selling a more expensive plan);
    - (b) arrangements for *remuneration* or performance management which are based primarily on the number of plans sold, or the price of plans sold; and
    - (c) arrangements which do not have adequate provision for *remuneration* to be taken back if the customer cancels the plan.