

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.