The Senate

# Economics
# Legislation Committee

## Corporations Amendment (Life Insurance Remuneration Arrangements) Bill 2016 [Provisions]

March 2016

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# Senate Economics Legislation Committee

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# Chapter 1

# Background to the inquiry

1.1 On 25 February 2016, the Senate referred the provisions of the Corporations Amendment (Life Insurance Remuneration Arrangements) Bill 2016 to the Economics Legislation Committee for inquiry and report by 15 March 2016.

1.2 This bill would better align the interests of consumers and those providing advice.

## Consideration of the bill by parliamentary legislative scrutiny committees

1.3 The bill was considered by the Senate Standing Committee for the Scrutiny of Bills[1] and the Parliamentary Joint Committee on Human Rights.[2] Neither committee raised concerns about the proposed amendments.

## Conduct of the inquiry

1.4 The committee advertised the inquiry on its website and wrote to relevant stakeholders and other interested parties inviting submissions. The committee received a similar form letter from 209 stakeholders, which are divided into three groups, and 56 other submissions. They are listed at Appendix 1.

1.5 The committee thanks all those who participated in, and assisted the committee with, the inquiry.

## Background

1.6 The bill is the product of a number of reviews and a lengthy consultation with industry. In particular, the Australian Securities and Investments Commission (ASIC)'s review of retail life insurance advice, the Financial Systems Inquiry and the work of the Life Insurance Advice Working Group (also known as the Trowbridge review) were influential in the formation of the reform proposals captured in the bill.

### *Australian Securities and Investments Commission review*

1.7 In October 2014, ASIC published *Report 413: Review of retail life insurance advice*. As part of its review, ASIC sought to understand the personal advice consumers were receiving about life insurance and to identify opportunities to promote personal life insurance advice that is in the best interests of consumers.

1.8 ASIC highlighted that life insurance:

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1 Scrutiny of Bills Committee, *Alert Digest No. 2 of 2016*, p. 63, http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Scrutiny_of_Bills/Alerts_Digests/2016/index (accessed 1 March 2016).

2 Parliamentary Joint Committee on Human Rights, *Examination of legislation in accordance with the Human Rights (Parliamentary Scrutiny) Act 2011: Thirty-fourth Report of the 44th Parliament*, 23 February 2016, p. 1, http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Human_Rights/Completed_inquiries/2016/Thirty-fourth_Report_of_the_44th_Parliament (accessed 1 March 2016).

> …is of critical importance to the long-term financial wellbeing of Australian consumers. Life insurance is a key product through which consumers manage risk for themselves and their families.
>
> Quality financial advice helps consumers identify their life insurance needs and find appropriate and affordable products that meet those needs.[3]

1.9 ASIC noted that consumers purchase life insurance in one of three ways:

- through an advice provider (adviser);
- directly from an insurer; or
- through their superannuation fund and the group life cover offered by the fund.[4]

1.10 ASIC's report, like the bill, focused only on distribution through personal advice.[5]

1.11 ASIC found unacceptable levels of poor quality advice, which showed a strong connection between high upfront commissions, policy lapse rates and poor consumer outcomes.[6] Overall, 37 per cent of consumers whose files were reviewed received personal advice about life insurance that failed to comply with the law.[7] This percentage was higher where the adviser was paid an upfront commission, with 45 per cent of such advice failing to comply.[8]

1.12 ASIC identified a number of factors that affected the quality of advice. These factors were:

- adviser incentives;
- inappropriate scaling of advice;
- lack of strategic life insurance advice;
- weak rationales for product replacement advice; and

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3 Australian Securities and Investments Commission, *Report 413: Review of retail life insurance advice*, October 2014, p. 4, http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-413-review-of-retail-life-insurance-advice/ (accessed 29 February 2016).

4 Australian Securities and Investments Commission, *Report 413: Review of retail life insurance advice*, October 2014, p. 4, http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-413-review-of-retail-life-insurance-advice/ (accessed 29 February 2016).

5 Australian Securities and Investments Commission, *Report 413: Review of retail life insurance advice*, October 2014, p. 4, http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-413-review-of-retail-life-insurance-advice/ (accessed 29 February 2016).

6 *Explanatory Memorandum*, p. 16.

7 Australian Securities and Investments Commission, *Report 413: Review of retail life insurance advice*, October 2014, p. 40, http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-413-review-of-retail-life-insurance-advice/ (accessed 29 February 2016).

8 Australian Securities and Investments Commission, *Report 413: Review of retail life insurance advice*, October 2014, p. 43, http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-413-review-of-retail-life-insurance-advice/ (accessed 29 February 2016).

- failure to consider the relationship between life insurance and superannuation.[9]

1.13 ASIC concluded that the way advisers were paid influenced the likelihood of their clients receiving advice that did not comply with the law, with large upfront commissions and ongoing commissions the prevailing form of remuneration.[10]

1.14 Following the publication of ASIC's report, the government called on industry to review remuneration practices in the life insurance industry.[11] Mr John Trowbridge was engaged by the Association of Financial Advisers (AFA) and Financial Services Council (FSC) to chair the Life Insurance Advice Working Group (LIAWG). The working group undertook to consult with key industry stakeholders, consumer groups, regulators and the Parliament, and provide an interim report by mid-December 2014 and a final report by the end of March 2015.[12]

### *Financial Systems Inquiry*

1.15 In the meantime, the report of the Financial Systems Inquiry (FSI) was published in November 2014. The FSI Committee was tasked with examining how the financial system could be positioned to best meet Australia's evolving needs and support Australia's economic growth.[13]

1.16 The FSI report made a number of recommendations in relation to life insurance, including that:

- industry should raise standards of conduct and levels of professionalism to build confidence and trust in the financial system;
- government should amend the law to provide ASIC with an enhanced power to ban individuals, including officers and those involved in managing financial firms, from managing a financial firm. This would enhance adviser and management accountability;
- government should amend the law to require that an upfront commission for life insurance advice is not greater than ongoing commissions. This would reduce incentives for churning and improve the quality of advice on life insurance; and

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9 Australian Securities and Investments Commission, *Report 413: Review of retail life insurance advice*, October 2014, p. 40, http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-413-review-of-retail-life-insurance-advice/ (accessed 29 February 2016).

10 *Explanatory Memorandum*, p. 16.

11 *Explanatory Memorandum*, p. 6 and *House of Representatives Hansard*, Second Reading Speech, 11 February 2016, p. 10.

12 Mr John Trowbridge, *Review of Retail Life Insurance Advice: Final Report*, 26 March 2015, p. 2, https://www.afa.asn.au/life-insurance-reform (accessed 1 March 2016).

13 Financial Systems Inquiry, *Final Report*, November 2014, p. vii, http://fsi.gov.au/ (accessed 1 March 2016).

- ASIC should review the effect of current stockbroking remuneration structures on the quality of consumer outcomes. If this review raises significant concerns, ASIC should advise Government on the need to remove the sector's exemption from the ban on conflicted remuneration.[14]

### *Trowbridge review*

1.17 It was in the wake of the ASIC report and the FSI report that Mr Trowbridge released the final report of the LIAWG on 26 March 2015. Mr Trowbridge accepted the findings of the ASIC review and stated:

> There is a need to balance improving the quality of advice and consumer understanding of remuneration arrangements, along with removing misaligned incentives, with sustaining a viable and competitive retail life insurance industry. Failure to do so could adversely affect the retail life insurance distribution segment leading to increased underinsurance and a lack of consumer access to life insurance advice.[15]

1.18 Accordingly, the Trowbridge review recommended a package of reforms, including a significant reduction to upfront commissions to limit the incentive for advisers to churn—that is, to sell new products to consumers where the circumstances did not warrant it.[16]

1.19 Specifically, Mr Trowbridge made the following policy recommendations:

- that the remuneration model move to a system of level commissions, supplemented by a client-based Initial Advice Payment available at a client's first policy inception and then no more often than once every five years;
- that there be a three year transition period where the five year rule is applied on a best endeavours basis immediately and, from a suitable date in 2016 for a period of two years, the industry operate according to the current hybrid commission arrangements with a cap on initial commissions;
- that licensees be prohibited from receiving benefits from insurers that might influence recommended product choices or the advice given by the licensees' advisers;
- ensure competitive access and choice for all advisers and their clients to available life insurance products by means of every licensee including on its Approved Product List at least half of the authorised retail life insurance providers;
- that all licensees, in conjunction with their advisers, re-examine their culture, behaviours and practices regarding the advice process with the aim of raising

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14 Financial Systems Inquiry, *Final Report*, November 2014, p. 217, http://fsi.gov.au/ (accessed 1 March 2016).

15 Mr John Trowbridge, *Review of Retail Life Insurance Advice: Final Report*, 26 March 2015, p. 26, https://www.afa.asn.au/life-insurance-reform (accessed 1 March 2016).

16 *House of Representatives Hansard*, Second Reading Speech, 11 February 2016, p. 9.

consumer understanding of life insurance, ensuring informed consent from clients and reducing the administrative burden on advisers; and

- that a Life Insurance Code of Practice be developed that is modelled on the General Insurance Code of Practice and aimed at setting standards of best practice for life insurers, licensees and advisers for the delivery of effective life insurance outcomes for consumers.[17]

1.20 This bill reflects the above recommendations and the comprehensive consultation with industry that took place.[18]

## Purpose of the bill

1.21 In the second reading speech, the Minister for Small Business and Assistant Treasurer, the Hon. Kelly O'Dwyer, stated that:

> The life insurance sector is vital for our community. Life insurance advisers and product manufacturers help to provide essential financial security to Australians and their families. However, recent inquiries have shown that there is a clear need for change in the sector.[19]

1.22 The stated purpose of the bill is to better align the interests of consumers and those providing advice.[20] The government argues that, as a result of this alignment of interests, consumers will benefit through improved quality of advice, more product choice and enhanced competition.[21]

1.23 Minister O'Dwyer acknowledged the contribution of the financial planning and insurance industries, stating that the bill is the product of hard work and compromise on the part of the industry. The reforms have the support of the FSC, Financial Planners Association (FPA) and AFA.[22]

1.24 The FSC has also been tasked with creating a Life Insurance Code of Practice. The Code will be similar to existing codes for banking and general insurance and would set out best practice standards for insurers, including in relation to underwriting and claims management.[23]

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17 Mr John Trowbridge, *Review of Retail Life Insurance Advice: Final Report*, 26 March 2015, pp. 7–11, https://www.afa.asn.au/life-insurance-reform (accessed 1 March 2016).

18 *House of Representatives Hansard*, Second Reading Speech, 11 February 2016, p. 10.

19 *House of Representatives Hansard*, Second Reading Speech, 11 February 2016, p. 9.

20 *Explanatory Memorandum*, p. 3.

21 *House of Representatives Hansard*, Second Reading Speech, 11 February 2016, p. 9.

22 *House of Representatives Hansard*, Second Reading Speech, 11 February 2016, p. 9. See also, Financial Services Council, *Submission 37*; Financial Planning Association, *Submission 35*; Association of Financial Advisers, *Submission 44*.

23 The Hon. Kelly O'Dwyer MP, *Government announces significant improvements to life insurance industry*, 6 November 2015, http://kmo.ministers.treasury.gov.au/media-release/024-2015/ (accessed 29 February 2016).

## Commencement

1.25 These provisions commence on 1 July 2016 or the day after Royal Assent, whichever occurs later.[24]

1.26 Transitional provisions apply to certain arrangements, which are outlined below.

## Financial impact

1.27 The bill is not expected to have an impact on federal revenue.[25] However, the committee notes that the estimated increase in annual compliance costs for the industry is $27.8 million.[26]

## Key provisions of the bill

1.28 The bill has one schedule comprising six items.

1.29 The bill removes the exemption from the ban on conflicted remuneration; confers a power on ASIC to make a legislative instrument; provides for the collection of data by ASIC; and puts in place transitional arrangements.

### *Removal of the exemption from the ban on conflicted remuneration*

1.30 The *Corporations Act 2001* (Corporations Act) contains a ban on conflicted remuneration. Conflicted remuneration means any benefit, whether monetary or non-monetary, given to a financial services licensee, or their representative, who provides financial product advice to persons as retail clients that, because of the nature of the benefit or the circumstances in which it is given, could reasonably be expected to influence the choice of financial product recommended or the financial produce advice given to retail clients.[27]

1.31 Currently, paragraph 963B(1)(b) of the Corporations Act provides a broad exemption from the conflicted remuneration ban for benefits paid in relation to certain life risk insurance products.[28] The bill will remove the exemption and substitute two new paragraphs. Instead, benefits paid in relation to life risk insurance products (including commissions and volume-based payments) are subject to the ban on conflicted remuneration, unless they satisfy the criteria in the ASIC instrument.[29]

1.32 The components on which a commission may be payable are introduced under a concept of 'policy cost'.[30]

24 *Explanatory Memorandum*, p. 12.

25 *Explanatory Memorandum*, p. 3.

26 *Explanatory Memorandum*, p. 20.

27 *Corporations Act 2001*, section 963A.

28 *Explanatory Memorandum*, p. 5.

29 *Explanatory Memorandum*, p. 7.

30 *Explanatory Memorandum*, p. 7.

### *ASIC's power to make a legislative instrument*

1.33 The bill will also give ASIC the power to make a legislative instrument to set out:

- the maximum level of upfront and ongoing commission payments permitted in relation to life insurance products; and
- the amount of upfront commissions to be repaid to life insurers ('clawback').

1.34 ASIC has released a consultation paper detailing its proposed response.[31] Comments were required by 29 January 2016 and ASIC is currently considering the 15 submissions that it has received.[32]

*Maximum level of upfront and ongoing commission*

1.35 As part of the powers conferred on it, ASIC will specify maximum upfront and ongoing commission amounts. There will be a transitional period of three years to allow the industry to adapt to the new regulatory environment. In respect of commissions, ASIC will prescribe:

- maximums permissible between 1 July 2016 – 30 June 2017;
- maximums permissible between 1 July 2017 – 30 June 2018; and
- maximums permissible from 1 July 2018 onwards.[33]

1.36 Where a life insurer adopts an upfront or hybrid commission model, the government proposes that the commission levels would be set at:

- from 1 July 2016 – 80% of the premium in the first year of the policy;
- from 1 July 2017 – 70% of the premium in the first year of the policy; and
- from 1 July 2018 – 60% of the premium in the first year of the policy.[34]

1.37 The level of maximum ongoing commission would be set at 20 per cent of the premium in all subsequent years.[35]

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31 Australian Securities and Investments Commission, *Consultation Paper 245: Retail life insurance advice reforms*, December 2015, http://asic.gov.au/about-asic/media-centre/find-a-media-release/2015-releases/15-384mr-asic-consults-on-implementation-of-retail-life-insurance-advice-reforms/ (accessed 7 March 2016).

32 Australian Securities and Investments Commission, *Submission 36*, p. 4.

33 *Explanatory Memorandum*, pp. 10–11.

34 The Hon. Kelly O'Dwyer MP, *Government announces significant improvements to life insurance industry*, 6 November 2015, http://kmo.ministers.treasury.gov.au/media-release/024-2015/ (accessed 29 February 2016).

35 The Hon. Kelly O'Dwyer MP, *Government announces significant improvements to life insurance industry*, 6 November 2015, http://kmo.ministers.treasury.gov.au/media-release/024-2015/ (accessed 29 February 2016).

*Clawback arrangements*

1.38 The bill also confers power on ASIC to prescribe 'clawback' arrangements, which apply to a situation where a certain portion of the upfront commission is paid back to the life risk insurer from the financial adviser.[36]

1.39 Clawback occurs in the first two years of a policy where the product is cancelled or is not continued, other than because a claim is made under the insurance policy or because other prescribed circumstances exist.[37] ASIC has the power in the ASIC Instrument to determine the amount, or a way of working out the amount, that is an acceptable payment under the clawback arrangements.[38]

1.40 The government indicated that, from 1 July 2016, the following clawback arrangements will apply:

- when a policy lapses or the premium decreases in the first year of the policy, 100 per cent of the commission on the first year's premium to be clawed back; and
- when a policy lapses or the premium decreases in the second year of the policy, 60 per cent of the commission on the first year's premium to be clawed back.[39]

### *Reporting data to ASIC*

1.41 The government has requested that ASIC undertake a review in 2018 to assess whether the reforms embodied in the bill have succeeded in better aligning the interests of advisers and consumers.[40] In order to complete this review, ASIC will need access to policy replacement data.

1.42 A new paragraph will be inserted at the end of subsection 912C(1A) of the *Corporations Act 2001* to allow ASIC to collect this information.[41]

### *Transitional arrangements*

1.43 The removal of the exemption applies to benefits that are given under an arrangement that was entered into on or after the date of commencement.[42]

1.44 This amendment will also apply where an arrangement was entered into before the date of commencement but the life product was not issued within three months after the commencement date.[43]

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36 *Explanatory Memorandum*, p. 11.

37 Schedule 1, item 5, subsections 963BA(3) and (4).

38 Schedule 1, item 5, subsections 963BA(3) and (4).

39 The Hon. Kelly O'Dwyer MP, *Government announces significant improvements to life insurance industry*, 6 November 2015, http://kmo.ministers.treasury.gov.au/media-release/024-2015/ (accessed 29 February 2016).

40 *Explanatory Memorandum*, p. 11.

41 Schedule 1, item 1, paragraph 912C(1A)(e).

42 Schedule 1, item 6, section 1549A and subsection 1549B(1).

1.45 The effect of these transitional arrangements is to grandfather commissions and volume-based payments that are made under pre-existing arrangements in relation to pre-existing policies.[44]

43 Schedule 1, item 6, paragraphs 1549B (2)(a) and (b).

44 *Explanatory Memorandum*, p. 13.

# Chapter 2

# Views on proposed changes

## Introduction

2.1 It is important that consumers can access appropriate, independent financial advice so as to protect themselves and their families in the event of the unexpected. At present, some consumers receive advice that does not comply with the law and which seems to be motivated by the high upfront commission the adviser will receive on the signing of a new policy.[1]

2.2 The adequacy of life insurance advice is an issue that affects millions of Australians. For example, ASIC found that there were 2.6 million life insurance policies in force at 30 June 2013, representing data collected from the 12 insurers who participated in the survey.[2] Given that such a significant number of Australians will have contact with the life insurance industry at some point, it is important that government legislate to ensure fairer outcomes for consumers.

2.3 This chapter will examine the main aspects and effects of the bill, and set out concerns raised by submitters, with regard to:

- evidence supporting the reform;
- effect on consumers; and
- the impact on the life insurance advice industry.

2.4 This chapter will also consider comments made by submitters who are concerned that the bill does not sufficiently address the problems identified in the ASIC report.

2.5 According to the government, the reform put forward in the bill represents a significant improvement to the remuneration arrangements in the life insurance advice industry. The bill will improve the quality of advice available to consumers, who will benefit from greater product choice and enhanced competition.[3]

## Views on proposed reform

2.6 The bill is the product of extensive consultation with industry and reflects the recommendations of the ASIC, FSI and Trowbridge reports, as described in chapter 1.

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1 Australian Securities and Investments Commission, *Report 413: Review of retail life insurance advice*, October 2014, pp. 42–43, http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-413-review-of-retail-life-insurance-advice/ (accessed 29 February 2016).

2 Australian Securities and Investments Commission, *Report 413: Review of retail life insurance advice*, October 2014, p. 18, http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-413-review-of-retail-life-insurance-advice/ (accessed 29 February 2016).

3 *House of Representatives Hansard*, Second Reading Speech, 11 February 2016, p. 9.

2.7 However, a number of submitters expressed the view that this consultation process was heavily influenced by the providers of life insurance products, banks and insurers. They were concerned that this influence was to the detriment of the financial planners and advisers, often small businesses, which sell life insurance products to consumers.

### *Focus*

*Preventing churning*

2.8 Some submitters expressed concern that the various reviews, and now the bill, may have been focused on the wrong issues. While many submitters agreed that the life insurance industry is in need of reform, many suggested that bad advice, rather than churning specifically, is the real issue.

2.9 Life Protect stated that churning was the key problem identified by ASIC. They suggested that ASIC was not fully informed about the potential consequences for consumers of anti-churning reform, which include a reduction in consumer choice and a concomitant profit for life insurers.[4]

2.10 Rate Detective did not agree that churn is necessarily bad for consumers. They submitted that churn rates in general are a possible indicator of customer dissatisfaction, cheaper and/or better offers from the competition, more successful sales and/or marketing by the competition, or reasons having to do with the customer life cycle. As a result, Rate Detective argued that any increased churn rate in recent years is linked to increased competition from independent providers and, in general, was a healthy thing for consumers and the industry.[5]

2.11 Regardless of whether churning is good or bad for consumers, it was suggested that the bill places a greater burden on financial advisers without delivering better outcomes for consumers.[6]

*Dealing with rogue advisers*

2.12 A number of submissions promoted the idea that churning is a symptom of unethical advisers who should be dealt with by ASIC as individuals. For example, one submitter said that greater emphasis should be placed on ASIC's power to disqualify 'bad' financial planners.[7] Mr Ben Sullivan also suggested that churners could be dealt with individually instead of implementing high-level reform:

> The banks and insurers already know who the churners are. They are most often licensed by the banks themselves. If they really wanted to do anything

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4 Life Protect, *Submission 2*, p. [1].

5 Rate Detective, *Submission 52*, pp. 8–9.

6 Austbrokers Financial Solutions (SYD), *Submission 4*, p. [1].

7 *Submission 16*, p. [1]. See also, Ms Anita Muecke, *Submission 41*, p. [2]; Rate Detective, *Submission 52*, p. 11.

> about this issue they would have years ago. It was never about churning of insurance policies.[8]

2.13 However, the FSC pointed out that this kind of ASIC oversight will in fact operate alongside the reform measures. They indicated that life insurers will provide exception reporting to ASIC for the purposes of identifying financial planners and life risk specialists with high lapse rates. The data will assist ASIC to identify churners and take appropriate action.[9]

2.14 The committee considers that the bill provides an effective mechanism for preventing churning, which will be supplemented by ASIC's oversight functions. While the committee appreciates that further reform may be required to ensure that the industry operates fairly and sustainably, such an assessment will be made by ASIC in the scheduled 2018 review.

### ***Previous reviews and consultation on the bill***

#### *Previous reviews*

2.15 In addition to the concerns described above, some submissions considered that the reviews that preceded the bill were not sufficiently independent and relied on an inadequate data sample. For example, Mr Paul Harrison of Concord Private Wealth referred to the ASIC and Trowbridge reports respectively and their findings relating to the provision of non-compliant advice. Mr Harrison wrote that ASIC's conclusions regarding the risk of churning could not be justified on the basis of a sample of size of around 200 files.[10] ASIC's sample size was also criticised by Mr David Hare, who wrote that ASIC decided to only focus on the self-employed adviser sector and that at least 10 per cent of advisers should have been surveyed to ensure accurate results.[11]

2.16 Rate Detective also criticised the methodology underlying the ASIC report. They refuted ASIC's conclusions that increased lapse rates indicated the prevalence of churning. They instead suggested that any increase in lapse rates could be entirely to do with the way in which the industry reports lapses and nothing at all to do with increased lapses or 'bad churn'.[12]

2.17 Rate Detective also pointed out that the review was a 'targeted surveillance' and 'not a random sample of advice from randomly selected AFS [Australian financial services]'.[13] In fact, it was specifically weighted towards organisations with 'the

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8 Mr Ben Sullivan, *Submission 15*, p. [1]. See also, Association of Independently Owned Financial Professionals, *Submission 6*, p. [4].

9 Financial Services Council, *Submission 37*, p. 4.

10 Mr Paul Harrison, *Submission 24*, p. [1–2].

11 Mr David Hare, *Submission 46*, p. [2].

12 Rate Detective, *Submission 52*, p. 9. See also, Mr Philip Burke, *Submission 3*, p. [1].

13 Australian Securities and Investments Commission, *Report 413: Review of retail life insurance advice*, October 2014, p. 15, http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-413-review-of-retail-life-insurance-advice/ (accessed 29 February 2016).

highest number of new "in force" policies' and 'the highest number of policy lapses'.[14] Rate Detective wrote that 'it is possible to conclude that ASIC found that of those organisations that were most likely to give low quality advice, the advice was low quality'.[15]

2.18 The committee notes these concerns and, in relation to the size of ASIC's data sample, considers that the data is broadly representative of the industry as a whole. While it accepts that a larger data sample may have added depth to the study, the committee is unaware of any alternative evidence that would suggest that ASIC's analysis does not present an accurate picture of the industry.

2.19 In relation to allegations made against the FSC, the FSC submission specifically refuted claims that they only represent banks and insurance companies. The FSC wrote that they have over 115 members across funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. They went on to say that FSC members include a diverse range of members, including Financial Advisory Network members which include both institutional and non-institutional licensee members.[16] As noted in chapter 1, the FPA and AFA also support the proposed reforms.

*Consultation on the bill*

2.20 The inquiry received a significant number of submissions from financial planners and advisers, which expressed the view that only the life insurers, mainly large institutions like banks, were adequately consulted throughout the reform process. A number of submissions argued that support from the bill comes mainly from the FSC, not the industry as a whole. Those same submissions also suggested that the FSC is not representative of all aspects of the industry.[17]

2.21 Life Protect concurred with these arguments, declaring that none of the smaller financial advisers had been consulted in this process. Instead, only associations with 'agendas' were consulted. Life Protect concluded that 'the regulators and government involved know very little of our industry and have little concern of the outcome of this legislation on the consumer'.[18]

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14 Australian Securities and Investments Commission, *Report 413: Review of retail life insurance advice*, October 2014, p. 15, http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-413-review-of-retail-life-insurance-advice/ (accessed 29 February 2016).

15 Rate Detective, *Submission 52*, p. 10.

16 Financial Services Council, *Submission 37*, p. 5.

17 See, for example, Form Letter 1, p. [7]; Association of Independently Owned Financial Professionals, *Submission 6*, p. [2]; Bombora Advice, *Submission 50*, p. [6]; Rate Detective, *Submission* 52, p. 1.

18 Life Protect, *Submission 2*, p. [1]. See also, Mr Hilton Bennett, *Submission 20*, p. [1]; Mr Ben Sullivan, *Submission 15*, p. [1]; Australian Financial Risk Management, *Submission 7*, p. 1.

2.22 That said, this position was not shared by all submitters. The AFA wrote that they had been consulted on the development of the Life Insurance Framework and that they support the negotiated consensus positions reflected in the bill.[19]

2.23 The committee notes that the proposed reform of the life insurance advice industry has been the subject of discussion for many years. The industry has been on notice for some time now that reform was imminent and was invited to help design the new remuneration model. The committee considers that all stakeholders have had ample opportunity to contribute to the discussion and that the model to be implemented by the bill is a fair one.

## Effect on consumers

2.24 All submitters agreed that consumers should receive unbiased advice on how to protect themselves, their families and their assets against the unforeseen.[20] However, the majority of submissions disputed the contention that the bill advances the interests of consumers.

2.25 The form letter submissions opened with the statement that the bill 'in its current form will have adverse outcomes for consumers and will exacerbate Australia's chronic under-insurance crisis'. The submissions go on to say that the needs of the consumer have been left out of the debate about adviser remuneration in the life insurance industry.[21]

2.26 The majority of consumer-based concerns centred on consumer choice and competition, the increased cost of life insurance, and fees for advice.

### *Consumer choice and competition*

2.27 Concerns were expressed that the bill poses a detriment to consumers and to competition. The Association of Independently Owned Financial Professionals (AIOFP) considered the proposed reform to be 'clearly all about increasing profits for Institutions, eliminating competition and reducing choice for consumers'.[22] Similarly, Bombora Advice contended that the reform is anti-competitive because consumers will no longer have advisers to assist them in ensuring their policies remain competitive in the market.[23]

2.28 In its submission, Life Protect pointed out that switching policies may be beneficial to the client. Mr Brett Hammond of Life Protect stated:

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19 Association of Financial Advisers, *Submission 44*, p. 2.

20 See, for example, Form Letter 1, p. [7]; Association of Independently Owned Financial Professionals, *Submission 6*, pp. [2–3].

21 Form Letter 1, p. [6].

22 Association of Independently Owned Financial Professionals, *Submission 6*, p. [2].

23 Bombora Advice, *Submission 50*, p. [9].

> I put my clients best interest first—if that means changing companies after year 3 or year 1 so be it. This is the law—The client must be put first. The clawback provisions are Anti competitive and consumer unfriendly.[24]

2.29 Mr Hammond went on to say that if he cannot offer his client the same or better policy than is sold elsewhere for a lower premium, he will lose his income and also his client.[25] He labelled the bill as anti-competitive on that basis.

2.30 By contrast, a number of submissions highlighted the benefits to the consumer of these reforms. For example, CHOICE noted that the bill will improve the situation for consumers. They expressed the view that the bill represents the minimum change required to increase consumer confidence in the life insurance advice industry.[26]

2.31 The FSC also considered that the bill will enhance consumer outcomes. They argued that setting maximum caps of 60 per cent for upfront commissions and 20 per cent for ongoing commissions, in conjunction with an extended clawback period of two years, will improve consumer outcomes.[27]

2.32 The committee is of the view that the provisions in the bill do in fact promote consumer choice and competition. In relation to Life Protect's assertion that they must be able to prioritise the interests of the client, the committee concludes that the bill will not impede the ability of financial advisers to advance that interest. The committee further notes that the ability of clients to 'shop around' and choose the most suitable policy for the lowest price supports competition in the industry. While this ability may mean that some consumers decide to change policies within the two-year clawback period, the amount to be repaid by the adviser will continue to be offset by any upfront commission allowable under the ASIC instrument.

### *Increased cost of life insurance*

2.33 Some submitters were concerned that the bill will prompt life insurers to raise the cost of their premiums.

2.34 As a result of the reform, Rate Detective asserted that the net value of commissions will be greater, reflecting a higher ongoing commission.[28] Rate Detective therefore argued that life insurance reforms will result in an increase in price to consumers for that reason as insurers pass on the cost of the commission.[29]

2.35 Mr Harrison concurred, writing that this has already happened:

> Since the debate about LIF [Life Insurance Framework] has come to the fore, they (the Insurers) have all increased their premiums by at least 20%.

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24 Life Protect, *Submission 2*, p. [1].

25 Life Protect, *Submission 2*, p. [1].

26 CHOICE, *Submission 43*, pp. 2–3.

27 Financial Services Council, *Submission 37*, p.4.

28 See also, Zurich Financial Services Australia, *Submission 53*, p. 5.

29 Rate Detective, *Submission 52*, p. 5.

> From my own perspective I have seen numerous clients cancel their policies in utter frustration that Insurers have increased premiums by so much. I'm sure I'm not alone, as I know many other advisers tell similar stories. These are average mums and dads who are no longer protected and will ultimately rely on the Australian Government in the form of Social Security to fund their needs should a detrimental 'event' occur in the course of their lives.[30]

2.36 Robina Financial Solutions provided a number of examples of increases to premiums. It noted that Asteron, OnePath, BT and Macquarie had all increased the price of premiums by as much as 16 per cent in the past year.[31]

### *Fees for advice*

2.37 Some submissions indicated that advisers would need to change their business model and charge a fee for advice, as opposed to providing free advice and collecting a commission on the product sold.[32] For example, Mr Michael d'Apice from Austbrokers Financial Solutions (SYD) noted that:

> …as a consequence of these proposed changes I will be introducing prior to 1st July 2016 a Fee for Advice that will be an additional impost on our clients.[33]

2.38 The submission from the FSC anticipated the potential need to charge a fee for advice. They noted that the amendments do not prevent advisers from pursuing other remuneration models, such as fees for advice or level commission models. The FSC proposed that, if the new remuneration arrangements are not viable for small businesses, they are open to advisers passing the cost on to consumers.[34]

2.39 However, some submitters suggested that this would not be well received by consumers. Hallam Financial Strategies recounted how they had previously tried to implement a fee for advice for clients seeking life insurance products. They contended that 'NOBODY wants to pay us a fee for our advice and then pay their life insurance premiums'.[35]

2.40 Similarly, other submitters emphasised that consumers would be reluctant to pay a fee and may simply elect not to purchase life insurance. Mr Roland Badia of What Mortgage? argued that:

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30 Mr Paul Harrison, *Submission 24*, p. [1].

31 Robina Financial Solutions, *Submission 8*, p. [1].

32 See, for example, Austbrokers Financial Solutions (SYD), *Submission 4* and Rate Detective, *Submission 52*.

33 Austbrokers Financial Solutions (SYD), *Submission 4*, p. [1].

34 Financial Services Council, *Submission 37*, p. 5.

35 Hallam Financial Strategies, *Submission 14*, p. [1] (capitals in original). See also, Bombora Advice, *Submission 50*, p. [11].

> …the reality is that a large portion of the clients we deal with resent paying fees, and would rather not take advice than paying the appropriate fees. I say appropriate fees because the fees charged would need to be high enough to make up for the substantial reduction in commission receivable, and in turn for the business to be viable. This would ultimately make the advice we provide more expensive for the client.[36]

2.41 Fortnum Financial Advisers predicted a decline in the number of consumers taking out life insurance as a result of such fees:

> … most clients will not pay a fee for a product/service (it is a combination) that is not guaranteed (ie they can be declined the insurance) and is something that they certainly do not 'want' but they definitely need if things go wrong. The alternative for families who are not responsible and who do not have sufficient insurance is their families or government.[37]

2.42 This assertion was supported by research performed by Zurich Financial Services Australia (Zurich), which conducted a survey in 2011. The survey revealed that consumers overwhelmingly prefer not to pay out of pocket fees for life insurance advice. Zurich reported that 57 per cent of those surveyed indicated they would leave the market altogether if forced to pay any amount for their advice (even if premiums were lower as a result), with the remainder prepared to pay a maximum of $600 (below the actual cost of providing that advice).[38]

2.43 The form letter submissions agreed that the reform will increase the cost of insurance and advice to consumers, and despite this increase in cost, the quality of advice would remain the same.[39]

### Impact on life insurance advice industry

2.44 The reform to life insurance remuneration arrangements is projected to have an adverse impact on the life insurance advice industry.

2.45 A number of submissions emphasised the distinction between banks and insurance companies, and financial planners and advisers in selling life insurance products. The form letter submissions asserted that banks and insurance companies 'have announced record profits and sales growth from insurance, quarter on quarter'.[40] By contrast, financial planners and advisers have predicted that the reforms may put some smaller firms out of business.

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36 Mr Roland Badia, *Submission 9*, p. [1].

37 Fortnum Financial Advisers, *Submission 5*, p. [1].

38 Zurich Financial Services Australia, *Submission 53*, p. 4.

39 Form Letter 1, p. [6].

40 Form Letter 1, p. [6].

### *Future of the industry*

*Decline in number of independent financial advisers*

2.46 Submitters stressed the value of advisers to the industry but predicted declining numbers of such advisers due to a lack of profitability. Life Protect noted the dual objectives of providing valuable advice and maintaining the profitability of business. They stated that 'not only do we provide essential advice that protects families financially we still need to make a living, just as our clients do'.[41] Arguing against the clawback provisions, Life Protect said that the clawback provisions put 'a divide between what is best for the client and what is commercially viable'.[42]

2.47 Mr Harrison's submission was consistent with the concerns of Life Protect. Mr Harrison argued that the cost of business will become too high for some advisers to bear:

> I'm sure the implications of the LIF [the bill] will see a reduction in adviser numbers, and advice surrounding Personal Insurance, mainly due to reduced Adviser commission and excessive 'claw-back' periods. In a world with heavy compliance Advisers rely on their remuneration to meet their high licensing and compliance costs. The equation is simple; if revenue can't meet expenses, then something has to give...[43]

2.48 In a similarly grim prediction, Mr Gregory Hayter of Marsh Advantage Insurance wrote that:

> The proposed reductions in commission, along with an increase in responsibility period (clawback) will achieve one thing, and one thing only. That is the drastic reduction in the number of small, independent life insurance brokers.[44]

2.49 In Fortnum Financial Advisers' submission, Mr Gavin Polmans recounted his own pathway to success as a risk specialist. He told how he was employed as a financial adviser in a small financial planning business in the suburbs before starting his own risk insurance business in 2011. The firm is now established and Mr Polmans is planning to expand his business. However, he wagers that he would not have been able to take the step of starting his own business had the bill been in effect at that time. Instead, Mr Polmans believes he would have had 'to go and work for a bank/institution and be completely stifled in doing what they want and not necessarily what the customer needs'. He advocated instead that independent advisers are needed to maintain competition in the industry.[45]

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41 Life Protect, *Submission 2*, p. [1].

42 Life Protect, *Submission 2*, p. [1]. See also, Rate Detective, *Submission 52*, p. 1.

43 Mr Paul Harrison, *Submission 24*, p. [1].

44 Mr Gregory Hayter, *Submission 10*, p. [1].

45 Fortnum Financial Advisers, *Submission 5*, p. [1].

2.50 Indeed, Rate Detective indicated that they have already begun scaling down the number of advisers on its staff, preferring instead to focus on other areas of its business. Rate Detective noted that other businesses heavily focused on personal insurance have also been scaling back operations and shifting into other product areas.[46]

2.51 However, not all of the submissions reflected such a bleak outlook. Like many other submitters, the AFA acknowledged the critical role of advisers in the industry:

> Financial advisers do more for their clients beyond the statutory Best Interest Duty steps of getting to know and deeply understand the needs and requirements of their clients, recommending solutions and acting in each client's best interests. A large part of financial advisers' time is helping the client navigate the industry jargon and definitions in product documents, complexities in application processes, and the differing handling of claims. The inefficiencies of the life insurance system are reduced where consumers are supported by expert and professional advisers.[47]

2.52 Contrary to the position adopted by other submitters, the AFA regarded the reform to commission structures as a positive development. The AFA accepted that the bill will bring about business model change to a significant number of financial advisers in Australia—especially for those that are life insurance specialists.[48] They acknowledged the concerns expressed by advisers and they encouraged insurers to invest in technology, product innovation and process improvements to enable advisers to deliver most cost-effective advice. They noted their expectation that productivity improvements in these areas will flow through to premiums, client and adviser experience, and ultimately the sustainability of the sector.[49]

2.53 The AFA also recorded its commitment to providing support, encouragement and business tools to help advisers during the transition and its resolve to encourage other industry participants to do the same.[50]

2.54 The committee notes the flexibility that accompanies ASIC's power to create an instrument to support the legislation. The National Insurance Brokers Association of Australia wrote that the bill provides a greater ability to take into account scenarios in the regulations or by way of ASIC instrument.[51] The flexibility afforded by this power conferred on ASIC enables them to adjust the allowable commissions to meet changing circumstances and shifts in the industry if necessary.

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46 Rate Detective, *Submission 52*, p. 6.

47 Association of Financial Advisers, *Submission 44*, pp. 2–3.

48 Association of Financial Advisers, *Submission 44*, p. 5.

49 Association of Financial Advisers, *Submission 44*, p. 3. See also, Financial Services Council, *Submission 37*, p. 3.

50 Association of Financial Advisers, *Submission 44*, p. 5.

51 National Insurance Brokers Association of Australia, *Submission 30*, p. [1].

2.55 The committee acknowledges the concerns raised by some stakeholders about the viability of the life insurance advice industry. It notes that the ongoing commission received under existing arrangements will continue in accordance with the transitional provisions and commends the industry for considering alternative remuneration models that are not reliant on high upfront commissions.

*Market share within the industry*

2.56 As a result of the anticipated decline in the number of independent financial advisers, submitters predicted that consumers would be drawn in increasing numbers to life insurers directly. In his submission, Mr David Hare wrote that the bill will result in 'the banks being able to grab even more market share to satisfy the demands of their stakeholders against the eventual demise of small business advisers and their staff!'[52]

2.57 Similarly, Rate Detective submitted that there will be a shift in market share within the industry from the independent insurance companies to the bank-aligned companies with their own distribution network. Rate Detective wrote that this shift will be to the detriment of consumers as the independent providers have been the most active in providing price competition and product innovation over the last five years.[53] Rate Detective concluded that a movement in market share back towards the major banks will result in consumers paying higher prices, having worse underwriting terms and reduced customer service.[54]

2.58 Mr Philip Burke raised very similar concerns. He wrote that:

> Self employed advisers will exit the industry (this is happening now) thereby leaving the advice field to Bank Advisers. Banks are focused on product sales with the bulk of policies initiated by their advisers being with the bank owned insurers. This will lessen completion, disadvantage consumers and make the banks even more powerful.[55]

2.59 AIOFP wrote that the legislation needs to be amended to protect consumers who may purchase 'flawed' insurance policies from institutions who 'prefer to go directly to consumers via the internet/telemarketers and avoid third party independent advisers'. They warn that the policies are flawed because underwriting takes place at the point of claim, not when the consumer buys the product, leading to a rejection rate in excess of 50 per cent.[56] While AIOFP does not specifically outline how these amendments would operate, this outcome could be achieved through more stringent regulation of 'direct insurance'—that is, life insurance products purchased directly

52 Mr David Hare, *Submission 46*, p. [1].

53 Rate Detective, *Submission 52*, p. 1.

54 Rate Detective, *Submission 52*, p. 8.

55 Mr Philip Burke, *Submission 3*, p. [1].

56 Association of Independently Owned Financial Professionals, *Submission 6*, p. [2].

through the insurer. The insurer could be required to ask particular questions, disclose certain information and underwrite the policy at the point of purchase.

2.60 The submission from Claudio Financial Services provided a salient example of this apparent danger. The author, Mr Claudio Gonzalez, described a recent telephone conversation he had with a client. The client had an income protection contract in place but the premiums were starting to increase in cost. The client had discovered a cheaper policy with Virgin. On his client's instructions, Mr Gonzalez investigated the terms of this policy and discovered a list of exclusions for pre-existing conditions that he believed would be unsuitable for his client. He wrote:

> You're not going to hear from Virgin about the hopelessness of their contract and how they don't protect consumers properly. You are only going to receive misleading advertising about how they offer protection for the whole family. And it is not just Virgin that has these contracts—it's also the insurance companies that I represent; who have direct insurance arms with no adviser represented.
>
> The assumption is that the client knows what they are getting. I don't believe they do… Only an adviser can point this out to a client and provide the right advice so that he and his family are covered properly.[57]

2.61 Other submissions also emphasised the risk to the consumer of purchasing life insurance direct from the insurer without first seeking financial advice.[58] AIOFP urged that consumers must have access to a range of advice channels. It is important that consumers are not limited to institutions with vertically integrated models selling their own products in what the AIOFP describes as 'a totally conflicted environment'.[59]

2.62 The committee notes these concerns about changes to the market share in the life insurance advice industry. The committee considers that the proposed 2018 review by ASIC will be a valuable opportunity to assess the effect of the reforms on the industry and to balance that impact with the benefits to the consumer.

## ASIC review

2.63 As alluded to above, it is proposed that ASIC conduct a review in 2018 to assess whether the reform better aligns the interests of advisers and consumers, and whether further reforms are required. They will publicly release the results of this review.[60]

2.64 ASIC submitted that, in conducting this review, they will have regard to the data gathered from the life insurance industry. In order to determine whether the

57 Claudio Financial Services, *Submission 18*, p. [1].

58 See, for example, Bombora Advice, *Submission 50*, p. [10].

59 Association of Independently Owned Financial Professionals, *Submission 6*, p. [3].

60 Australian Securities and Investments Commission, *Submission 36*, p. 5.

reform has improved the quality of life insurance advice, there is an intention to conduct a surveillance of life insurance advice files.[61]

2.65 The AFA contended that ASIC must have access to wide-reaching and representative data, but also have the resources to identify the underlying reasons for policy lapses. They also emphasised that cases of compliance failure and client detriment must be reported separately.[62]

2.66 The AFA was also concerned that there will be insufficient information available by 2018 to undertake a full analysis of the effects of the reform. Instead, they proposed that the 2018 report to government be considered a milestone report—indicating the position and trends up to that point in time.[63]

2.67 The committee looks forward to the 2018 review to assess the effectiveness of these reforms and notes the government's commitment to ensuring fairer outcomes for consumers accessing life insurance products.

## Scope for more stringent reform

2.68 Contrary to the concerns expressed by some stakeholders, some submitters believed that the government has not gone far enough in reforming the life insurance advice industry. Industry Super Australia wrote that:

> The Government's stated rationale for the changes is to better align the interests of consumers and those providing advice, yet the conditions fall short of the recommendations of the Trowbridge review into Life Insurance Advice and the Final Report of the Financial System Inquiry.
>
> We agree with the Government's observation that 'the evidence of poor quality of advice in insurance justifies further efforts by the Government and the industry to reform the remuneration arrangements in the life insurance industry.' Yet, despite the extensive body of evidence documenting the ill effects of conflicted remuneration, the government has failed to seriously consider reform that phases out commissions in life insurance advice.[64]

2.69 CHOICE adopted a similar position. They submitted that the bill represents the minimum change required to increase consumer confidence in the life insurance advice industry. They recommended that further reform be implemented in a staged manner over the coming years. CHOICE argued that there must be no further concessions on commissions and claw back arrangements, and they recommended that commissions should be banned outright on the basis that they harm the consumer.[65]

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61 Australian Securities and Investments Commission, *Submission 36*, p. 5.

62 Association of Financial Advisers, *Submission 44*, p. 2.

63 Association of Financial Advisers, *Submission 44*, pp. 3–4.

64 Industry Super Australia, *Submission 51*, p. 4.

65 CHOICE, *Submission 43*, p. 3.

2.70 However, CHOICE recognised that the bill represents an improvement on the status quo and endorsed the bill in that respect.[66]

2.71 The committee acknowledges the views of some submitters that the government 'has not gone far enough'. Given the concerns expressed by other stakeholders above, the committee understands that it is difficult to balance the interests of consumers, small business and larger institutions. The committee considers that this bill strikes an acceptable balance between these interests and reminds stakeholders that the 2018 review will provide an opportunity to assess these reforms.

## Committee view

2.72 The committee is of the view that the bill contains provisions designed to ensure that consumers can access unbiased and appropriate advice when considering purchasing life insurance.

2.73 The committee notes that advisers have thus far been allowed to provide advice in circumstances where their own interest in a significant commission is at odds with the interests of the consumer. This bill will effectively address unnecessary churning and will ensure that ASIC has greater regulatory oversight over the industry.

2.74 The committee notes the concerns of submitters in relation to consumer choice and the future of the industry, but believes that the bill contains mechanisms to address these risks. In particular, the powers conferred on ASIC ensure flexibility and responsiveness while the scheduled 2018 review provides an opportunity to correct any imbalances or pursue further reform.

### Recommendation 1

**2.75 The committee recommends the bill be passed.**

**Senator Sean Edwards**

**Chair**

66 CHOICE, *Submission 43*, p. 3.

# Additional Comments from Labor Senators

1.1 Labor senators on the committee welcome the committee's report and support the reform that this bill is designed to achieve. It is important that Australians can access impartial and appropriate advice about life insurance products to protect themselves and their families.

1.2 Labor notes, however, the concerns of a number of submitters that:

- the reviews preceding the reform focused on churning, and not appropriate methods of dealing with rogue advisers; the data sample used in ASIC's review was inadequate; and not all stakeholders were consulted;
- the reform will adversely affect consumer choice and competition, and will see an increase in the cost of life insurance, coupled with the implementation of fees for advice; and
- the life insurance advice industry will see a decline in adviser numbers and an increase in the market share of large institutions like banks.

1.3 These concerns about the activities of large institutions are legitimate and Labor acknowledges the risk that such institutions may come to dominate the industry. In this regard, Labor draws attention to the instances of poor corporate behaviour that the Senate Economics References Committee examined during its inquiry into the performance of the Australian Securities and Investments Commission and continues to investigate through its inquiry into the scrutiny of financial advice. It also notes concerns raised recently in the media, specifically about the insurance industry.

1.4 The Senate Economics References Committee is currently undertaking an inquiry into the life insurance advice industry as part of its broader scrutiny of financial advice inquiry. This inquiry is both timely and most welcome.

**Senator Chris Ketter**
**Deputy Chair**

# Appendix 1

## Submissions and additional information received

### Submissions

| *Submission Number* | *Submitter* |
|---|---|
| 1 | Super Innovations |
| 2 | Life Protect |
| 3 | Mr Philip Burke |
| 4 | Austbrokers Financial Solutions (SYD) |
| 5 | Fortnum Financial Advisers |
| 6 | Association of Independently Owned Financial Professionals |
| 7 | Australian Financial Risk Management |
| 8 | Robina Financial Solutions Pty Ltd |
| 9 | Mr Roland Badia |
| 10 | Mr Gregory Hayter |
| 11 | Complete Life Insurance |
| 12 | Anderson Financial Services Group Pty Ltd |
| 13 | Mr Joseph Burke |
| 14 | Hallam Financial Strategies |
| 15 | Mr Ben Sullivan |
| 16 | Name Withheld |
| 17 | Mr Kevin Davidson |
| 18 | Claudio Financial Services |
| 19 | McMaster Heathfield Wealth Advisers |
| 20 | Mr Hilton Bennett |
| 21 | Mr Mike Tidy |
| 22 | Blue Leaf Consulting |
| 23 | Mr Glenn McKean |
| 24 | Mr Paul Harrison |
| 25 | Mr Bryan Moss |
| 26 | Mr Daniel Bensi |
| 27 | Schroeder Capital Pty Ltd |
| 28 | Ms Heidi Reeve |
| 29 | Mr Simon Milton |
| 30 | National Insurance Brokers Association of Australia |
| 31 | ClearView Wealth Limited |
| 32 | Knight Management Services Pty Ltd |
| 33 | Empire Risk |
| 34 | Shartru Wealth Management |
| 35 | Financial Planning Association |
| 36 | Australian Securities and Investments Commission |
| 37 | Financial Services Council |

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|---|---|
| 38 | Life Insurance Direct |
| 39 | Ms Wendy Richards |
| 40 | Perera Crowther Financial Services |
| 41 | Ms Anita Muecke |
| 42 | Joe Nowak Financial Services Group |
| 43 | CHOICE |
| 44 | The Association of Financial Advisers |
| 45 | Mr Doug Scriven |
| 46 | Mr David Hare |
| 47 | Ms Jacki Hiscock |
| 48 | Ms Renate Falkenhagen |
| 49 | Australian Institute of Superannuation Trustees |
| 50 | Bombora Advice |
| 51 | Industry Super Australia |
| 52 | Your Rate Detective |
| 53 | Zurich Financial Services Australia Limited |
| 54 | Mr Wayne Handley |
| 55 | CBD Financial Services |
| 56 | Lifespan Financial Planning |

## Form Letters

1. Form Letter 1 received from 193 organisations and individuals.

2. Form Letter 2 received from 12 organisations and individuals.

3. Form Letter 3 received from 4 organisations and individuals.