

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

Review of the Australian Securities and Investments Commission Annual Report 2015

Standing Committee on Economics

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Chair's foreword

The committee held its first public hearing with ASIC on 14 October 2016 to examine its role in corporate, market, financial services and consumer credit regulation, recent surveillance and enforcement activities, and priorities for the coming year. Of particular interest to the committee were ASIC's investigations into the life insurance and financial advice sectors.

ASIC outlined to the committee its primary role under the *Australian Securities and Investments Commission Act 2001* (ASIC Act), the *Corporations Act 2001* (Corporations Act) and a range of other legislation. This role includes promoting confidence by investors and consumers in the financial system, maintaining and improving the performance of the financial system, and facilitating efficient registration for financial services providers.

The committee was concerned by evidence of practices of denying claims in the life insurance sector, and sought an update from ASIC on its investigations following the release of its report *Life insurance claims: An industry review* (October 2016). The committee heard that, in many cases, claims were denied on technical or contractual grounds that did not meet a policyholder's reasonable expectations about their coverage when they took out a life insurance policy. The committee notes that, as a result of the review, ASIC has proposed a number of key areas for action to improve claims handling outcomes for consumers. The committee expects that insurers will work diligently with ASIC and the government to implement these recommendations without delay.

The committee also sought evidence on ASIC's investigations into the financial advice sector, following a number of high profile cases where consumers were adversely affected by unscrupulous financial advisers. Many of these advisers

were employed by the major banks, either directly, or through subsidiaries. The committee heard that these investigations are complex and ongoing, and looks forward to further reports from ASIC on its surveillance and enforcement activities across the sector.

On behalf of the committee I would like to thank the Chairman of ASIC, Mr Greg Medcraft, and his colleagues for appearing at the public hearing on 14 October 2016. ASIC has an important role to play as Australia's corporate watchdog, protecting consumers, investors and creditors. The committee will continue to provide oversight of ASIC into the future.

David Coleman MP

Chair

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Membership of the Committee

Chair

Mr David Coleman MP

Deputy Chair

Hon Matt Thistlethwaite

Members

Mr Adam Bandt MP

Ms Julia Banks MP

Mr Scott Buchholz MP

Mr Pat Conroy MP (to 7 November 2016)

Mr Trevor Evans MP

Mr Kevin Hogan MP

Mr Craig Kelly MP

Mr Matt Keogh MP

Ms Madeleine King MP (from 7 November 2016)

Committee Secretariat

Mr Stephen Boyd, Committee Secretary

Dr John White, Inquiry Secretary

Ms Jazmine Rakic, Office Manager

Terms of Reference

The House of Representatives Standing Committee on Economics is empowered to inquire into, and report on, the annual reports of government departments and authorities tabled in the House that stand referred to the committee for any inquiry the committee may wish to make. The reports stand referred in accordance with the schedule tabled by the Speaker to record the areas of responsibility of the committee.

Abbreviations

ACCC	Australian Competition and Consumer Commission
AFS	Australian Financial Services
ANZ	Australia and New Zealand Banking Group
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
BBSW	Bank Bill Swap Rate
CBA	Commonwealth Bank of Australia
DPP	Commonwealth Director of Public Prosecutions
FCA	Financial Conduct Authority (United Kingdom)
LIBOR	London Interbank Offered Rate

