
To the Senate Economics Committee,

I am writing to you with my concern regarding the changes imposed in the bill which were announced as a response to the Trowbridge, ASIC and FSI reports.

A Recent Telephone Conversation with a client

I would also like for you to understand what I now experience more often. A recent client conversation centred on their current Income Protection contract with AIA which was starting to increase in cost over time. The client referred to Virgin and the IP contract which they were offering which was a third cheaper than their current Agreed Value, cover to Age 65 policy which was put in place in 2010 with AIA. I explained to the client that I was not aware of the terms and conditions of the Virgin product but that they needed to be careful that they knew what they were getting. My analysis of the Virgin contract after talking with the client revealed the following information :

How would you like to cancel your current AIA IP Agreed Value policy which covers you to age 65 for this direct insurance contract with the exclusions listed for pre-existing conditions. You are 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. They recognise that Richard Branson is always smiling and they think he is pretty cool who always takes on the big companies and brings out better products for consumers - he may do so with Airlines BUT NOT WITH PERSONAL INSURANCE. Only an adviser can point this out to a client and provide the right advice so that he and his family are covered properly. Virgin will not point this out to the client and warn them continuously about this. Nor will AIA as the client will not call them about his interest with Virgin - and an AIA Telephone representative will not have the time nor expertise to understand the direct insurance contract.

It is important that advisers are not penalised with the new legislation and the extended claw back periods. I believe advisers do a lot to represent our community and therefore should be protected and helped rather than marginalised and penalised. An experienced adviser who I know well recently told me his company injected \$4,000,000 into his local country town by way of helping his clients with successful claims. There are not many businesses that can boast like this in helping their local community.

I hope that you will consider what Bert Van Manen (MP) recently stated in his address to parliament and bring about a much fairer system which makes insurance companies accountable and does not penalise advisers. Otherwise you will see power being transferred to Insurance Companies who will know just can't help themselves and put profits first before people. We need advisers to keep them on the straight and narrow and stand up for our clients.

Concern from a local small business owner in Berwick.

kind regards,

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