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Dear Senators

As a financial planner I haven't always seen "eye to eye" with those who spend their days selling Life Insurance.

However, over the years I have learnt to understand that there is a specific need for such professionals and in modern times it is quite common to see specialist Life Insurance advisers working with Financial Planners, Accountants and Lawyers to provide their clients with a full advice option.

In my own business we have tried to implement a Fee for Service advice solution for those clients who want Life Insurance products but NOBODY wants to pay us a fee for our advice and then pay their life insurance premiums.

In fact most people prefer to have their insurance premiums either fully funded or partially funded via their superannuation accounts many of which we would not be able to have any fees charged to or they are extremely limited in the fees they allow us to charge therefore making the advice process for insurance unprofitable.

The recommendations eventually want all commissions removed from life insurance products. I can only assume that this would not only be applicable to Risk Insurance advisers but also to any online based insurance sales services.

This would lead to a scenario where all of a sudden there are very few professionals offering life insurance and very limited online solutions.

My greatest fear is that with a reduced availability for proper insurance advice, clients will either not have any or not in sufficient amounts.

When it comes time to making claims, the clients would have nowhere to go except Centrelink. A department that has been struggling with demand for many years and that demand is only increasing as the population increases to age and increases its longevity.

My solution is simple, change upfront insurance commissions to 80% max (all insurance pay the same so there is no favouritism) and 20% ongoing so advisers can continue to operate a business and service existing clients.

The claw back period also needs to be reassessed as from my understanding it does not take into account times when clients opt to drop out of their policy against their advisers wishes. Nor does it take into account a policy that ends because a claim has been paid. There are numerous examples of times when the adviser is not at fault for the client changing their mind yet the adviser may be the one who is penalised financially.

As someone who has seen clients receive claims payouts from life insurance, they would happily swap that tomorrow to reverse the scenario but life doesn't work that way.

The process for providing advice has become more and more complex over the years and regardless of technology, it is still a very time consuming and frustrating process.

Even more so when clients decline your advice and you have no revenue to show for the work, time, knowledge and experience that has gone into the advice.

There is no doubt there has been some rogue operators in the industry. However, what

industry can avoid this. Here in Queensland we have politicians who have been accused of domestic violence yet still keep their job, we have had surgeons commit untold crimes and be acquitted.

If the worst a financial adviser can do when advising on life insurance is to recommend a client move from one policy to another without loss of benefit, then this is not a crime but in most cases a better solution for the client. Yes, if it means the adviser gets paid by commission, so what. Both parties are happy and that should be the measure of success.

I feel this agenda has been driven by two groups:

- 1: existing life insurance companies who are not making a profit and therefore blaming others for this scenario
- 2: industry super funds who are losing their quality clients to the independent financial advisers who provide a clearer and better solution to the client – in most cases.

I ask you to give yourselves more time to consider a change that could have long term effects on Social Security budgets and a large business sector that specialises in servicing Australians, some of those clients may even be your colleagues, family or friends.

Thank you for your time.

I also refer you to the following independent report entitled: "Is Trowbridge Fixing a Problem that doesn't Exist"

<http://www.triapartners.com/article.php?slug=is-trowbridge-fixing-a-problem-that-doesnt-exist>

**I am seeking the Senate to oppose the LIF Legislation and conduct a full inquiry into the misrepresentations by the various Institutionally (Banks & Life Insurance Companies) funded bodies** that have led to this decidedly imbalanced and unsubstantiated draft Legislation, that favours the Banks and large institutions at the expense of small business and the need of the consumer. Consumers should have the choice to receive unbiased proper advice on how to protect themselves, their families and their assets against the unforeseen.

*Kind Regards,*

*Steven Hallam*



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