

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

