

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

2014 - 2015

**Department/Agency: Australian Securities and Investment Commission**

**Question: BET 278 - 284**

**Topic: Life Insurance**

**Reference: written - 15 June 2015**

**Senator: Dastyari, Sam**

**Question:**

Noting the concerns identified by several reports into the Retail Life Insurance market, including ASIC's own review in October 2014, and the Trowbridge Review in March 2015:

278. We are aware of anecdotal evidence that people seeking financial advice are instead being steered toward life insurance products – is insurance the last bastion for commission sales?
279. Is ASIC aware of these allegations?
280. What is ASIC doing to prevent financial adviser's spruiking insurance products?
281. What are the penalties for financial adviser's spruiking insurance products?
282. Does ASIC support proposals to cap fees for life insurance products (\$1200)? Why?
283. Does ASIC support proposals to cap fees for on any other products being offered by financial advisers? Why?
284. What advice can ASIC offer consumers looking for Retail Life Insurance? (Why?)

**Answer:**

278. The exemptions to the ban on conflicted remuneration introduced in 2012 are set out in sections 963B – 963D of the Corporations Act and Corporations Regulations 7.7A.12-7.7A.15A.

279. ASIC is not currently aware of these allegations. If this is occurring ASIC would welcome further information so that the allegations can be investigated.

280. ASIC uses a range of regulatory tools to enforce and promote compliance with the laws it administers. These tools include education, guidance, surveillance and enforcement action. In October 2014, ASIC released Report 413 *Review of retail life insurance advice* setting out the findings from our review. We also commenced follow-up investigations and regulatory action in certain cases and that work is ongoing.

281. There are a range of sanctions available to ASIC where there is poor quality advice. These include civil penalty or administrative action.

282. This is a policy matter for Government. ASIC has said publicly that the life insurance industry needs to consider how remuneration and compliance practices can better support good quality outcomes for consumers.

283. This is a policy matter for Government.

284. As a starting point, ASIC encourages consumers to look at the information on MoneySmart on life insurance.