



Australian Government
The Treasury

TSY/AU

Quality of Advice Review – Conflicted Remuneration Consultation Paper

Template for response

October 2022



Consultation process

Request for feedback and comments

Interested parties are invited to provide feedback on the proposals for reform listed in the Quality of Advice Review Conflicted Remuneration Consultation Paper using the template in [Appendix 1](#). Consultation will close at 11:59pm on Monday 14 November 2022.

While submissions may be lodged electronically or by post, electronic lodgement is preferred. For accessibility reasons, please submit responses in a Word or RTF format via email. An additional PDF version may also be submitted.

Closing date for submissions: 14 November 2022

Email	AdviceReview@TREASURY.GOV.AU
Mail	Secretariat, Quality of Advice Review Financial System Division The Treasury Langton Crescent PARKES ACT 2600
Enquiries	Enquiries can be initially directed to AdviceReview@TREASURY.GOV.AU

Appendix 1: Consultation template

Name/Organisation: MLC Life Insurance

General Insurance and consumer credit insurance (Proposal 1)

1. Do you support Proposal 1, which requires financial advisers or insurance brokers to obtain informed consent from their clients in order to be able to receive a commission from a product issuer for the sale of a general insurance product or consumer credit insurance?
 - a) If you do not support this proposal, please state your reasons

MLC Life Insurance has no official response to this proposal.

Life risk insurance product (Proposal 2)

2. Do you support Proposal 2, which requires financial advisers to obtain informed consent from their clients in order to be able to receive a commission from a product issuer for the sale of a life risk insurance product?
 - a) If you do not support this proposal, please state your reasons

MLC Life Insurance strongly supports Proposal 2 on the following basis:

- 1) The measure should be prospective only, applying to sales of life insurance products from the date of the commencement of the reform (as it is not possible or advisable to provide retrospective disclosure, nor is it desirable to alter the existing arrangements for a policy);
- 2) Disclosure of remuneration should apply consistently across remuneration types and be able to be integrated into existing disclosure requirements, forms or practices (rather than requiring an additional disclosure form or document over and above the many others already required); and
- 3) The disclosure of the commission amount should be able to be provided as either an absolute dollar figure or a percentage amount (given it may be difficult or impossible to quantify future policy premiums over the life of the policy). Alternatively, this could be expressed as a percentage and an absolute dollar figure for the first-year premium. Critically there should not be a requirement to provide a forward projection of the dollar figure for the life of the policy.

- 4) The obligation should sit with the financial adviser who has the requirement to disclose, rather than any third party. Life insurers should not be required to demand access to disclosures nor maintain records. The consent should only be required to be obtained once, even where there is a change of the financial adviser where the commissions arrangements remain the same. For example, where the individual adviser changes within a practice or should the financial adviser retire and another adviser take over responsibility for customer.
- 5) The same factors set out in Proposal 1 on should apply with respect to Life Insurance, including “Where a general insurance product or consumer credit insurance can be renewed, consent could be sought prior to the initial issue of the insurance product and would not be required at each subsequent renewal, provided that the initial consent included the client’s agreement to the adviser, broker or intermediary accepting a commission and/or other benefits on renewals.”

Time-sharing schemes (Proposal 3)

3. **Do you support Proposal 3, which recommends that the Government conduct a separate holistic review of time-sharing schemes and the way they are promoted?**
 - a) **If you do not support this proposal, please state your reasons**

MLC Life Insurance has no official response to this proposal.

Other Conflicted Remuneration exemptions (Proposals 4-7)

4. **Do you support Proposals 4 -7, which remove or modify the existing exemptions to the ban on conflicted remuneration?**
 - a) **If you do not support any of these proposals, please state your reasons**
 - b) **Do you consider there to be any unintended consequences related to the implementation of Proposals 4 -7?**

MLC Life Insurance has no official response to this proposal.

General

5. Do you have any other comments or feedback on the Quality of Advice Review Conflicted Remuneration Consultation Paper?

MLC Life Insurance has no official response to this proposal.

6. Do you have any other comments on the regulation of conflicted remuneration under Chapter 7 of the Corporations Act?

MLC Life Insurance has no official response to this proposal.