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## **MEDIA RELEASE: Life insurance consumers to get better outcomes from two new FSC initiatives**

The Financial Services Council (FSC) has announced two significant initiatives to improve outcomes for life insurance consumers.

### **Data project to enhance consumer understanding of life insurance**

A new project, which is the culmination of two years' work with industry and ASIC and APRA, will bring about an industry-wide approach to the collection of aggregate industry data for the benefit of consumers.

This multi-million dollar investment is a strong commitment by our life insurance members to increase transparency and to further enhance consumer outcomes.

For the first time, armed with a large scale base of reliable statistics, the industry will be able to show how much it pays in claims per impairment, broken down by dollar value and by the number of Australians that receive the benefit.

The data project will provide the evidence the industry requires to better design the products of the future. The project will also help insurers identify opportunities for greater efficiency that will deliver greater affordability and sustainability. For example, where the data reveals how much is paid out annually in mental health claims the project will inform the development of future public policy.

### **FSC extends binding Life Insurance Code of Practice to cover superannuation trustees**

The FSC has worked collaboratively with all members of the Insurance in Superannuation Working Group (ISWG) to produce the Insurance in Superannuation Voluntary Code of Practice, an important first step on the path to ensure superannuation consumers benefit from enhanced standards in the provision of life insurance.

The FSC has built on this valuable work by extending the mandatory Life Insurance Code of Practice to cover its superannuation trustee members.

This will be achieved through a new standalone chapter in the existing Life Insurance Code of Practice, which is enforced by the independent Life Code Compliance Committee (LCCC) and administered by the Financial Ombudsman Service (FOS), soon to be the Australian Financial Complaints Authority (AFCA).

The current Life Insurance Code of Practice, which applies to life insurers, will become the first chapter of the new code.

The new second chapter will extend to the FSC's 15 superannuation trustee members which together account for around \$500 billion across more than 12 million superannuation accounts.

Including the Trustee obligations in the existing FSC Code of Practice means consumers will be able to find the minimum service standards they can expect from insurers – such as paying income protection claims within two months and keeping customers apprised of progress at least every 20 days – and superannuation trustees in relation to all aspects of life insurance in one place.

Combining the Codes was a key recommendation of both the Parliamentary Joint Commission Inquiry into Life Insurance and the more recent draft report of the Productivity Commission's review of superannuation.

The FSC intends to publish a draft version of the combined Code of Practice, along with important updates to the existing Code requirements later in the year for public consultation. Following this process, it is expected this second iteration of the Code will be adopted by FSC life insurance and superannuation members by 1 July 2019.

FSC CEO Sally Loane said: "The life insurance industry has already demonstrated its willingness to lift customer protections through the establishment of its first Code of Practice in July last year. Similar minimum standards can and should be extended to people who have life insurance in super, which in fact was a recommendation in the independent Trowbridge report of 2015 which undertook a root and branch review of life insurance.

"Delivery of enhanced consumer benefits via our compulsory Standards and Codes is very important to FSC members."

## **ENDS**

For further information please contact FSC Media Manager Mark Smith on 0434 566 764 or [msmith@fsc.org.au](mailto:msmith@fsc.org.au).

### **About the Financial Services Council**

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.