



MEDIA RELEASE

Friday 13 September 2019

EXTENDING UNFAIR CONTRACT TERMS LEGISLATION TO LIFE INSURANCE

The Financial Services Council (FSC) has gone on the record to support extending the Unfair Contract Terms regime to life insurance, provided adjustments are made to allow the extremely long term nature of life insurance contracts to continue.

FSC CEO Sally Loane said this adjustment is strongly in the interest of consumers as it allows people to keep their life insurance for as long as they need it, even if their health deteriorates.

“It makes perfect sense for life insurance to have the unfair contract terms applied, because all customers of life insurance deserve to know their contracts are fair,” Ms Loane said.

“However, it is important to note that life insurance contracts are different from almost every other type of contract in that they can remain in force for 50 years or more.

“Almost everything that forms the basis of a life insurance contract can change in such a long period. There may be changes in medical science that prolong our life expectancy, changes to employment structures or cures for illness that currently impact our lifestyles.

“The FSC submission highlights that any changes to legislation should allow life insurers to make changes to reflect the modernising world.

“We want Australians to keep their life insurance cover for as long as they need it, without having to apply for a replacement policy each year.”

The FSC submission is in response to Recommendation 4.7 of the Financial Services Royal Commission, extending unfair contract terms to insurance contracts.

A copy of the FSC submission can be found here: (insert link) To read a full copy of the FSC Submission: <https://fsc.org.au/resources/1844-fsc-submission-tpb-review-2019-discussion-paper/file>

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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.