

## MEDIA RELEASE

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### JOINT REVIEW OF FINANCIAL ADVICE AND LIFE INSURANCE FRAMEWORK WELCOMED

The Financial Services Council (FSC) has welcomed the Government's announcement that *Recommendation 2.3 of the Hayne Royal Commission*, Review of the Quality of Financial Advice will include the planned review of the Life Insurance Framework (LIF).

FSC CEO Sally Loane said: "The FSC has always believed the quality, affordability and accessibility of financial advice should be looked at holistically and efficiently. The design of the Life Insurance Framework is one part of that discussion, as are the challenges of underinsurance and supporting access to affordable advice.

"We welcome this announcement from the Government which will mean less duplication of process for the industry," Ms Loane said.

Speaking at the FSC's 12<sup>th</sup> annual Life Insurance Summit in Sydney today, the Minister for Financial Services Jane Hume also acknowledged the need to modernise outdated Life Insurance products.

"This is positive news for the millions of Australians who have billions of dollars trapped in legacy products across life insurance, super and managed funds. There are around 286 outdated life insurance products, and \$22.6 billion of funds under management that are caught in outdated products," Ms Loane said.

"These products can be inefficient as they often have higher costs and operational risks. A product modernisation scheme, which can utilise a special tribunal to adjudicate on legacy product matters will solve the problem long-term.

"We look forward to working with the Government to design a scheme that is in the best interests of financial services consumers."

Key points:

- Life Insurance Framework Review to be incorporated into Treasury's Review of the Quality of Advice;
- Rather than conducting two separate reviews – one considering the Life Insurance Framework (LIF) and another considering the Quality of Advice – the Government will eliminate duplication through the Quality of Advice Review also considering the LIF as part of its wider mandate;
- The Review is expected to run until the end of 2022, followed by the Government's response; and
- Underinsurance and access to affordable, quality advice should be at the forefront of the Review's mind.

- Ends

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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 15.6 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.