

MEDIA RELEASE

John Trowbridge to chair FSC-AFA life insurance working group

17 September 2014: Former APRA Member, Mr John Trowbridge, has been appointed independent chairman of the Life Insurance and Advice Working Group established by the Association of Financial Advisers (AFA) and the Financial Services Council (FSC).

The working group will address issues such as the quality of advice, product design and remuneration structures which were raised in ASIC's *Review of Retail Life Insurance and Advice report* released on 9 October.

As independent chair, Mr Trowbridge will convene the working group and facilitate industry and policy solutions. The group will specifically address retail life insurance product structures, financial advice and distribution practices.

Brad Fox, CEO of the AFA said: "Mr Trowbridge brings extensive knowledge of Australia's regulatory system to the Working Group. This will be pivotal in assisting the group to develop sustainable and workable solutions for stakeholders."

Mr Trowbridge's experience spans the private and public aspects of the financial system and ranges from competition in retail financial services, to capital structure issues, system stability and regulation. From 2006 to 2010 Mr Trowbridge was one of three Members of APRA's executive where he was responsible for life and general insurance and executive remuneration. He was a pioneer of general insurance actuarial work in Australia and held senior management roles with QBE and Suncorp. In 1981 he started Trowbridge Consulting which became a leading actuarial firm in Australasia and which merged with Deloitte in 2000. Also, after merging with a US firm (Tillinghast) in 1984, he gained extensive experience in life insurance and, on deregulation of banking.

Mr Trowbridge said: "The ASIC report points to some important issues for consumers and the broader Australian community. These are complex and difficult issues for the life insurance and advice industries to solve."

"I applaud the Association of Financial Advisers and the Financial Services Council in taking the initiative to set up a Working Group which will make a concerted effort to find durable solutions in consultation with all stakeholders."

"I am delighted to contribute to this initiative through leadership of the Working Group," he said.

The Working Group will include three representatives from the FSC and three from the AFA. The FSC's representatives will be: John Brogden – FSC CEO; Andrew Hagger – group executive, NAB Wealth and CEO of MLC Limited; and Geoff Summerhayes – CEO of Suncorp Life. AFA representatives will include: Brad Fox – AFA CEO; John de Zwart – CEO of Centrepont Alliance and Jeff Thurecht – AFA NSW State Director, (a practicing financial adviser).

A public report on the group's initial findings will be released in mid-December and a final report in February 2015. The Working Group will consult with the regulators and Parliament on its recommendations.

John Brogden, CEO of the FSC said: “We take the findings in the ASIC report very seriously.”

“It is important that consumer trust and confidence in financial advice and products is restored to ensure Australians have sufficient life insurance cover.”

[ENDS]

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About the Working Group

The Life Insurance and Advice Working Group (LIAWG) is an initiative of the Association of Financial Advisers and the Financial Services Council in response to the Australian Securities and Investment Commissions Report into life insurance, released on 9 October 2014.

The report identified a number of areas related to life insurance product design and distribution practices. The LIAWG will review the report and will provide an initial integrated industry response to the report in December 2014. A full report will be released early in 2015.

Terms of Reference

1 Objectives

The LIAWG will review ASIC’s report and make recommendations on how the industry can respond to the issues identified to ensure that Australians are adequately insured and receive world class financial advice.

2 Scope

The LIAWG will consider all options in its response including those which will be industry led and those which will require regulatory assistance.

The LIAWG will:

- Provide a unified response to the identified issues;
- Address the three key issues arising from the report:
 1. remuneration structures;
 2. product design issues; and
 3. quality of advice.

2.1 The LIAWG will provide specific analysis on the options and recommendations for industry change, including transitional paths.

3 Timing

3.1 The Working Group will provide an interim report by 15 December 2014 and will report in early 2015.

4 Consultation

4.1 The Working Group will consult with key industry stakeholders, consumer groups, regulators and the Parliament.

5 Support

5.1 The Working Group will be supported by a Secretariat within the associations.

5.2 **Membership** The LIAWG will have an independent chair, and will include a mix of advice, practitioner, and insurance representatives drawn from the founding industry organisations, the AFA and the FSC.

**About the AFA**

The Association of Financial Advisers Limited (AFA) has been the authentic voice on the value of financial advice for over 65 years. Today, the AFA is a vibrant, innovative association, where the underlying driver of policy is the belief that great advice transforms lives. To this end the AFA is striving to achieve the vision of Great Advice for More Australians. The AFA's ongoing relevance as a professional association is derived from our success in engaging with the major stakeholders in financial advice including advisers, consumers, licensees, product and service providers, and the regulator and government. Culturally we believe in the value of collaboration to create powerful outcomes and this drives how we achieve influence and work towards our vision.

About the Financial Services Council

The Financial Services Council (FSC) represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The Council has over 125 members who are responsible for investing more than \$2.3 trillion on behalf of 11 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 third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.