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MEDIA RELEASE: Landmark reforms pass through Senate

Two significant pieces of reform, which enhance consumer outcomes and strengthen the advice and life insurance sectors, have passed Parliament today.

Professional Standards of Financial Advisers

The Corporations Amendment (Professional Standards of Financial Advisers) Bill 2016 (Professional Standards Bill) makes important amendments to raise professional and education standards for financial advisers, overseen by a new independent standards setting body. Additional reforms include:

- compulsory education requirements for new and existing advisers;
- professional year requirements for new advisers;
- an exam; and
- obligations under a code of ethics for all advisers.

Raising professional standards and education requirements, and establishing a dedicated standard setting body to set standard for advisers, brings financial advice in line with other professions.

This is a significant piece of reform which will strengthen financial advice and community trust in the industry. Consumers will have confidence that those they entrust to provide them with advice meet high standards of initial and ongoing education and professional standards.

Life insurance remuneration reforms

The Corporations Amendment (Life Insurance Remuneration Arrangements) Bill 2016 (Life Insurance Bill) has also passed the Senate today.

The Life Insurance Bill and regulations deal with remuneration practices that have had the potential to lead to poor consumer outcomes. The reforms will limit upfront commissions to advisers and licensees, as well as ban conflicted remuneration provisions on life insurance products.

These reforms will address misaligned incentives and enhance consumer outcomes.

Life insurance and quality advice are valuable investments for Australians, protecting them against adverse economic impacts of illness, injury, disability or premature death and strengthening their financial well-being for the future.

FSC CEO Sally Loane said: "These two landmark pieces of reform passed today will strengthen consumer outcomes and benefit both financial advice and life insurance.

“We thank Minister O’Dwyer for her support and ongoing leadership in driving these reforms and thank the Parliament for the bipartisan support it has provided to these reforms.

“The Government has delivered on its commitment to strengthen consumer outcomes in financial advice and life insurance and we are pleased to see these key pieces of reform pass Parliament today.”

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For further information please contact FSC Media Manager Mark Smith on 0434 566 764 or msmith@fsc.org.au.

About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The Council has over 100 members who are responsible for investing more than \$2.7 trillion on behalf of 13 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.