

30 June 2017

## **MEDIA RELEASE: Life Insurance Code of Practice regime sets the foundation for consumers with new minimum medical definitions**

Financial Services Council (FSC) members will from tomorrow (1 July) be subject to the industry's first ever Life Insurance Code of Practice for consumers, which has been strengthened ahead of its launch with a foundation of new minimum standard medical definitions for cancer, heart attack and stroke for use in trauma/critical illness policies.

The new definitions have been developed with the assistance of medical professionals and will be under continual review to ensure they are in keeping with advancements in medical science. Their development are an important foundation in ensuring consumers can have confidence in the Life Insurance Code of Practice.

The Code itself was developed by the FSC through extensive public consultation and is mandatory for FSC life insurance members. Presented in plain language, it provides strong consumer protections and sets high standards of customer service.

It covers all aspects of interactions with consumers from product design, buying insurance, regular communications and making claims. The Code requires insurers to improve disclosure to customers, provide greater transparency in communications, decide claims within set timeframes, limit the use of surveillance and provide additional support for vulnerable consumers.

Non-compliance with the Code can result in strong sanctions including:

- requiring rectification steps within specified timeframes;
- a formal warning;
- requiring a Code compliance audit be taken;
- requiring corrective advertising or written acknowledgment of a breach to impacted customers; and
- publication of non-compliance on the insurance provider's website and the FSC website.

### Life Code Compliance Committee (LCCC) appointed

As well as the new standard medical definitions, the FSC is pleased to announce that the Life Code Compliance Committee (LCCC), the independent body responsible for ensuring member compliance with the Code, has been appointed. Administered by the Financial Ombudsman Service, the Committee comprises a representative from industry, a consumer representative and an independent chair.

## **LCCC members:**

- Prof David Weisbrot (chair);
- David Goodsall; and
- Alexandra Kelly

Professor David Weisbrot AM is a Fellow of the Australian Academy of Law and an Emeritus Professor of Law and Honorary Professor of Medicine at the University of Sydney. He was previously the longest-serving President of the Australian Law Reform Commission, and most recently was Chair of the Australian Press Council, which handles complaints in respect of print and online media.

David Goodsall is a Fellow and Past President of the Institute of Actuaries of Australia, and a Fellow of the AICD. He has worked in the financial services industry for over 30 years where he has gained extensive experience with a range of life insurance companies through his actuarial, management and independent director roles. He is currently an independent director and co-founder of governance and risk management advisory firm Fiduciary Dynamics. Previously he was a partner at Ernst & Young where he led the Actuarial Practice for many years.

Alexandra Kelly is the principal solicitor of the NSW-based Financial Rights Legal Centre, where she has practiced since 2007. Financial Rights operates the National Debt Helpline in NSW, and the national Insurance Law Service and Aboriginal Advice Service. Ms Kelly has a Bachelor of Laws (Hons) and Bachelor of Psychology from Australian National University and Master of Laws from Sydney University. She is committed to social justice, consumer advocacy and educating consumers about their financial rights.

FSC CEO Sally Loane said: “The Life Insurance Code of Practice demonstrates the life insurance industry’s commitment to improving standards and strengthening consumer protections. This document is a clear declaration of the level of service consumers can expect from life insurers in language they can understand.

“The FSC has worked closely with our life insurance members and medical professionals to ensure that a new foundation of minimum standard medical definitions, is implemented for new policies from day one of the Code regime. In doing so we have laid the foundations for the on-going strengthening of the Code.

“As part of the second iteration of the Life Insurance Code of Practice we are committed to considering ASIC registration.”

Ms Loane added: “I welcome the appointments to the LCCC and look forward to working closely with them in ensuring the Code delivers on its promises to consumers.”

## Background

The establishment of the [FSC Life Insurance Code of Practice](#) was a recommendation of the 2015 Trowbridge Review into the life insurance sector.

This review has resulted in significant industry reforms designed to improve consumer outcomes. These include:

- The Corporations Amendment (Professional Standards of Financial Advisers) Bill 2016 (Professional Standards Bill), which raises professional and education standards for financial advisers, overseen by an independent standards setting body; and
- The Corporations Amendment (Life Insurance Remuneration Arrangements) Bill 2016 (Life Insurance Bill), which limits upfront commissions to advisers and licensees as well as banning conflicted remuneration provisions on life insurance products.

## **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 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 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.