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## **MEDIA RELEASE: Life insurance approved product list standard finalised**

The Financial Services Council (FSC) has finalised its standard for life insurance approved product lists (APLs).

[The standard](#) supports APL construction practices that promote competitive access and choice for advisers and their clients. It commences on 1 January 2018, with compliance being compulsory from 1 July 2018.

Following an extensive consultation process the final standard goes further than previous drafts in that it requires FSC member life insurance APLs to contain **a choice of three or more life insurance providers** and to be supported by robust off-APL processes. This enables advisers to recommend alternative products or insurance providers which are not on the APL to meet best interest duty obligations.

The majority of FSC advice licensee members already offer a choice of three or more providers on their APLs.

To ensure consumers have full transparency to make an informed choice, disclosure of the number of products and providers on the life insurance APL will also be included in the advice process.

Additionally, there is a requirement for APLs to have a reasonable basis and to be formulated with the best interest duty in mind.

The standard also sets out best practice principles, which are not mandatory, but are intended to assist with creating and maintaining a life insurance APL. Examples of best practice principles include:

- Having an investment and product committee of experienced research professionals to assist with a licensee's internal research process;
- Licensees are encouraged to develop and utilise benchmark methodology in identifying which products are suitable for inclusion on the APL;
- Considering a range of factors when reviewing the suitability of an insurance product/provider for inclusion on the APL (such as claims payout ratios, pricing, and corporate strength).

APLs serve as a risk management tool for advisers and licensees whereby products have been assessed for suitability prior to being included on the list. They also offer cost savings for licensees and efficiencies to advisers, providing them with comfort that the products on the list have been reviewed and approved by the licensee's own internal governance and research process and deemed suitable for inclusion on the APL.

The standard will be reviewed within 18 months of commencement.

**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 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. 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.