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## **MEDIA RELEASE: FSC Code of Practice has lifted the bar in direct insurance but there is still room for improvement**

The Financial Services Council (FSC) commends ASIC on its review of the sale of direct life insurance, which showed the [FSC's Life Insurance Code of Practice](#) is improving outcomes for consumers.

ASIC analysed customer sales calls either side of the time period when the Code of Practice was introduced and concluded that the Code has improved conduct.

“For many firms, conduct had improved, and the introduction of the Code by the FSC appears to have played a role in improving sales standards, particularly where it sets clear and specific expectations,” [the report](#) said.

- Pressure selling is explicitly banned by the FSC Life Insurance Code of Practice.
- As well, life insurance companies are required to provide sales staff with a set of rules and adequate training to prevent unacceptable sales practices.
- The Life Code also requires life insurers to ensure consumers are given all the information they need to make an informed choice about the insurance they buy.
- Compliance with the Life Code is managed by the independent Life Code Compliance Committee (LCCC), which is administered by the Financial Ombudsman Service (FOS).
- Consumers can access the full Life Code [here](#).
- To report an alleged breach of the Code click [here](#).

However, the FSC is disappointed the report has uncovered continuing practices among some life insurers and/or distributors which have led to too many consumers buying products they later cancelled, or have not understood properly what cover they had taken out.

The second iteration of the Life Insurance Code of Practice is well underway and the FSC is working with ASIC, consumer groups and other industry stakeholders to further enhance consumer protections in the Code.

Direct life insurance is an accessible and simple means of getting life insurance cover for many people. However, for consumers with a complex medical history or with other questions or concerns about appropriate cover, they should contact a financial adviser.

**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) is a leading peak body which sets mandatory Standards and develops policy for more than 100 member companies in Australia's largest industry sector, financial services. Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services 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.