
Senate Economics Committee,

I have attached a copy of my submission to the interim Trowbridge Report for your information.

I continue to believe that all perceived ills of a small section of life insurance advisers behaviour and poor quality of advice could be addressed and remedied if all of industries participant i.e. ASIC, licensees, product manufactures, Re-Insurers and advisers were simply made accountable to do their jobs under the current laws and regulations.

ASIC have acted as a toothless tiger for too many years, licensees, manufacturers and advisers know who the offending "churners" are and so I do not believe that the level of changes suggested in the LIF legislation can be justified at this time.

The legislation as tabled put all blame at the feet of advisers and they are being made carry all the weight with suggested that quite frankly not solve what they have set out to and in the process destroy many important advice businesses providing a crucial service to those seeking advice.

In my business as a consequence of these proposed changes I will be introducing prior to 1st July 2016 a Fee for Advice that will be an additional impost on our clients. The cost of advice will increase.

In addition the Life Insurance (LIF) Legislation in its current form will exacerbate Australia's chronic under-insurance crisis.

As my Federal Representative, I am asking for your support to oppose the LIF Legislation and enquire into the misrepresentations and false claims made by the Financial Service Council (FSC) on behalf of Banks and Insurance Companies, who have not substantiated any of their claims.

The Banks and the Insurance Companies have announced record profits and sales growth from insurance, quarter on quarter, yet they have remarkably claimed apparent hardship to the Government.

The LIF Legislation has been referred to the Senate Economics Legislation Committee for enquiry and report by 15 March, submissions close 7 March.

The LIF proposed legislation fails on so many fronts but primarily:

The LIF legislation:

- **Dramatically favours large institutions & vertically integrated models at the expense of consumers**
- **Will increase the cost of insurance and advice to consumers**
- **Restricts competition & consumer choice**

- **Does not provide any identifiable benefits for consumers**
- **Does not improve the quality of advice for consumers**
- **There has been no study conducted to validate the claims made by the FSC or how consumers will benefit**
- **The LIF appears to only be based on a “wish-list” submitted to the Minister by the FSC**

My primary concern is that the consumer will not be better off and that Banks and Insurance Companies have engineered the life insurance debate only to swell their already record profits. In fact, no substantive or empirical evidence exists to support the LIF proposals; and no consumer benefit has ever been quantified.

In this debate, the voices of the people whose job it is to help protect consumers and their families have not been heard. In order to give members of the advice community a chance to voice their very real concerns about the LIF, The Life Insurance Customer Group (LICG), which I am a member, announced (shortly before Christmas) its intention to petition the parliament about its objections to the LIF and the conduct of the FSC.

In an extremely short period of time (which included the Christmas / New Year period) over 2000 members of the advice community who service over 1 million+ customers have registered their objection to the LIF by signing the petition. The LICG petition was submitted to the Senate on 1 February 2016. Minister O’Dwyer claimed the LIF proposals had the full support of the Financial Services Council (naturally as the FSC only represent the Banks and Insurance companies) and the two financial adviser associations being the FPA and the AFA (These associations combined only represent about half of the registered adviser community).

Over 50% of our petitioners identified themselves as members of the AFA and/or the FPA; the very associations who have falsely claimed they represent their members in these proposed Reforms. (It should be noted that both the AFA and FPA receive considerable sponsorship from the Banks and Insurance companies and that both of these organisations have subsequently distanced themselves from the LIF Legislation).

The only support for the LIF comes from the FSC (whose members account for the vast majority of consumer complaints and compensation pay-outs for poor advice) and not the entire industry as has been claimed. The needs of the consumer have been completely left out of this debate. Myself and the petitioners want a proper debate that results in tangible benefits for consumers; Rather than the current thinly disguised attempt by the financial institutions to both squeeze more profit from consumers and marginalise those of us that want to stand up for consumers.

The petitioners represent a sizeable chunk of the adviser community and 100% of these petitioners consider that the LIF, above all else, should:

- Deal with the moral hazard posed by bank-owned vertically integrated models
- Reduce the cost of insurance and advice to consumers
- Increase competition & consumer choice
- Provide identifiable benefits for consumers
- Improve the quality of advice to consumers

Accompanying the LICG petition was both real data and real evidence to support their position on the LIF in its current form.

I also refer you to the following independent report entitled: "Is Trowbridge Fixing a Problem that doesn't Exist"

<http://www.triapartners.com/article.php?slug=is-trowbridge-fixing-a-problem-that-doesnt-exist>

I am seeking the Senate to oppose the LIF Legislation and conduct a full inquiry into the misrepresentations by the various Institutionally (Banks & Life Insurance Companies) funded bodies that have led to this decidedly imbalanced and unsubstantiated draft Legislation, that favours the Banks and large institutions at the expense of small business and the need of the consumer. Consumers should have the choice to receive unbiased proper advice on how to protect themselves, their families and their assets against the unforeseen.

Yours Sincerely

Michael d'Apice