

16 May 2017



Mr Steven Irons MP  
Chair  
Parliamentary Joint Committee on  
Corporations and Financial Services  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Mr Irons,

On behalf of Zurich Life and Investments I would like to thank you for the opportunity to attend the forthcoming hearing of the Parliamentary Joint Committee on Corporations and Financial Services.

As Zurich did not provide a submission to the Committee's Inquiry into the Life Insurance Industry and to assist Committee members in their understanding of our business, we have attached a brief background document on Zurich Life and Investments.

We are hopeful the provision of this document may prove convenient for Committee members and allow them to be focused as they prepare questions within the Inquiry's Terms of Reference.

Should you or any Committee member require more specific information prior to the 26 May hearing, please contact me directly on the below details.

Yours Sincerely

Tim Bailey  
Chief Executive Officer  
Zurich Financial Services Australia Limited

## **Background Information - Zurich Life and Investments**

### **1. Our philosophy**

As a life insurer we are committed to maximising the ability of customers to access value for money, quality life insurance through the channel(s) of their choice. And to delivering on the promise underpinning all insurance, that is, to be there when it matters most - claim time.

### **2. Overview**

Zurich Financial Services Australia (ZFSA) is the local arm of the Zurich Insurance Group, a global insurance specialist founded in 1872 in Zurich, Switzerland.

In Australia we have operated under the Zurich brand since 1961.

Within Australia two distinct businesses share the Zurich brand, our Life and Investments business, headed up by CEO Tim Bailey, and a commercial general insurance business led by CEO Raj Nanra.

Across life insurance and investments, we are active in the following markets:

- Retail (advised) life insurance
- Direct (unadvised) life insurance
- Wholesale investments; and
- Retail investments

Zurich is not active within the consumer credit insurance segment and we withdrew from the Group life and superannuation markets several years ago.

In the retail life insurance market we are a pure manufacturer, which doesn't own any distribution capability.

Zurich's commercial general insurance businesses specialises in property and liability types of cover.

A little under a month ago our parent company Zurich Insurance Group officially acquired the international Cover-More travel insurance and assistance business. This business will be run as a separate entity, retaining the Cover-More brand and led by CEO Mike Emmett.

### **3. Key business metrics – Life and Investments**

175,000 customers

2016 life insurance claims \$140m

Market share (in-force) as at 12/2016: 9%

5 year average retail annual growth: 14%

#### **4. Business details**

By far the largest part of our Life and Investments division is retail (advised) life insurance, distributed through financial advisers. This represents around 90% of our revenues.

As Zurich is independent – i.e. we do not have our own retail distribution capability - our success is based on partnerships with licensees across Australia. Our partners include all institutional licensees (spanning AMP and all major banks), large independents, through to small boutique practices and individual licence holders.

We are committed to facilitating informed decision making by consumers, no matter what channel they choose. We are a longstanding champion of the value of advice and the professionals who provide it, and we believe financial advisers play an important role as facilitators of better consumer decisions.

Last year we acquired Macquarie Life’s risk business, further reinforcing our commitment to the Australian market, and growing our customer base by approximately 60%.

We also market direct (non-advised) life insurance, although this represents less than 3% of our business. The majority of activity in this market is in conjunction with a small number of alliance partners, for whom we manufacture ‘white label’ products according to their specifications.

#### **5. Recognition**

Our focus on delivering value for money and high levels of service to customers has been regularly acknowledged in a number of forums.

We have received Outstanding Value awards from the highly respected Consumer benchmarking group Canstar, each year for the last 5 years in succession.

In 2016 we were awarded a Consumers Choice award by the Beddoes Institute and in April 2017 Zurich was ranked 24<sup>th</sup> in the Corporate Reputation Index survey of the most reputable brands in Australia.

#### **6. Industry participation**

As a member of the FSC we have been an active participant in the life insurance reform dialogue over many years. And whilst we did not submit to this current inquiry on a standalone basis, we were a contributor to the various FSC submissions.

We did make submissions to the Life Insurance Advice Working Group (part of the ‘Trowbridge’ process) in February 2015 and the Senate Economics Legislation Committee Inquiry into Life Insurance Remuneration Arrangements) in March 2016.

We are a longstanding champion of increased professionalism amongst financial advisers, and improved financial literacy amongst the community, and our commitment in both areas is underpinned by an extensive research program.

Zurich is the publisher and creator of Life Insurance Literacy Index research, as well as the whitepaper ‘Misinformed Misinsured’ which highlights the extent to which consumers confuse the purpose of the many different types of insurance available in Australia.

We are a Foundation Partner of the Association of Financial Advisers (AFA) Adviser and Practice of the Year Awards.