
The Senate Economic Committee

As a small business owner (13 Staff) I wanted to add my support to the views of Life Insurance Customer Group (LICG).

There have been some glaring holes in the current process and the resulting framework in no way addresses the initial objectives of the review which were 'Improving accessibility to insurance' and 'Improving the quality of advice' to the Australian Consumer.

- Since the announcements Life Insurance Premiums have soared- examples would be:
 - Asteron (10% Inc – Owned by Suncorp),
 - OnePath (16% in less than 12 months -owned by ANZ),
 - BT (8-10% Owned Westpac) and
 - Macquarie (10%+ increase).
 - You will also find huge increases in the costs of group insurances provided through the Industry Super funds as well.

These companies were integral in devising the LIF framework through the FSC.

These companies feel comfortable in doing this as they believe independently owned adviser groups will be too scared to review clients and replace these insurances as the LIF focuses heavily on policy replacement and to some extent they are right.

How this improves accessibility and advice to the Australian consumer is beyond me and the record profits these companies are making while crying poor must raise some questions?

The Life Insurance (LIF) Legislation in its current form will have adverse outcomes for Consumers and will exacerbate Australia's chronic under-insurance crisis.

I am asking for you to reconsider the economic impacts on the small business community as well as the longer term impacts on the welfare system due to increased underinsurance.

The LIF Legislation has been referred to you and I would argue the legislation fails on 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.

Best regards

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