

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Budget Estimates
2017 - 2018

Division/Agency: Australian Securities and Investment Commission
Question No: 115
Topic: Review of direct life insurance
Reference: Written
Senator: Ketter, Chris

Question:

Please provide an update on ASIC's review of direct life insurance, including any preliminary concerns and/or findings.

Answer:

ASIC commenced a review of direct life insurance in early 2017. Direct life insurance is life insurance that is sold with general or no advice.

The focus of the review is to consider sales practices and product features associated with direct life insurance, to identify poor conduct and risks to consumers, as well as identifying 'best practice' where it is observed.

This is a targeted review of a cross section of the market, however where appropriate ASIC will make broader recommendations to the market to improve practices and reduce the risk of poor consumer outcomes. If ASIC identifies breaches of the law during the course of the review, further action will be taken as appropriate.

In April 2017, ASIC issued the first Notices requesting data and documents from the eight insurers included in the review. Initial books and data were produced by the insurers during May and June 2017. ASIC is now in the process of liaising with insurers about the second stage of the review, which will involve issuing further Notices. At this stage of the review it is too early for ASIC to comment on any preliminary concerns or findings.

ASIC is aiming to conclude the project and issue a public report by mid-2018.