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24 January 2003

The Secretary
Parliament Joint Committee
Financial Services
Parliament House
Canberra ACT. 2600



Dear Sir/Madam,

Re: Commission Disclosure on Risk Products.

Insurance Advisers play an important role in society by motivating business owners and family bread-winners to protect themselves against death and disablement. Although failure to implement these risk management strategies could have dire financial consequences, in the vast majority of cases most people will not take action unless encouraged to do so.

I have worked as an Insurance Adviser over the last 25 years and can confirm that very few people buy risk products unless these are sold to them. The last disincentive reluctant purchasers need is to know how much an Adviser will earn from a sale. The result could be to not purchase a necessary product because they feel the Adviser is earning too much.

If commission is disclosed then purchasers will want to negotiate this down and this will result in the following outcomes.

1. The quality of the advice will be compromised.
2. Advisers will need to focus on a quick sale with no follow up service.
3. Less people will be attracted to becoming Advisers and this will result in less people being insured.
4. The less number of people who are insured, the greater the financial burden this will placed on society (Governments)

Everything that is sold, from ice cream to motor vehicles, incur distribution costs and this is factored into the price. How much the sales person earns is not advised to the purchaser. What is important is whether the buyer is getting value for money.

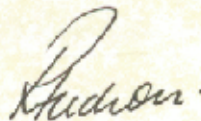
Risk products are no less expensive if purchased direct, although this would rarely happen, and yet the Client's level of service would suffer. If advisers feel they need to share their commission, the same outcome is likely.

Advisers continue to incur increasing costs and responsibilities. They often work many hours for no reward. Advisers need the level of remuneration they receive to continue in business. Clients will not understand this and will not recognise that commission has no impact on the cost of the policy, unlike an investment product.

We believe that to introduce the need to disclose commissions will have a detrimental impact on Clients.

Many Insurers have tried to market risk products direct to the public but this has met with very little success. These products need to be sold and when insurance is purchased it is in the best interests of the purchaser and society in general. We strongly recommend that your committee vote against the disclosure of commissions on risk products.

Yours Sincerely

A handwritten signature in cursive script that reads "Ron Hudson".

Ron Hudson