



29 January 2003

The Secretary
Parliamentary Joint Committee on Corporations and Financial
Services
Parliament House
CANBERRA ACT 2600

Dear Committee Members

I want to thank you for allowing contributions to the committee on such an important topic as the disclosure of commissions on risk insurance products (FSRA 2001).

I have been a financial adviser for 29 years and I employ 4 people in a small business that operates out of Newcastle. We pride ourselves in working hard for our clients and giving them quality products and services.

We have worked hard to meet all the demands of the new FSRA regime and to transition our business with all its additional administrative demands. We work within a proper authority situation that currently requires us to disclose our risk insurance commissions.

In transitioning to our licensed dealers requirements we found that most of our clients were left confused as to what commissions meant and what they would mean to their premiums. Clients seem to find it difficult to understand why we are confusing them with this disclosure when the premium would be the same if they:

1. approached the manufacturer direct
2. bought from another manufacturer
3. bought from another adviser using the same manufacturer

It also created confusion when the clients became aware that the commission made no difference to the benefits payable nor the quality of the contract.

Clients have expressed the fact that the cost and benefits are the important factors to them when purchasing a risk product not the added confusion of what I get paid and how I justify or account for that.

Our experience has been such that our licensed dealer is now looking at the outcome of your committee's decision to hopefully remove the disclosure from risk products as it has created nothing but confusion.

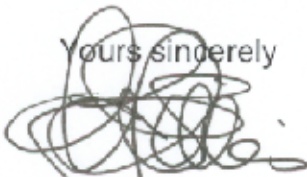
It would be tragic if some people decided it was all too hard and didn't buy risk cover and something happened that could have resulted in a claim.

Ultimately risk insurance assists in keeping people off welfare and pensions and every effort needs to be made to make its purchase streamline while within the existing framework of the FSR regulations.

Please do not insist on disclosure of commission on risk products, the current system is working well and nothing is to be gained by complicating it.

Thanks again for the opportunity of input.

Yours sincerely



T Williams