

30/1/03

The Secretary  
Parliamentary Joint Committee and Financial Services,  
Parliament House  
Canberra ACT 2600

Dear Sir/Madam,

I wish to make a submission to your committee regarding the disclosure of Commissions on Risk Insurance.

I am Financial Planner and Risk Insurance Adviser with AXA Australia. I have worked in the industry for many years and spend the majority of my time helping clients protect their family and their mortgage with Risk Insurance.

These people often have little cash and are struggling financially, if we are not careful with consumer protection, these people will be the losers

### **The Consumer will be the Loser**

There are many young people who are buying a home and raising a family who have a desperate need to protect their family and their mortgage in the event of death or illness.

Their budget is usually stretched and the low cost of Risk Insurance is the only way they can afford protection. Annual premiums on these policies are often only \$200 to \$300, and if the disclosure of commission becomes mandatory many people will face increased costs.

### **You say why**

At present the adviser has to complete a fact finder and various other compliance forms before being able to offer Risk Insurance to a client. There are no added costs to the consumer as the Adviser is remunerated by the Life Company.

If disclosure of commissions on risk policies becomes compulsory it will mean a lot of extra work for the adviser, which will increase costs to the consumer. There is no way advisers can be required to compile a financial plan for the client which includes the disclosures of fees and the other information required in a Financial Plan without increasing costs to the consumer.

All it will mean is that a lot more people in Australia will be uninsured and become dependent on the Government in the event of Death or Disability.

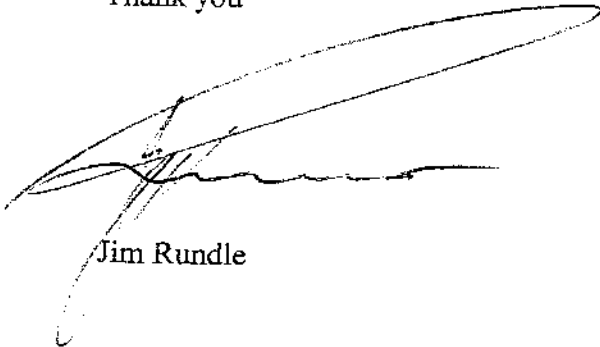
Risk Insurance products are designed to protect the family in Death or Disability, there are no investment products attached to Risk Insurance.

I believe Risk products should be an "Off the Shelf Product" readily available to clients, including on the internet. You can buy a wife on the internet but yet trying to protect your mortgage and your family with Risk Insurance will become too hard if the regulators are not careful.

Disclosure of Fees On Risk Products will NOT give the consumer anymore protection, cost will increase and consequently more people will be uninsured.

Please remember there are a lot of working class people in Australia who are struggling to make ends meet and placing extra costs on Risk Insurance will simply increase the number of people uninsured who will rely on the Government for support.

Thank you

A handwritten signature in black ink, appearing to read 'Jim Rundle', with a large, sweeping flourish extending upwards and to the right.

Jim Rundle