

15 August 2018

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NIBA SUBMISSION IN RESPONSE TO TREASURY LAWS AMENDMENT (DESIGN AND DISTRIBUTION OBLIGATIONS AND PRODUCT INTERVENTION POWERS) BILL 2018 (THE BILL)

The National Insurance Brokers Association of Australia (**NIBA**) appreciates the opportunity to make this submission in response to the Bill.

NIBA is the industry association for insurance brokers across Australia. The association has around 350 member firms, employing over 4,000 insurance brokers in all States and Territories, in the cities, towns and regions of Australia.

ABOUT INSURANCE BROKERS

Insurance brokers work with their clients to assist them to:

- understand and manage their risks, including the risk of loss or damage to property as a result of adverse weather or other climate - related events;
- obtain appropriate insurance cover for their risks and their property; and
- pursue claims under their policies when an insured event occurs, in which case the insurance broker becomes the advocate for the client during the assessment and resolution of the claim.

Insurance brokers act primarily for and on behalf of their client, and they owe legal duties to their clients for the nature and quality of the work they perform on their behalf. Insurance brokers are professional advisers. When acting for and on behalf of the client, insurance brokers do not SELL insurance policies – they PURCHASE insurance policies on behalf of their clients from the markets available to them.

KEY ISSUES SUMMARISED

No proper cost benefit analysis

It is evident from consultation that no proper cost benefit analysis has been done in relation to the insurance industry. The costs impact on the Bill as drafted will be significant and well beyond what has been noted in relation to the Bill.

Timing of the Bill is not appropriate

It is not appropriate to introduce this legislation without taking into account other connected and relevant reforms likely to arise and in the context of the unresolved Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

The Bill does work as intended in its current form

These are NEW ISSUES arising from the amendments to the previous Bill that need to be addressed.

We provide detail below but in summary, the core concepts in the Bill regarding:

- content of a Target Market Determination (**TMD**); and
- the appropriateness of it,

especially in the insurance context, are inconsistent with the stated intent in the Explanatory Memorandum or are otherwise flawed.

This in turn has a flow on effect in relation to the other provisions and makes the Bill practically unworkable for all who will have to comply with it.

How the rules apply to packaged policies is not clear and could result in significant adverse changes to market practice of no benefit to consumers.

NIBA, having reviewed the Bill, cannot work out with any certainty how an insurer or regulated person could with any reasonable compliance certainty meet the TMD requirements.

Given significant criminal and civil penalties apply for a breach this is not a fair or appropriate result.

This will result in significant and unnecessary changes to market practices of insurers, their agents and insurance brokers acting for the client and additional compliance costs that will be passed to consumers. It is not at all clear that consumers of general insurance products and services will actually benefit from these reforms.

In the Corporations Act, the unique nature of insurance is acknowledged in numerous provisions that apply particular requirements designed to make what was a generic requirement appropriate in an insurance context. A similar approach needs to be taken in relation to this legislation.

Personal advice carve out does not go far enough

NIBA supports the personal advice carve out applied to various provisions for the reasons previously submitted however:

- **the definition of “excluded dealing” is flawed** - this needs to be amended or it will create the very issues the personal advice carve out was intended to avoid.
- **the personal advice carve out does not extend to the obligation on a regulated person (which will include an insurance broker acting for the client) to report to the issuer of the TMD where they engage a significant dealing not consistent with the TMD** - This creates all of the issues the personal advice carve out was intended to avoid.

The insurance broker is forced to consider its conduct as against the TMD in order to comply with this requirement. This is unfair in a situation where the issuer has no obligation to advise such personal advice providers of any changes to their TMD.

As an insurance broker’s advice is specific to the particular customer (not a generic target market which is what a TMD focusses on) this requirement is of little real value in identifying flaws in the generic insurer TMD.

It will also create conflicts of interest and confidentiality issues that are not easily managed where the insurance broker is meant to be acting in the interest of its insured client, not the insurer.

This obligation if applied to personal advice providers will significantly add to the costs of the provision of personal advice which will ultimately have to be passed on to the customer and could in turn, reduce the accessibility of such advice to consumers.

The provisions as they apply to issuers and their agents will be more than enough to identify if a TMD is not working as intended.

- **The record keeping and reporting obligations also apply to personal advice providers** - Again, the extension of these requirements to help check the effectiveness of the insurer's TMD is of little practical value when compared to the cost impact on insurance brokers and consumers. Insurers set the record keeping and reporting requirements in the TMD that insurance brokers must follow when acting in the interest of their clients.

Effectively Government is forcing insurance brokers acting for a customer to act as required by an insurer. This creates a very real conflict of interest and confidentiality issues.

An unscrupulous issuer could also use such an ability to its commercial benefit by drafting the requirements so that it increases the costs of personal advice providers vs its own distributors and thereby reduce competition in the market.

The provisions as they apply to issuers and their agents will be more than enough to identify if a TMD is not working as intended.

- **There is no exemption where an insurance broker acts for the client in providing general advice and not on behalf of the insurer** – In such a case the insurance broker does not act for the insurer. As a result, a conflict of interests can arise for the insurance broker given it is forced to act in accordance with the directions of the insurer as prescribed in the TMD.

It could also cause an insurance broker to breach confidentiality obligations owed to its clients. There is little if any evidence of insurance brokers engaging in wrongful conduct in relation to the provision of financial services which is supported by recent FOS statistics. Consideration should be given to applying an exemption to insurance brokers when not acting on behalf of insurers in provision of any advice services, not just personal advice. The position could be revisited if evidence shows that it is appropriate to extend it to insurance brokers in this situation.

Section 1018A advertising change – Unnecessary and likely to adversely affect consumers given additional costs will be passed on and content can take away from important qualifiers.

Product Intervention power and other ASIC Design and Distribution obligation powers

NIBA's main concerns were identified in its previous submission and have not been addressed in the Bill. The key concern is that PIP orders now extend to remuneration where the remuneration is conditional on the achievement of objectives directly

related to the financial product. The lack of clarity and breadth of the power is extremely concerning for NIBA as is the risk of ASIC seeking to change existing general insurance remuneration arrangements and operation of the laws as they currently relate to general insurance by use of this power.

No evidence has been provided in recent years indicating that remuneration arrangements for insurance brokers is resulting in poor quality advice, and poor consumer outcomes. Changes to remuneration arrangements could well have serious impacts on the viability of businesses, the way in which they operate, and ultimately the nature and level of advice that would be available to the community on risk and general insurance matters.

NIBA firmly submits that any regulatory measures in relation to remuneration frameworks should only be considered on the basis of clear evidence of concern, and full consultation on potential mechanisms to remedy those concerns. That has not occurred to date in relation to remuneration arrangements for general insurance brokers.

NIBA DETAILED RESPONSE

NIBA understands what the Government is seeking to achieve via the Bill in relation to the design and distribution obligations (**DDO**) and product intervention power (**PIP**).

No valid cost benefit analysis in the insurance context

NIBA is supportive of fair and reasonable improvements in product design and distribution practices and regulatory powers, implemented in accordance with sound regulatory practice. There must however be a proper cost benefit analysis to show that the benefits clearly outweigh any consumer or industry detriment.

NIBA has in past submissions raised significant concerns regarding the cost benefit analysis conducted in an insurance context and the information provided in support. Recent consultation with Treasury and ASIC has indicated to NIBA that a proper cost benefit analysis has not been conducted in the insurance context.

Based on the lack of clarity of certain provisions and the proposed obligations discussed below, NIBA is of the view that the Bill will result in significant costs being imposed on insurance brokers, many of whom are small businesses as well as insurers and their agents. On a proper cost benefit analysis, they are unlikely to be warranted.

If implemented the changes are likely to result in increased insurance costs for consumers as well as less innovation and greater complexity. The benefits obtained will not outweigh these costs.

Timing of the Bill is not appropriate

NIBA previously recommended a standard cover review as an alternative model for general insurance. NIBA notes this has been included as Recommendation 5 in the report [Australia's general insurance industry: sapping consumers of the will to compare](#). It does not appear to NIBA that there has been any obvious consideration of how the standard cover proposals for general insurance will interact with the Bill and any potential duplication that may result as part of the cost benefit analysis.

NIBA notes that there are current insurance - related reviews that can significantly impact on the proposals (e.g. the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry).

We do not believe that it is appropriate to include insurance until proper consultation has occurred to reasonably allow industry, regulators (ASIC and APRA) and Government to:

- identify appropriate and clear minimum obligations in the context of other reforms;
- undertake a proper cost benefit analysis; and
- determine an appropriate transition period.

In the Corporations Act, the unique nature of insurance is acknowledged in numerous provisions that apply particular requirements designed to make what was a generic requirement appropriate in an insurance context. A similar approach needs to be taken in relation to this legislation.

If this reasonable approach is not accepted, then urgent discussion is needed to fix what are significant flaws in the proposed Bill, which are discussed below.

Making a TMD s994B

An insurer must make a TMD for a financial product if under Part 7.9, the person is required to prepare a Product Disclosure Statement (PDS) for the product.

How this applies to packaged policies is not clear. Often package products such as Farm Packs contain home and contents and domestic motor insurance as well as non-retail products such as Public and Products Liability and Farm Property cover. Small business packages can contain professional indemnity insurance and retail covers such as sickness and accident or travel insurance or motor insurance.

In such cases, the retail and wholesale covers are contained in a single PDS. The PDS obligations technically only apply to the retail client covers.

If the intent is for the TMD obligations to apply to all covers i.e. the retail and non retail covers, insurers may be forced to create separate offerings. The stop order powers are also likely to cause insurers to consider separating covers to mitigate the risk of all covers being stopped by reason of one breach in a retail cover affecting all.

This will likely result in costly changes as well as modifications to systems. This will add to the cost and complexity of insurance for consumers.

Identifying the target market s994B(5)

An insurer is required to describe the class of retail clients that comprises the target market for the product in an insurance context. There is no guidance on this in an insurance context.

At the recent consultation consumers, ASIC and industry could not agree on what it required.

There is no scalability concept and even if guidance is provided by ASIC after the Bill is introduced as proposed, it will be too late given compliance measures will need to be implemented ahead of such guidance in order to meet the start date.

At what level must a target market be identified?

Is it:

- at the 'type of cover' level of choice e.g. Comprehensive Motor insurance vs more limited Third Party Fire and Theft or Third Party Property Damage – i.e. anyone with a car?
- more than this and if so, where is an insurer expected to stop? Is it:
 - For all cover benefits or only some? How would it work where the product has various options that may or may not be appropriate for various sub - elements etc? For example, each product has additional benefits provided under the cover (automatic or optional), excess levels, cover limits and exclusions and other conditions of the product in determining the target market;
 - any characteristic that remove a person from eligibility (e.g. type of insured item, value of insured item, location of insured/insured item and at what level (e.g. State, postcode) in effect the non-target market?

NIBA is concerned that the above will give rise to market inconsistency and without clarification, high compliance costs and an unfair exposure to compliance breaches.

Broad statements of principle such as that used in the UK are not actually helpful as what is and is not a “complex” product and the “risk of consumer detriment” are subjective. For example, is a motor insurance product a complex product with the risk of consumer detriment. We expect consumers can argue yes.

Where there is a lack of clarity, persons are forced to go to a compliance level that will either result in more limited product offerings or more expensive insurance or both. Systems change costs can be significant depending on the level to which a target market must be determined.

NIBA understand that the proposals will apply to renewals which are usually provided on an opt out basis. Changing this model will have a significant cost impact on insurance that we do not believe has been properly considered.

Industry also has concerns that the position taken by ASIC in its guidance to be issued *after the legislation is in force* may be unreasonable. If unreasonable, this can clearly impact on costs to industry and ultimately consumers.

Identifying distribution conditions and other TMD content requirements

If you can't identify the target market with any certainty, it follows you cannot identify the distribution conditions in the TMD required to ensure the TMD is appropriate.

The distribution conditions required depend on the level to which the target market must be identified for a product. They may be simple or extremely detailed.

To achieve this could be very complex and TMDs would be very long. This might result in confidential or commercially sensitive information being made available to competitors and/or a breach of competition laws.

The same issues apply to review terms and record keeping and reporting.

TMD Content generally

The TMD content requirements are likely to make it a large document, and if publicly available as proposed, depending on the content level required – which cannot reasonably be determined – may reveal commercially sensitive information.

TMD Appropriateness s994B(8)

For a TMD to be appropriate, it must be such that it would be reasonable to conclude that, if an issue, or a regulated sale, of the product were to occur:

- in accordance with the distribution conditions to a retail client—it would be likely that the retail client is in the target market; and
- to a retail client in the target market—it would likely be consistent with the likely objectives, financial situation and needs of the retail client.

In relation to the first requirement, unless you can determine the target market (which is not reasonably possible with any compliance certainty based on the issues noted above), an insurer will have no reasonable compliance certainty as to whether it meets this obligation. Significant civil and criminal penalties apply if a TMD is not appropriate.

In relation to the second concept, the proposal is contrary to the expressed intent of Government. The Explanatory memorandum 3.13 states “An individual appropriateness test, where no personal advice is provided, would introduce significant costs for issuers and distributors due to necessary changes to the sales process. Appropriateness tests are also open to manipulation.”.

It is also inconsistent with the following statement in the Explanatory Memorandum:

1.53 The amendments use language similar to that currently used in the Corporations Act in the context of personal advice. In particular, it must be reasonable to conclude that if the product were issued or sold it would “likely be consistent with the likely objectives, financial situations and needs **of persons in the target market**” [emphasis added]. This reflects that the factors that are important to providing good personal advice are also important to good product design, particularly when determining the hypothetical consumers in a product’s target market. The use of this language does not reflect a requirement to take into account the personal circumstances of any particular person or to provide personal advice.

It refers to TMD being likely be consistent with the likely objectives, financial situation and needs of “the” retail client i.e. the particular person buying the product.”

This is impossible.

The objective as we understood it was that the retail client buying the product at least has identified the generic objectives and needs of the retail client target market the insurer designed the product to meet.

Assuming this is the case, is an insurer required to:

- have looked at the 'objective' or 'need' at the 'type of cover' level (e.g. Comprehensive Motor insurance vs other options) or lower levels such as limits of the cover - agreed value vs market value/limit of liability cover or lower still re additional benefits such as new for old replacement, excess levels, rental car and so on (which the consumer representatives support)?
- what happens if the expected target market 'need' of home owners insurers are expected to meet (which ASIC or consumers could argue) includes cover which is not provided by the insurer for a valid commercial reason? This could prevent insurers offering existing products in the market; and
- consider a location specific target market? If so, the likely need for customers in that area will be different. This could have an anti-competitive effect if one insurer's limited distribution channel forces them to meet needs that an insurer with a broader distribution channel would not.

NIBA is also unclear on how the general 'financial situation' of a target market could ever sensibly be determined and at what level this analysis is required.

In effect, Government is proposing to implement legislation where the actual impact on the industry and consumers is not and cannot be known and industry is reliant on a regulator to clarify the rules. NIBA has real concerns the rules cannot properly be determined.

Scope of Personal advice carve out and definition of "Excluded dealing"

NIBA supports the personal advice carve out applied to various provisions for the reasons previously submitted.

The following issues however need to be addressed.

- **Definition of "excluded dealing" is flawed**

It only catches arranging by person for the purpose of implementing personal advice that the person has given to the retail client.

If a person has been given information about 2 products and received personal advice recommending product 1, but they wish to purchase product 2 (which may be more expensive or have some other benefit the client prefers for some other reason) despite the personal advice, the arranging conduct implementing the client's instructions is not exempt.

It should be excluded as long as the client has received personal advice. If not, the insurance broker would be prevented from implementing its client's instructions.

- **the personal advice carve out does not extend to the obligation on a regulated person (which will include an insurance broker acting for the client) to report to the issuer of the TMD where they engage a significant dealing not consistent with the TMD**

This creates all of the issues the personal advice carve out was intended to avoid.

The insurance broker is forced to consider its conduct as against the TMD in order to comply with this requirement. This is unfair in a situation where the issuer has no obligation to advise such personal advice providers of any changes to their TMD under s994C.

As an insurance broker's advice is specific to the particular customer (not a generic target market which is what a TMD focusses on) this requirement is of little real value in identifying flaws in the generic insurer TMD.

It will also create conflicts of interest and confidentiality issues that are not easily managed where the insurance broker is meant to be acting in the interest of its insured not the insurer.

This obligation if applied to personal advice providers will significantly add to the costs of the provision of personal advice which will ultimately have to be passed on to the customer and could in turn, reduce the accessibility of such advice to consumers.

The provisions as they apply to issuers and their agents will be more than enough to identify if a TMD is not working as intended.

- **The record keeping and reporting obligations also apply to personal advice providers**

The insurer must:

- specify reporting periods for the purposes of subsection 994F(3) which requires regulated persons that receive complaints about the financial product to report the number of complaints in each reporting period to the person that made the target market determination for the product. Complaint is defined in subsection 994A(1). The period must be “reasonable”; and
- specify the kinds of information needed to enable the person who made the target market determination to identify promptly whether a review trigger for the determination, or another event or circumstance that would reasonably suggest that the determination is no longer appropriate, has occurred and, for each kind of information, specify:
 - the regulated person or regulated persons that, under subsection 994F(4), are required to report the information to the person who made the determination; and
 - the reporting periods for reporting the information under subsection 994F(4). The period must be “reasonable”.

Effectively Government by them applying the record keeping and reporting obligations on insurance brokers providing personal advice or otherwise, is forcing insurance brokers acting for a customer to act as required by an insurer regarding the above. This creates a very real conflict of interest and confidentiality issues.

An unscrupulous issuer could also use such an ability to its commercial benefit by drafting the TMD requirements so that it increases the costs of personal advice providers vs its own distributors and thereby reduce competition in the market.

The provisions as they apply to issuers and their agents will be more than enough to identify if a TMD is not working as intended. Insurance brokers providing personal advice should not be caught. If there is evidence in the future of the protections not working the requirement could be extended.

The above obligations will come at a significant cost for consumers and insurance brokers and could result in services on behalf of consumers becoming more expensive or being reduced.

- **There is no exemption where an insurance broker acts for the client in providing general advice and not on behalf of the insurer**

In such a case the insurance broker does not act for the insurer. As a result, a conflict of interests can arise for the insurance broker given it is forced to act in accordance with the directions of the insurer as prescribed in the TMD.

It could also cause an insurance broker to breach confidentiality obligations owed to its clients. There is little if any evidence of insurance brokers engaging in wrongful conduct in relation to the provision of financial services which is supported by recent FOS statistics. Consideration should be given to applying an exemption to insurance brokers when not acting on behalf of insurers in provision of any advice services, not just personal advice. The position could be revisited if evidence shows that it is appropriate to extend it to insurance brokers in this situation.

Section 1018A advertising change

This advertising notice requirement is to be changed to require description of the target market for the product or specify where the determination (if PDS exists) or description (if no PDS yet) is available.

NIBA sees little benefit of this in circumstances where there is protection in the TMD rules at the point of issue. It will extend an already lengthy advertising notice distracting from important notices on product terms on the TV screen or radio advertisement.

The TMD rules do not work in the context of packaged policies that contain retail and non-retail covers. Insurers will be forced to create separate offerings at extra costs and complexity for consumers.

The TMD rules will create significant additional costs on consumers in the renewal context as insurers are required to make what are significant systems changes and adopt an approach contrary to the existing renewal approach approved by the Government under the Insurance Contracts Act.

As drafted, insurers are forced to go to a compliance level that will either result in more limited product offerings or more expensive insurance or both. Systems change costs can be significant depending on the level to which a target market must be determined.

A practical example explaining the issues in a motor context is provided at the end of the submission.

Consideration should be given as to whether certain core products (e.g. standard cover such as motor and home insurance) should be excluded from the requirements and the standard cover reforms (yet to be progressed) used to achieve reasonable and cost-effective protection.

Guidance proposed to be provided after the introduction of the Bill to assist in this regard provides no reasonable compliance comfort and will not be practical if the flaws in DDO are not fixed.

Timing rules in certain provisions s994C(3)-(7)

There are proposed timing requirements in a number of obligations e.g. “must, as soon as practicable but no later than 10 business days after the person first knew...”. In practice, these timing requirements will be very difficult to meet despite reasonable efforts and in NIBA’s view need to be reconsidered.

Prohibition on retail product distribution conduct unless TMD made s994D

The prohibition on regulated person engaging in retail product distribution conduct unless a TMD is “made” needs to make it clear that the regulated person is not required to consider the appropriateness of the TMD if issued by the insurer.

Reasonable steps to ensure consistency with TMD s994E(1)

Under s994E(1), a person who makes a TMD for a financial product (e.g. the insurer) must take reasonable steps that will, or are reasonably likely to, result in retail product distribution conduct in relation to the product (other than excluded conduct) being consistent with the determination.

The provision does not state what parts of the TMD it must be consistent with. Much of the TMD is clearly irrelevant in this regard. Currently it is not clear what the TMD will comprise or how onerous the content will be.

If a TMD for a financial product has been made and the product is on offer for acquisition by issue to retail clients and a regulated person:

- engages in retail product distribution conduct in relation to the product; and
- has failed to take reasonable steps that would have resulted in, or would have been reasonably likely to have resulted in, the retail product distribution conduct being consistent with the determination,

the regulated person will be in breach unless the retail product distribution conduct is excluded conduct.

As with the provision that applies for the issuer, it is not clear what the TMD will comprise or how onerous the content will be. The provision does not state what parts of the TMD. Much of the TMD is irrelevant.

Where an insurance broker is not providing personal advice and chooses to give general advice to a retail client (not as agent of the insurer), it is effectively forced to follow the insurer's TMD. Conflicts of interest can arise as the insurance broker is not acting for the insurer.

The issue with the excluded dealing also becomes relevant here as it will catch personal advice providers in the scenario identified that needs to be fixed.

The above requires the issuer to seek to apply the rules to third party regulated persons not providing exempt conduct to take measures to ensure their conduct is consistent with the TMD.

Record keeping and reporting s994F and s994G

In terms of record keeping and reporting obligations on issuers and regulated persons:

- until the TMD requirements are made clear, it is hard to comment on how this will impact on industry. It will, however, be costly and increase costs to the consumer;
- whilst NIBA supports the personal advice carve out in other provisions of the legislation, the reporting requirements on regulated persons apply to brokers acting for insureds, including when providing personal advice and could create a conflict of interest or possible breach of confidentiality. NIBA does not support this proposal as the cost impact on insurance brokers, many of whom are small businesses will be significant – See earlier comments in this regard;
- the record keeping and reporting requirements fail to take account that there may be more than one regulated person e.g. in a coinsurance arrangement, and may result in unnecessary and pointless duplication of records and reporting;
- the reporting requirements would require an insurer to report to itself as it would be the issuer of the TMD and regulated person;
- the 10 day period is very short;

- the obligation on a regulated person to report to the issuer of the TMD where they engage in retail product distribution conduct in relation to the product, and becomes aware of a significant dealing in the product and becomes aware that the dealing is not consistent with the determination applies to insurance brokers when providing personal advice – See comments earlier in this regard on why this is not appropriate; and
- what a significant dealing is unclear and will create confusion. Is the word “dealing” meant to be interpreted as defined in the Bill, or as a general concept?

TMD and PDS

We understand that there is no prohibition against building the TMD into a PDS or other document and it is not intended that issuers be required to build the TMD into every PDS. Confirmation needs to be included in the Bill.

Suitable paragraph 760A (aa)

Use of the word suitable in paragraph 760A (aa) in our view will cause consumers to be misled as the term in our view creates a higher and incorrect expectation (i.e. a personal advice expectation) than that the Bill seeks to achieve. The plain meaning in the dictionary is “right or appropriate for a particular person, purpose, or situation”.
[our bold]

Product Intervention power and other ASIC Design and Distribution obligation powers

NIBA is of the view that ASIC has sufficient powers to achieve its regulatory objectives from its existing toolkit despite representations to the contrary and has covered this in various other submissions. Relevant to FSI recommendation 22, the intervention power was expected to be used infrequently and as a last resort. This should be made clearer.

NIBA is concerned that subjectivity can lead to inappropriate use of powers. A recent concern in this regard was the ASIC life claims review and the broader recommendation made regarding general insurance, which to our knowledge were never the subject of inquiry or consultation as part of that project.

NIBA’s previous submission noted a number of practical matters for consideration which were not addressed.

NIBA's main concern is that PIP orders now extend to remuneration where the remuneration is conditional on the achievement of objectives directly related to the financial product. The lack of clarity and breadth of the power is extremely concerning for NIBA as is the risk of ASIC seeking to change existing general insurance remuneration arrangements and operation of the laws as they currently relate to general insurance by use of this power.

No evidence has been provided in recent years indicating that remuneration arrangements for insurance brokers is resulting in poor quality advice, and poor consumer outcomes. Changes to remuneration arrangements could well have serious impacts on the viability of businesses, the way in which they operate, and ultimately the nature and level of advice that would be available to the community on risk and general insurance matters.

NIBA firmly submits that any regulatory measures in relation to remuneration frameworks should only be considered on the basis of clear evidence of concern, and full consultation on potential mechanisms to remedy those concerns. That has not occurred to date in relation to remuneration arrangements for general insurance brokers.

CONCLUSION

NIBA would be pleased to have the opportunity to discuss these matters in further detail, and to explain our concerns regarding the increasing complexity of legislative and regulatory intervention in relation to life and general insurance.

Dallas Booth
Chief Executive Officer

A black rectangular redaction box covering the signature of Dallas Booth.