



18 October 2019

Manager
Financial Services Reform Taskforce
The Treasury
Langton Crescent
PARKES ACT 2600

By email: FuneralExpenseReforms@treasury.gov.au

Dear Manager

Removal of the exemption for funeral expenses policies

Thank you for the opportunity to provide comments on Treasury's exposure draft legislation and explanatory materials in response to recommendation 4.2 of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (**Royal Commission**), namely, the removal of the exemption for funeral expenses policies.

The Australian Banking Association (**ABA**) fully supports the removal of the exemption for funeral expenses policies from the definition of financial products for the purposes of the *Corporations Act 2001* (**Corporations Act**). The ABA also supports the proposed application of the consumer protection provisions in the *Australian Securities and Investments Commission Act 2001* (**ASIC Act**) to funeral expenses policies. These changes will ensure better consumer outcomes.

The Royal Commission highlighted cases whereby consumers, particularly, those living in regional and remote areas had been sold funeral insurance policies in circumstances where those policies were of little value. In some cases, these policies were sold inappropriately, resulting in severe financial distress. By including funeral policies in the definition of financial products in the Corporations Act, this will require providers of such policies to obtain an Australian Financial Services Licence and these providers will also be bound by the anti-hawking provisions within the Corporations Act. These changes and the reforms to the ASIC Act will ensure that customers are treated honestly and fairly and will have the necessary consumer protections, avoiding a repeat of the cases highlighted during the Royal Commission.

The ABA would welcome the prompt implementation of these reforms. If you have any questions, please contact me on the details below.

Yours sincerely

Signed by

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