

Submission on public consultation draft for the
**Financial Services (Improved Consumer Protection)
(No. 1) Regulations 2019: funeral expenses facilities**

October 2019

CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA has 92 branches and affiliated organisations with a combined membership of approximately 23,000 people living throughout NSW. CPSA's aim is to improve the standard of living and well-being of its members and constituents. CPSA receives funding support from the NSW Government Departments of Family & Community Services and Health and the Australian Government Department of Health.

CPSA is pleased to extend our support of the Financial Services (Improved Consumer Protection) (No. 1) Regulations 2019: funeral expenses facilities.

CPSA has long advocated for a review and amendment of exploitative funeral insurance policies. As such the decision to remove the exemption of funeral expenses policies from the definition of financial products in amending the *Australian Securities and Investments Commission Act 2001* and *Corporations Act 2001* is welcomed by CPSA. Ensuring that the consumer protection provisions of the *Australian Securities and Investments Commission Act 2001* apply to funeral expenses policies is a pivotal recommendation of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

The introduction of such a reform is a good step forward in improving the safeguards for consumers in the funeral industry. However, the reform should not stop here. CPSA is aware that this consultation process relates explicitly to the removal of the exemption for funeral expenses policies but there are greater measures that could be taken to further protect consumers.

CPSA asserts that funeral insurance policies should be phased out because even if there were added protections to funeral insurance policies, consumers purchasing funeral life insurance and funeral expenses insurance will likely pay considerably more in premiums than the cost of a funeral. Funeral insurance products thrive on the vulnerability and pressure of consumers to purchase these products. The anti-hawking provisions that will be in effect with the implementation of the proposed amendment will not be sufficient to protect all consumers from the pressure to purchase funeral insurance products.

In addition consumers are usually not aware of the very likely risk of purchasing a policy that will not cover the entirety of a funeral service.

Consumers who wish to pre-pay a funeral can do so through either a funeral fund or by purchasing a pre-paid funeral through a funeral provider. In each jurisdiction, appropriate legislation should be enacted to ensure that consumer payments to funeral funds and pre-paid funerals are protected.

CPSA commends the Government for acting on the evidence presented by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry but challenges the Government to go beyond this recommendation and protect consumers beyond doubt from exploitative funeral insurance policies.