



Australian Government
The Treasury

TSY/AU

Quality of Advice Review – Conflicted Remuneration Consultation Paper

Template for response

October 2022



Consultation process

Request for feedback and comments

Interested parties are invited to provide feedback on the proposals for reform listed in the Quality of Advice Review Conflicted Remuneration Consultation Paper using the template in [Appendix 1](#). Consultation will close at 11:59pm on Monday 14 November 2022.

While submissions may be lodged electronically or by post, electronic lodgement is preferred. For accessibility reasons, please submit responses in a Word or RTF format via email. An additional PDF version may also be submitted.

Closing date for submissions: 14 November 2022

Email	AdviceReview@TREASURY.GOV.AU
Mail	Secretariat, Quality of Advice Review Financial System Division The Treasury Langton Crescent PARKES ACT 2600
Enquiries	Enquiries can be initially directed to AdviceReview@TREASURY.GOV.AU

Appendix 1: Consultation template

Name/Organisation: QBE Insurance (Australia) Limited (QBE)

General Insurance and consumer credit insurance (Proposal 1)

1. Do you support Proposal 1, which requires financial advisers or insurance brokers to obtain informed consent from their clients in order to be able to receive a commission from a product issuer for the sale of a general insurance product or consumer credit insurance?

a) If you do not support this proposal, please state your reasons

QBE has worked with the Insurance Council of Australia (ICA) and supports the ICA's general insurance industry submission.

QBE would also like to acknowledge our support for the continuation of the exemption from the ban on conflicted remuneration for general insurance. We welcome this proposed outcome and believe it is appropriate in consideration of a broader range of factors and policy objectives, as recognised by the Review.

We also note that Proposal 1 aims to strengthen disclosure and facilitate customers providing informed consent in relation to the remuneration arrangements in place between an intermediary and an insurer. QBE supports transparency. We recognise that previous reviews of the disclosure regime applicable to the intermediated sale of general insurance have indicated some limitations in the regime. We therefore welcome measures to improve this.

As outlined in QBE's previous submission (7 June 2022), we note that intermediaries do not all function in the same way. There are different structural arrangements and characteristics, including differences in the interests for whom they act. The Australian Competition and Consumer Commission (ACCC) categorises intermediaries as "insurer intermediaries" and "customer intermediaries". The ACCC, in considering the effect of intermediary remuneration arrangements, noted "the distinction between an insurance broker and an insurer intermediary is very significant ... An insurer intermediary ... In many respects ... are akin to sales staff of an insurer" (Northern Australia Insurance Inquiry Report, p480).

We understand the consent requirement in Proposal 1 is intended to apply where a customer receives personal advice from any intermediary, and that it is not intended to differentiate between types of intermediaries. However, we believe the distinction between insurer intermediaries and customer intermediaries still warrants examination in this context. Consistent with the ICA submission, we would welcome further consideration to ensure the proposal does not have any unintended consequences, and truly results in enhanced transparency as opposed to customer confusion.

QBE thanks the Review for the consultative approach taken and looks forward to the Final Report.