



14 June 2017

Manager
Financial Services Unit
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sirs,

Submission to the Treasury Consultation – Improving Dispute Resolution in the Financial System

MLC Life Insurance welcomes the opportunity to comment on the Treasury's consultation around Improving Dispute Resolution in the Financial System. We support the Government's new EDR Framework of a "one stop shop" with the introduction of the Australian Financial Complaints Authority (AFCA). We continue with our commitment to providing high standards in all areas of business in the life insurance industry including our complaints and Internal Dispute Resolution (IDR) services.

Having considered the Exposure Draft Treasury Laws Amendment (External Dispute Resolution) Bill 2017 and its explanatory material as well as the Consultation Paper dated May 2017, MLC Life Insurance submits the following comments:

Question 4: Are there any additional issues that should be considered to ensure an effective transition to the new EDR system?

The proposed transitional arrangements for the Financial Ombudsman Service (FOS) and the Credit and Investments Ombudsman (CIO) mean that these bodies will continue to operate until 1 July 2018 and work through their existing complaints. For the Superannuation Complaints Tribunal (SCT) it will continue operations until 1 July 2020. In relation to all three existing EDR bodies, consumers will have the option to transfer their complaint to AFCA if they wish to do so. We raise two questions:

- 1) Will customers who utilise the existing contact details be re-directed by FOS and the CIO? We understand that there is a regulatory requirement that details of any EDR body is given to the customer during the IDR process but we seek further clarification around this question.
- 2) How will our customers be notified that they have the opportunity to transfer to the AFCA? Will FOS be writing to all customers who will have submitted a claim as at 1 July 2018 or is there an expectation that this will be a requirement which will fall upon financial services and credit providers? Should this be the case, then this will be an additional cost to the providers.

Question 8: What will the regulatory impacts of the new EDR framework be?

The consultation paper states that there could be an increase in regulatory burden for the industry and lists a number of areas which includes the cost of providing IDR data to ASIC. We observe that until further detail around the type of reporting on IDR outcomes that ASIC will require is released, it is difficult to assess the additional costs that may be incurred and we await further release of those details.

Furthermore, in relation to disclosure documents we also ask for clarification around whether insurers will have the ability to transition collateral for a period of six months from 1 July 2018? Our



opinion is that this is an appropriate time frame given the cost of updating Product Disclosure Statements and associated policy documents.

Should you require further information regarding any of the information contained in this submission, please contact in the first instance our Manager of Customer Advocacy John Thomson on 0418933550 or via email at John.S.Thomson@mclinsurance.com.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Jarrod Ellery". The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

Jarrod Ellery

Chief Operating Officer (Acting)

MLC Life Insurance