



**Submission to the design and
distribution obligations and product
intervention power proposals paper**

March 2017

About QBE

QBE has been an integral part of the Australian business landscape since its early beginnings in Queensland in 1886, providing peace of mind to Australians during normal business and times of crisis.

Listed on the ASX and headquartered in Sydney, organic growth and strategic acquisitions have seen QBE grow to become one of the world's top 20 general insurance and reinsurance companies, with a presence in all key global insurance markets. Within Australia, QBE operates primarily through an intermediated business model that provides all major lines of general insurance cover for personal and commercial risk.

Today, QBE is one of the few Australian-based financial institutions to be operating on a truly global landscape, with operations in and revenue flowing from 37 countries.

As a global insurer, QBE believes that Australia must continually look to refresh its financial and regulatory systems, to ensure the nation remains competitive with foreign financial markets, and attractive to investment.

Background

QBE welcomes the opportunity to respond to the Australian Government's (**Government**) Design and Distribution Obligations and Product Intervention Power Proposals Paper (**Proposals Paper**). QBE has also participated and supports the Insurance Council of Australia's (**ICA**) submission on the Proposals Paper. Our additional comments in relation to the Proposal Paper's specific questions that are relevant for QBE are included in the appendix.

As the Government indicated in its response to the Financial System Inquiry (**FSI**), while consumers are responsible for the consequences of their financial decisions, they should be treated fairly.

QBE, in accordance with prudent business practice, believes the design and distribution of financial products should be appropriately tailored and delivered to suitable markets to engender fair consumer outcomes. As such, we support a targeted and principled based financial product design and distribution obligation. Similarly, QBE is supportive of increased product intervention powers for the Australian Securities and Investments Commission (**ASIC**) as a last resort or pre-emptive measure, where there is a real risk of significant consumer detriment.

When implementing these reforms, it will however, be critical to ensure that the right balance is struck. As acknowledged by the FSI and Government, these reforms should provide ASIC with a tool to enable it to take action in exceptional circumstances - where there is risk of significant consumer detriment - but without stifling industry innovation and without placing an undue burden on industry¹.

Design and distribution reforms

The FSI recognised that the design and distribution obligations need to be principles-based, with appropriate standards for different product classes².

QBE believes this is particularly important in relation to basic general insurance products for retail consumers to avoid or minimise any unintended consequences. Most general insurance products, such as home and motor insurance, are generic in nature and are marketed very broadly to consumers. They are designed for mass retail markets that are already subject to significant consumer protection regimes. This includes the Insurance Contracts Act, 1984 (**Insurance Contracts Act**), which provides comprehensive and specific regulation governing the features and operation of general insurance products.

For basic general insurance products for retail consumers, it is important that any additional operational and compliance costs that are likely to be introduced by the proposed reforms do not outweigh any real practical benefit for consumers. Otherwise, these reforms have the potential to increase the cost of insurance and further reduce affordability, with no measurable benefit for consumers.

¹ Australian Government. Government Response to the Financial System Inquiry – Improving Australia's Financial System, October 2015, page 19

² [http://fsi.gov.au/publications/final-report/chapter-4/product-intervention/The Financial System Inquiry, Final Report, Chapter 4: Consumer Outcomes – Introduce Product Intervention Power](http://fsi.gov.au/publications/final-report/chapter-4/product-intervention/The%20Financial%20System%20Inquiry,%20Final%20Report,%20Chapter%204:%20Consumer%20Outcomes%20%E2%80%93%20Introduce%20Product%20Intervention%20Power)

Also, as outlined in some detail in the ICA's submission, insurance products are set apart from other financial products by the very nature of insurance, which operates as a risk transfer mechanism that pools and diversifies risks. The prudential regulatory regime that underpins the operation of general insurance needs to be considered in the context of the proposed reforms. This has important implications for how insurance products are designed and priced. The cover offered, terms and exclusions and pricing of such insurance products are designed to reflect sustainable and prudent underwriting and consequently, the effective management of risk by insurers. It is very important that the proposed reforms do not inadvertently undermine the ability of general insurers to prudently price and underwrite such risks, as this would have a far broader impact on consumers and the market.

QBE is also conscious that the introduction of the design and distribution powers should not operate to negatively impede consumer freedom of choice. Given the nature of most simple general insurance products, these products are usually distributed on a "general" or "no advice" model which maintains accessibility and premium affordability. General information and tools are provided to consumers to enable them to make an informed choice. As outlined in the ICA's submission, insurers and distributors of such products should not be required to override consumer decisions, when the consumer has been informed, and has clearly exercised choice in the matter.

Most importantly, these reforms should not operate to curb innovation or to place an undue burden on industry. This was clearly acknowledged by the FSI and Government. QBE considers that this overarching principle should be embedded in the legislation and included as a formal objective in the mandate for ASIC.

ASIC's product intervention powers

The FSI recommendation in relation to introducing a proactive product intervention power for ASIC was formulated to enhance ASIC's regulatory toolkit. The intent was to enable ASIC to take a more proactive approach to reducing the risk of significant detriment to consumers by allowing for more timely and targeted intervention. The FSI however, also explicitly indicated this power should be used as a last resort or as a pre-emptive measure, where there is **significant detriment to a class of consumers**.

As the exercise of such a power has far reaching commercial implications, QBE believes it is important that the proposed legislation clearly reflects these parameters and that the threshold for intervention is set sufficiently high. There should also be transparency around the exercise and reasons for any use of this power by ASIC.

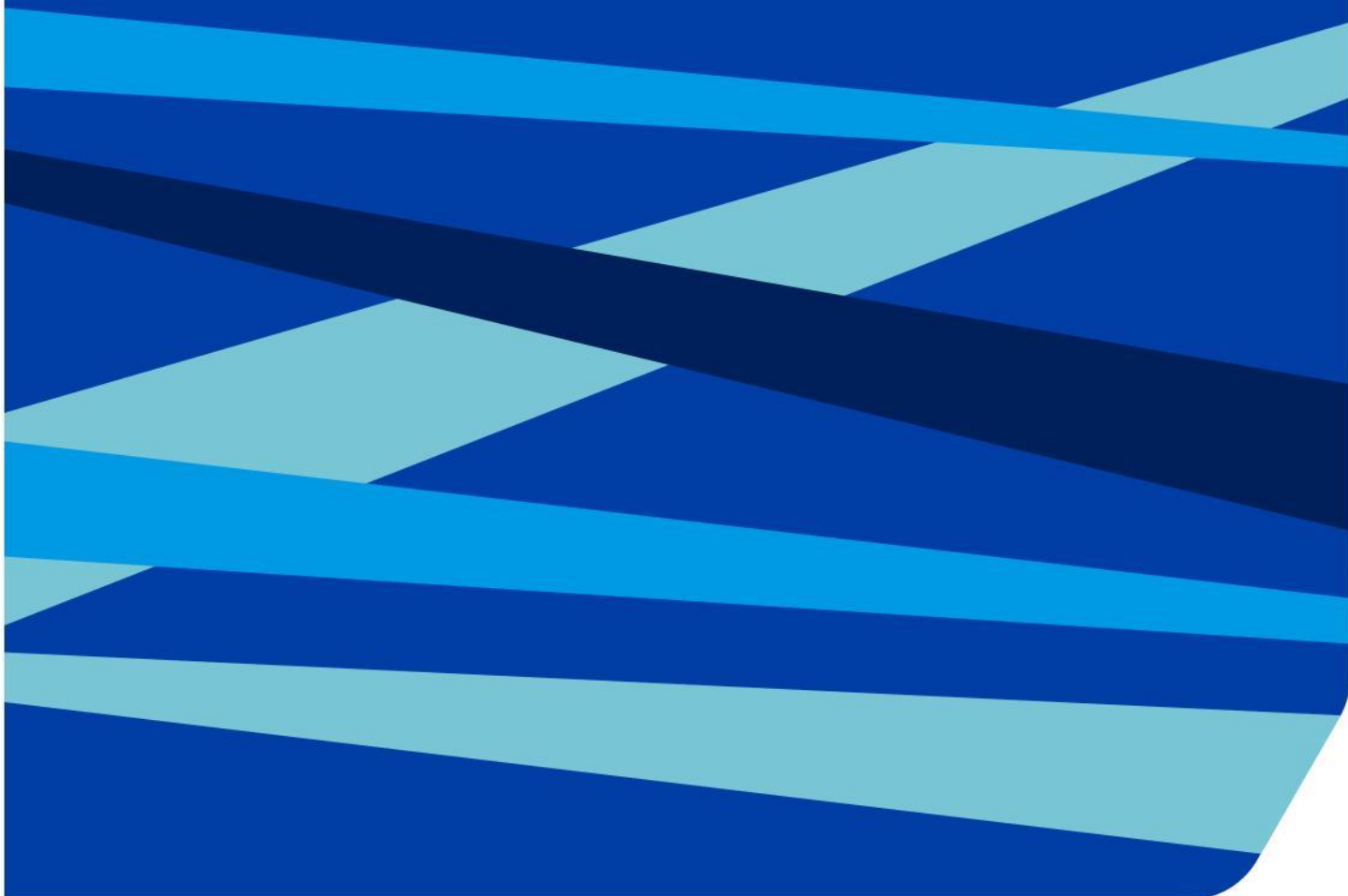
Further information

QBE recognises the proposals are still being developed, and will be further refined to maximise the likelihood that they will be both effective and workable.

Once again, QBE appreciates the opportunity to respond to the Proposals Paper. Please do not hesitate to contact Kate O'Loughlin at kate.oloughlin@qbe.com or on (02) 8275 9089 if you would like to discuss any aspect of this submission, or if you require any further information.

Response to Proposal Paper questions

Appendix



Appendix - response to Proposal Paper questions

Part 2: Range of products covered by the measures

1. Do you agree with all financial products except for ordinary shares being subject to both the design and distribution obligations and the product intervention power? Are there any financial products where the existing level of consumer protections means they should be excluded from the measures (for example, default (MySuper) or mass-customised (comprehensive income products for retirement) superannuation products)?

Exemption mechanism

The FSI recognised that simple financial products are likely to be suitable for most consumers.

As such, QBE believes it is important that the regime includes a mechanism to enable the exclusion of certain financial products. This is particularly relevant in the overarching context of ensuring additional operational and compliance costs likely to be incurred by the introduction of the reforms, do not outweigh any real practical benefit for consumers.

Basic general insurance retail products

QBE also believes there are strong grounds for exempting basic consumer general insurance products from the design and distribution obligations, such as home (home building, home contents and landlords), motor vehicle (including caravan and motorcycle), pleasure craft and travel insurance (**basic GI products**).

Basic GI products are mass designed products that are inherently suitable for a broadly-based target market. For example, car owners are sold motor insurance, home owners are sold home insurance, and travellers are sold travel insurance.

These products are already subject to a significant framework of consumer protection. In addition to the financial services regulation, basic GI products are subject to the Insurance Contracts Act which provides comprehensive and specific regulation governing the features and operation of these products. Additionally, these basic GI products are also subject to the Industry's General Insurance Code of Practice, which includes mandatory internal and external dispute regimes and oversight by the Financial Ombudsman Service Australia (**FOS**). Signatories to the industry code are required to adhere to high standards in the sale of insurance. Although complaints and disputes do arise in relation to these basic GI products, they rarely relate to the inherent suitability of the products for that class of consumer.

In this context, QBE also believes consideration could be given to exempting basic GI products from the proposed product intervention power, given the existing extensive consumer protections and the ability for consumers to access a no cost alternative dispute resolution service provided by FOS.

2. Do you agree with the design and distribution obligations and the product intervention power only applying to products made available to retail clients? If not, please explain why with relevant examples.

QBE strongly agrees that the design and distribution obligations and the product intervention power should only apply to products made available to retail clients. Wholesale clients are either sophisticated buyers or, as noted in the ICA's submission, are usually represented by qualified brokers or financial advisers who are licenced experts acting on their clients' behalf in negotiating general insurance coverages.

QBE also agrees with the ICA's submission in relation to medical indemnity insurance. This form of insurance was included as a retail product following the reforms in 2002 to stabilise the medical insurance market. QBE agrees that medical indemnity should not be considered as a retail product for the purposes of the design and distribution obligations and product intervention power.

As outlined previously, QBE also believes that it is important that general insurance financial products should not be classified as 'complex products'. Unlike some other financial products, such as investment products, most general insurance products are familiar to consumers, and are relatively straightforward in their operation.

Part 3: Design and distribution obligations

5. Do you agree with defining issuers as the entity that is responsible for the obligations owed under the terms of the facility that is the product? If not, please explain why with relevant examples. Are there any entities that you consider should be excluded from the definition of issuer?

The definition of product issuer and product distributor should, in principle, be consistent with the existing definitions under the Corporations Act, 2001, in order to avoid confusion. As such, QBE believes that the “issuer” for these reforms should be consistent with the definition of that term in section 761E(4) of the Corporations Act.

It is important however, to ensure that the design obligation is able to be met by only one issuer to avoid confusion, duplication and additional costs, as noted in the ICA’s submission. For example, where a product is co-insured. Similarly, underwriting agencies that issue products under a binder (but are not the issuer) should not be considered to fall under the definition of issuer. This would require clarification.

6. Do you agree with defining distributors as the entity that arranges for the issue of a product or that:

- i. advertises a product, publishes a statement that is reasonable likely to induce people as retail clients to acquire the product or makes available a product disclosure document for a product; and
- ii. receives a benefit from the issuer of the product for engaging in the conduct referred to in (i) or for the issue of the product arising from that conduct (if the entity is not the issuer).

QBE generally agrees with the proposed definition of distributor, however believes that the design and distribution obligations and product intervention powers should not apply to existing entities that act as a distributor under regulation and class order as outlined below. The Corporations Act should be amended to specifically clarify and exempt such entities.

Insurance distributors - ASIC Class Order [05/1070]

The proposed definition of a distributor is likely to extend to include “insurance distributors” appointed pursuant to ASIC Class Order [05/1070]. These insurance distributors arrange insurance but do not provide financial product advice. They act within a limited authority given to them by the AFS Licensee and should not be considered to be a “distributor” for the purpose of the product design and distribution obligations.

Group purchasing bodies – ASIC Class Order [08/1]

The proposed definition of a distributor could also extend to include “group purchasing bodies” as defined by ASIC in Class Order [08/1]. Class Order [08/1] has been continuously renewed since it was introduced in 2008 providing relief to group purchasing bodies from the requirement to hold an AFS Licence or be an Authorised Representative pursuant to section 916A of the Corporations Act.

Group purchasing bodies are important participants in the insurance market. They provide access to low cost group insurance to persons who would otherwise have difficulty either obtaining insurance themselves, or obtaining it at an affordable price.

QBE considers that these group purchasing bodies should be exempt from the design and distribution and product intervention powers.

Referrers

Similarly, there are existing exemptions under Corporations Regulations 2001 (Cth) reg 7.6.01(e) and 7.6.01(ea) for referrers. This applies where a person provides a financial service consisting only of informing another person that they can acquire a financial product by contacting an AFS Licensee or an Authorised Representative

Referrers are not directly involved in the sale of insurance products and act within limited authority given to them by the insurer. The compliance cost imposition for such referrers is likely to be prohibitive and may result in reduced consumer access to basic GI products.

Advertising and marketing

QBE considers it is also important to ensure that agencies engaged by issuers and distributors to advertise and market insurance products are not inadvertently caught under the design and distribution obligations and the product intervention power.

In QBE's view, this regime should be targeted and focused primarily on AFS Licensees and Authorised Representatives.

7. Are there any situations where an entity (other than the issuer) should be included in the definition of distributor if it engages in the conduct in limb (i) but does not receive a benefit from the issuer?

QBE is not aware of any additional situations.

8. Do you agree with excluding personal financial product advisers from the obligations placed on distributors? If not, please explain why with relevant examples. Are there any other entities that you consider should be excluded from the definition of distributor?

QBE agrees that personal financial product advisers should be excluded from the obligations placed on distributors. This, however, should be limited to brokers who act generally as an agent of the insured and provide personal advice in that capacity. The distribution obligation should apply to brokers acting under binders and operating under their own AFS Licence.

9. Do you agree with the obligations applying to both licensed and unlicensed product issuers and distributors? If they do apply to unlicensed issuers and distributors, are there any unlicensed entities that should be excluded from the obligations (for example, entities covered by the regulatory sandbox exemption)? Who should be empowered to grant exemptions and in what circumstances?

Subject to our earlier comments, QBE agrees that the obligations should apply to both licensed and unlicensed product issuers and distributors for retail products. QBE also supports including a mechanism to enable exemptions to be granted to maintain flexibility in the future.

10. Do you agree with the proposal that issuers should identify appropriate target and non-target markets for their products? What factors should issuers have regard to when determining target markets?

Subject to our previous comments in relation to exempting basic GI products, QBE generally supports the proposal that issuers should identify appropriate target and non-target markets for their products. If an exemption for basic GI products is not granted, it would however be critical that this requirement was applied in a practical manner for these products. Otherwise, this obligation has the potential to increase the cost of insurance and affect the accessibility and affordability of these key products for consumers, for what is likely to be of little additional benefit.

11. For insurance products, do you agree with the factors requiring consumers in the target market to benefit from the significant features of the product? What do you think are significant features for different product types (for example, general insurance versus life insurance)?

QBE considers that the benefit consumers derive from general insurance products is the cover against loss or damage.

The purchase of general insurance products provides peace of mind, even if there ultimately is no need to claim on the policy. As such, QBE considers that consumers will always obtain the benefits of the significant features of basic GI products. It is important to understand that the application of a condition or exclusion does not mean that a consumer has not benefitted from the cover provided.

In this context, QBE generally agrees that consumers in the target market should benefit from the significant features of the product, in that the product they have been sold should provide cover for potential loss or damage. Focusing on every term and condition governing a general insurance product would be unnecessary and overly complex.

12. Do you agree with the proposal that issuers should select distribution channels and marketing approaches for the products that are appropriate for the identified target market? If not, please explain why with relevant examples.

In principle, QBE agrees that issuers should select appropriate distribution channels and marketing approaches. However, this needs to be applied in a practical manner to mass designed products that are distributed through

multiple channels. Additionally, QBE believes this needs to be implemented in a way that does not inhibit the ability of issuers to adapt to developing industries and technologies, and changes in consumer behaviour. In this respect, we suggest it would be preferable to apply a principles-based approach through guidance from ASIC, rather than through the passage of prescriptive regulation.

13. Do you agree that issuers must have regard to the customers a distribution channel will reach, the risks associated with a distribution channel, steps to mitigate those risks and the complexity of the product when determining an appropriate target market? Are there any other factors that issuers should have regard to when determining appropriate distribution channels and market approach?

QBE agrees that issuers must have regard to the factors outlined however again, stresses the need for this to be applied in a practical and scalable manner, having regard to the nature of the product.

QBE also believes that it would be important to ensure that these requirements do not inadvertently impede innovation. For example, if a new product is being formulated, there may be difficulty in assessing certain factors. If a restrictive approach were to be applied, such as setting prescriptive factors that an issuer must consider, issuers may be reluctant to proceed with the product given the potential for adverse regulatory consequences. This would lessen an issuer's ability to take risks with new products which may impede innovation.

Insurance products are constantly evolving in response to new risks or changing and developing industries. The proposed design and distribution obligations need to be flexible enough to allow this innovation to occur.

14. Do you agree with the proposal that issuers must periodically review their products to ensure the identified target market and distribution channel continues to be appropriate and advise ASIC if the review identifies that a distributor is selling the product outside of the intended target market?

Undertaking periodic reviews of products to ensure that the identified target market and distribution channel continues to be appropriate, is good business practice. This needs however to be applied in a practical manner in the context of the particular product and should be undertaken at the discretion of the issuer. This approach will more effectively enable issuers to consider whether or not products are appropriate in a qualitative way, as opposed to issuers merely meeting arbitrarily set deadlines for review.

15. In relation to all the proposed issuer obligations, what level of detail should be prescribed in legislation versus being specified in ASIC guidance?

QBE agrees the legislation should clearly outline the objectives of the issuer obligations, particularly for mass designed products. We agree with the key principles outlined in the ICA's submission which are:

- Simple mass-designed products are appropriate for most consumers.
- Managing prudential risk, affordability and accessibility are key considerations in product design.
- The objective of the product design and distribution obligations is not to decrease choice for consumers.
- The obligation to distribute products to a target market does not require individual assessment of suitability and must be consistent with the advice model under which the distributor is operating within.

We also consider the legislation should be principles based and explicitly acknowledge the need to balance enhanced consumer protection with the need to avoid placing an undue burden on the industry as specified in the FSI recommendation. The detail of the proposed issuer obligations would preferably be included in ASIC guidance. This guidance could then be tailored to be product specific and operate more flexibly in response to changing expectations and market dynamics.

16. Do you agree with the proposal that distributors must put in place reasonable controls to ensure that products are distributed in accordance with the issuer's expectations?

QBE is generally supportive of the proposal that distributors must put in place reasonable controls to ensure that products are sold in accordance with the issuer's expectations. QBE considers that this will be an important control factor for the proposed design and distribution obligations and, to a lesser extent, the product intervention power. QBE notes however, that these obligations need to work harmoniously within the existing financial services regulation framework where AFS Licensees are responsible for the conduct of distributors (Authorised Representatives and Distributors).

This proposal also must consider that in general insurance, certain distributors (AFS Licensees and brokers) are responsible for their own conduct and the distribution of an issuer's products, with limited intervention or control by the issuer.

17. To what extent should consumers be able to access a product outside of the identified target market?

QBE considers it is not the role of Government or a regulator to prevent consumers from purchasing financial products if the sale of that product is lawful and the issuer and distributor have complied with applicable law. Consumers may well be in a better position to determine the suitability of a product for themselves, and should not be constrained from purchasing such a product.

18. What protections should there be for consumers who are aware they are outside the target market but choose to access a product regardless?

There are extensive consumer protections that apply currently to the sale of general insurance products including statutory cooling off periods and the ability to cancel a product and receive a refund for the unused portion of the policy.

Additional protection for consumers who make informed choices about purchasing financial products outside the target market, should not be required.

19. Do you agree with the proposal that distributors must comply with reasonable requests from the issuer related to the product review and put in place procedures to monitor the performance of products to support the review? Should an equivalent obligation also be imposed on advised distributors?

QBE agrees that it will be important for distributors to comply with all reasonable requests from issuers.

20. In relation to all the proposed distributor obligations, what level of detail should be prescribed in legislation versus being specified in ASIC guidance?

As outlined in our response to question 15, QBE believes the legislation should be principles based and explicitly acknowledge the need to balance enhanced consumer protection, without placing an undue burden on the industry. The principles outlined in our response to question 15 apply equally to the proposed distributor obligations. As previously indicated, the detail of the proposed distributor obligations should be specified in ASIC guidance that can be tailored to be product specific and updated as required.

21. Do you agree with the obligations applying 6 months after the reforms receive Royal Assent for products that have not previously been made available to consumers? If not, please explain why with relevant examples.

QBE does not consider that a 6 months transition period is sufficient time to implement the new requirements, and believes that a 12 month transition period will be necessary to enable issuers and distributors to update applicable processes and systems (including information technology systems) and educate staff, advisers and representatives.

22. Do you agree with the obligations applying to existing products in the market 2 years after the reforms receive Royal Assent? If not, please explain why with relevant examples and indicate what you consider to be a more appropriate transition period.

QBE considers that the obligations should apply to existing products in the market 3 years after the reforms are given Royal Assent, to allow sufficient time for issuers and distributors to re-negotiate existing arrangements, update applicable processes and systems (including information technology systems), manage the transition through the annual renewal cycle and educate staff, advisers and representatives.

Part 4: Product intervention powers

23. Do you agree that ASIC should be able to make interventions in relation to the product (or product feature), the types of consumers that can access a product or the circumstances in which a consumer can access the product? If not, please explain why with relevant examples.

QBE, in principle, agrees that ASIC should be able to make interventions in relation to the product or product features for general insurance products, other than in relation to basic GI products, for the reasons previously outlined.

QBE does not agree that ASIC should be able to make interventions in relation to the types of consumers who can access a product or the circumstances under which they can do so. QBE considers that the proposed design and distribution obligations will impose sufficient obligations on issuers and distributors. These obligations will maximise the likelihood that consumers are sold products that are appropriate and benefit them.

24. Are there any other types of interventions ASIC should be able to make (for example, remuneration)?

QBE does not consider ASIC requires further intervention powers.

25. Do you agree that the extent of a consumer detriment being determined by reference to the scale of the detriment in the market, the potential scale of the detriment to individual consumers and the class of consumers impacted? Are there any other factors that should be taken into consideration?

QBE agrees that the determination of consumer detriment should be factored against the scale of detriment in the market (or the potential for it). Given the significant commercial impact that such intervention could cause, QBE considers this should be measured against the threshold of “significant harm” on a market wide basis. This should be explicitly reflected in the legislation.

26. Do you agree with ASIC being required to undertake consultation and consider the use of alternative powers before making an intervention? Are there any other steps that should be incorporated?

QBE strongly supports ASIC being required to undertake consultation and to consider the use of alternative powers before making an intervention. The FSI recommendation and Government’s response clearly proposes that the product intervention power should remain a last resort option and only be exercisable where there is a real risk of significant consumer detriment. QBE also considers that ASIC should be required to balance the impact of its intervention against the impact on competition and the impact on the prudential strength of an entity (in consultation with APRA) before taking action.

An intervention that may undermine the prudential and capital strength of a financial entity may have a far broader impact and greater consequences for consumers than the harm the intervention was intended to address.

QBE also suggests there should be an opportunity for issuers and distributors to remedy any such “harm” before ASIC exercises its intervention powers.

27. Do you agree with ASIC being required to publish information on interventions, the consumer detriment and its consideration of alternative powers? Is there any other information that should be made available?

QBE generally agrees that ASIC should be required to publish such matters and should also be transparent with affected entities in relation to the assumptions and information used to support its decision. An affected entity should also be given the opportunity to respond and correct any errors or erroneous assumptions.

There may however be public policy circumstances where the potential for increased harm may actually outweigh the benefits of transparency. If, for example, the publication had the potential to undermine consumer confidence to such an extent that the consequences of publication exceeded the harm the intervention was intended to address. In these circumstances, it may be advisable to allow limited exceptions on genuine public policy grounds.

28. Do you agree with interventions applying for an initial duration of up to 18 months with no ability for extensions? Would a different time frame be more appropriate? Please explain why.

QBE generally supports interventions applying for an initial duration of up to 18 months but cautions against a prescribed timeframe that prevents more targeted intervention, where either less or more time, may be required.

29. What arrangements should apply if an ASIC intervention is subject to an administrative or judicial appeal? Should an appeal extend the duration that the Government has to make an intervention permanent?

QBE considers that an intervention should be stayed pending an appeal, at the discretion of the Court.

30. What mechanism should the Government use to make interventions permanent and should the mechanism differ depending on whether it is an individual or market wide intervention? What (if any) appeal mechanisms should apply to a Government decision to make an intervention permanent?

QBE does not believe it is Government's role to make interventions permanent. The role of Government is to make laws with respect to financial services regulation and to ensure that applicable regulators have and exercise the powers given to them. Redress should be sought under applicable law, and the Courts should decide whether or not an intervention should be made permanent.

In QBE's view this established structure will enable regulators to exercise the new powers in a way that provides optimal outcomes for consumers, while also allowing the financial services industry to continue to grow and adapt to changing environmental factors.

QBE does not consider that the exercise of executive power or intervention by Government by way of regulation or legislation is required, or appropriate. In these circumstances, Government should not be required to act unless there is evidence to support the conclusion that the powers have not provided the desired outcomes for consumers and further legislative reform is required to be implemented, in accordance with parliamentary oversight and scrutiny.

31. Are there any other mechanisms that could be implemented to provide certainty around the use of the product intervention power?

QBE has not identified any further mechanisms.

32. Do you agree with the powers applying from the date of Royal Assent? If not, please explain why with relevant examples.

QBE believes it would be preferable for the transition periods for both the product design and distribution obligations and the product intervention power to be aligned.

Part 5: Enforcement and consumer redress

33. What enforcement arrangement should apply in relation to a breach of the design and distribution obligations or the requirements in an intervention?

QBE considers that the existing enforcement powers should apply, including those provided under the Corporations Act for breaches of s912A, such as the power to revoke or vary an Australian Financial Services Licence.

34. What consumer rights and redress avenues should apply in relation to a breach of the design and distribution obligations or the requirements of an intervention?

QBE believes that the existing powers of ASIC under the Corporations Act (enforcement and regulation), the ASIC Act (enforcement), and particularly the Insurance Contracts Act (performance of contracts) provide appropriate avenues for effective consumer remedies. Any consumer rights or redress avenues in relation to a breach of the design and distribution obligations or the requirements of an intervention, should not be inconsistent with insurers' obligations under the Insurance Contracts Act. QBE also supports the requirement that issuers be a member of an external dispute resolution scheme that provides consumers with access to low cost alternative dispute resolution.