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 *** MAY JUSTICE ALWAYS PREVAIL *** 	
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Financial System Inquiry
fsi@fsi.gov.au

15-8-2014

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NOT RESTRICTED FOR PUBLICATION

Submission Stability - Addressing too-big-to-fail

Sir,

I provide this **supplement 5** as I view it is relevant to matters I referred to previously.

No doubt banks are reporting huge profits and yet somehow the issue is about should banks be protected by "Bail in". Yet the same kind of structure is not contemplated for other private businesses.

Banks are involved in insurance businesses and perhaps I may set out some of behind the scene experiences.

I was trained by business man assurances as to how to do cold calling to sell insurances. Basically not taking no for an answer, etc.

However as this was not what I liked to do I designed my own system. For example advertising with my photo in the advertisements, this so people would instantly recognise me, rather than to be a stranger. I provided trophies for the "worst dancer" and the "craziest dancer" and people actually like it. We are talking about some 40 years ago.

My special ways was paying off, because people were contacting me about insurance matters.

I would go down and sit for hours to establish details and at times told a prospective customer that they were over insured, or had the wrong insurance but too late to changed policies. For example a person may have already a policy for many years and to terminate the policy may be of more disadvantage. Because of my honesty in that regard I was by word of mouth getting people contacting me, as they realised I was not so to say trying the sell them whatever policy.

At one stage the manager asked me to attend to a host of clients that had cancelled their policies.

I spend more than 14 days attending to those people and many reinstated their policies where as many also seemed to have policies totally inappropriate for them. For example people who were starting a young family were placed by the manager on a whole of life policy well beyond their financial means and were doomed to in the end cancel them. The manager insisted that I should seek to take people whole of life policies rather than term insurance as there was little money in term insurances for the agent. My aim was however to seek to arrange people had policies that fitted their financial situation and were most suitable to them. As such, if there was a young family then the focus had to be on more insurance cover by term insurance and less whole of life. It was beyond me why the manager was arguing against me that I should seek to keep people on whole of life instead of combining it to what was in the best interest of the clients. However, some weeks later I discovered the reason why the manager did so. It appeared that because they were originally clients of the manager, even so they had cancelled their policies previously, any reinstatement resulted that the manger was receiving the commission for the work I had done. As

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such it was his self-interest why he demanded inappropriate policies as to maximise his commission payments, without having advised me previously that I would incur my own cost attending to those former clients but would not get a single cent for reinstating those clients.

5 I also detected that having closed agreements for policies, according to the companies tables, then the company demanded a client to pay a higher insurance premium due to being over weight, etc, even so this was never part of my presentation noir had been included in any material the company had provided to me. I held this was dishonest conduct and so resigned and advised my clients why I did so. I had no intention to place my credibility in question and held that once an insurance deal was closed the clients were entitled to rely upon those details and not
10 that the company so to say changed the goal post afterwards **TO DEMAND HIGHER PREMIUMS**, not at all contemplated by myself nor the clients not being stated on any documentation.

15 What I therefore learned was that insurance policies are often sold to unsuspected customers sell above their financial means and far below their need for insurance cover merely as to suit the agent to make the most commission possible.

What I used to do was to first of all have a meeting most suitable to the prospective client(s). Generally at their home. I would let them explain what they contemplated in the near and long term future, including children. If they had existing policies by whomever I would seek to structure any planning including existing policies. If I held they were already over insured I would make this known and advise them there was little I could do. If they were under insured but had policies well beyond their financial means I would explain what might be their best option pending the policies they had. If they had no insurance or were under insured I would then
20 arrange for a second meeting. At the second meeting I would then come with 3 different type of plans and let the customer choose which plan suit them the best. Generally however the customer would choose the middle range.

No policy is proper where a customer is likely to cancel the policy the moment they are in financial difficulties. A client must understand why it is important to have a policy and why it
30 should be as was entered into. A customer who understands the importance of a policy is not likely going to cancel the policy the moment they are a bit tight on monies, however a customer who doesn't understand the importance of the policy will generally cancel a policy when monies are tight. Hence, it is better to have a client who desires to engage in a policy recognising the value of it then just to sell a policy that is being the client's financial ability and/or is totally
35 inappropriate.

While banks are in selling insurance policies, in my view they shouldn't because while this might make money for the banks but it are the customers who are missing out.

If the bank fails so may the insurance policies. People who spend huge amount on policies may discover their future is down the drain because the monies they had anticipated to be saving
40 (such as with Whole of Live or Endowment insurance policies are all gone.

When we have the Government investigating for legislation that banks might be "too big to fail" then surely the banks insurance involvement which can decimate peoples future and may make them depending upon government to support them in times of financial need then this also must be considered.

45 I am very concerned that ordinary groceries stores, banks, etc, are involved in selling insurances where people basically are hoodwinked into paying for insurance policies that may be totally inadequate for them. Yet the premiums that they sellers receive are generally the same as had an trained insurance agent attended to their needs in a professional manner.

50 As such customers are still so to say slugged for the included agents c omission just no longer are receiving the services that they should be provided with.

5 In my view no commission should be payable to those who are not trained nor provide trained assistance to customers as it will cause bank staff lacking any training to dupe customers into inappropriate insurance policies merely because of the commission they (so the bank) can receive from it.

10 We have hard working citizens placing their trust in banks, etc, and for greed they are swindling those customers to obtain maximum commission regardless how inappropriate the insurance policies might be. This I view should be stopped.

15 To consider a "Bail in" without any consideration to regulate the banks (which subsection 51(xx) of the constitution was provided for) as to make it more securely manageable and avoid gambling by banks on derivatives, etc, to me is to aid and abet to rob customers ongoing without dealing with the real evil within the banking industry .

This correspondence is not intended and neither must be perceived to contain legal advice nor to refer to all issues/details.

MAY JUSTICE ALWAYS PREVAIL®

20 (*Our name is our motto!*)

Awaiting your response,  **G. H. Schorel-Hlavka O. W. B.** (Friends call me **Gerrit**)