

EXPOSURE DRAFT

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1
2
3
4
5
6
7
8
9

Inserts for
**Financial Sector Reform (Hayne Royal
Commission Response—Protecting
Consumers (2020 Measures)) Bill 2020:
Avoidance of life insurance contracts
(FSRC Rec 4.6)**

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Schedule 1	The day after this Act receives the Royal Assent.	

EXPOSURE DRAFT

Schedule 1—Increasing the standard for insurer avoidance of life insurance contracts

Insurance Contracts Act 1984

1 Subsection 29(3)

Repeal the subsection, substitute:

(3) If:

(a) the failure was not fraudulent or the misrepresentation was not made fraudulently; and

(b) the insurer would not have been prepared to enter into a contract of life insurance with the insured on any terms, if the duty of disclosure had been complied with or the misrepresentation had not been made;

the insurer may, within 3 years after the contract was entered into, avoid the contract.

2 Application

(1) The amendments made by this Schedule apply to a contract of life insurance that is originally entered into after the commencement of this item.

(2) If:

(a) a contract of life insurance that was originally entered into before the commencement of this item is varied after that commencement to:

(i) increase a sum insured under the contract in respect of one or more of the life insureds; or

(ii) provide one or more additional kinds of insurance cover; and

(b) the variation was not an automatic variation but was required to be expressly agreed between the insurer and the insured before the contract was varied;

then:

EXPOSURE DRAFT

1
2
3
4
5
6

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- (c) the contract is treated, to the extent of the variation, as if it had been originally entered into after the commencement of this item; and
 - (d) the amendments made by this Schedule apply to the contract to the extent of the variation.