

Quality of Advice Review – Conflicted Remuneration Consultation Paper Response

Name/Organisation: ClearView Wealth Limited

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

ClearView makes no comment on Proposal 1.

Life risk insurance product (Proposal 2)

2. Do you support Proposal 2, which requires financial advisers 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 life risk insurance product?

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

This proposal reinforces existing advice processes, which require advisers to outline the services they will provide and the fees and/or commissions they receive or are likely to receive in a Statement of Advice (SoA) or Record of Advice (RoA).

Notwithstanding Treasury's proposal to remove the requirement on advisers to produce a SoA, we believe it is best practice for advisers to obtain informed consent from clients to receive a commission.

Time-sharing schemes (Proposal 3)

3. Do you support Proposal 3, which recommends that the Government conduct a separate holistic review of time-sharing schemes and the way they are promoted?

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

ClearView makes no comment on Proposal 3.

Other Conflicted Remuneration exemptions (Proposals 4-7)

4. Do you support Proposals 4 -7, which remove or modify the existing exemptions to the ban on conflicted remuneration?

a) If you do not support any of these proposals, please state your reasons

b) Do you consider there to be any unintended consequences related to the implementation of Proposals 4 -7?

We are supportive of Proposals 4-7.

General

5. Do you have any other comments or feedback on the Quality of Advice Review Conflicted Remuneration Consultation Paper?

The proposals contained in the Quality of Advice Review - Conflicted Remuneration Consultation Paper are consistent with ClearView's longstanding position that consumers should be able to choose how they pay for life insurance advice, be that a fee, commission or a combination of both.

The proposal to retain the existing exemption in relation to life insurance recognises the important role of commissions in solving the advice affordability and accessibility puzzle.

It also recognises that over 90% of financial advisers accept commissions as remuneration for life insurance advice, which was highlighted in ASIC's life insurance advice file reviews.

However, a worrying observation made by ASIC is that the age and wealth of clients receiving life insurance advice is increasing.

ClearView is supportive of the broad range of proposals made by Treasury, which we believe will improve the accessibility and affordability of personal advice to all Australians.

We commend Treasury's commitment to working with the industry to ensure sensible reforms that encourage more people to seek professional advice and underpin a vibrant financial services industry.

6. Do you have any other comments on the regulation of conflicted remuneration under Chapter 7 of the Corporations Act?

No further comments.