

6 December 2023

Dr Andre Moore
Retirement, Advice and Investment Division
Treasury
Langton Cres
Parkes ACT 2600

By email: financialadvice@treasury.gov.au

Dear Dr Moore,

Submission to Delivering Better Financial Outcomes – reducing red tape and other measures draft legislation consultation

TAL Life Limited welcomes the opportunity to provide a submission to the *Delivering Better Financial Outcomes – reducing red tape and other measures* draft legislation consultation.

TAL is a strong supporter of financial advice. We recognise Australians need access to high quality and affordable advice in the way they want to receive it, whether it be from a financial adviser, superannuation fund or a product issuer. *Treasury Laws Amendment (2024 Measures No. 1)* (the Bill) takes important first steps towards reforming the financial services legislative framework to support better access to affordable financial advice for more Australians.

TAL's submission focusses on Part 5 of the Bill, relating to the introduction of informed consent requirements for commissions. TAL has identified an inconsistency between the intent of the Bill, as set out in the Explanatory Memorandum (EM), and its operation if the current drafting of the Bill were adopted. The EM explicitly states that consent for commission is required for personal advice only, but the Bill as currently drafted also requires consent for general advice or information only distribution models to rely on the LIF exemption. Neither the new section 963BB, which sets out the informed consent obligations, nor the other amendments made in the bill, limit the informed consent process to personal advice only.

For general advice or no advice models for life insurance, a requirement to obtain consent may work as a barrier to access in circumstances where customers do not pay (or wouldn't expect to pay) for the general advice or information they receive. This is different to personal advice where the customer is receiving a service from the financial adviser. Where a personal advice customer does not consent to commission, the adviser can alternatively agree with the customer to charge a fee for their services. This alternative does not exist under direct life insurance models. In these models, arrangements

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between life insurers and partners are in place to enable partner customers to access life insurance products, delivered digitally under general advice. If the customer does not consent to the insurer paying a benefit to a distribution partner, the insurance cannot be issued. This may ultimately result in reduced customer access to life insurance.

TAL recommends the Bill be amended to reflect the EM by limiting the consent regime to personal advice.

About TAL

TAL is one of Australia’s leading life insurers. Together with our partners, we protect over 5 million Australians against the financial risks of death, disability, and illness. In 2022-23 we paid more than \$3.5 billion in claims to 45,301 customers and their families. We provide life insurance cover in several different ways – through our partnerships with superannuation funds, via financial advisers, and directly to customers through digital and other platforms.

TAL is a part of the Japan based Dai-ichi Life Group. Starting with the Dai-ichi Life Insurance Company, which was established in 1902 as Japan’s first mutual insurance company, today the Dai-ichi Life Group is one of the world’s largest life insurance groups. Dai-ichi Life Group is also one of the world’s leading providers of retirement income products.

For further information

Should you have any questions regarding the information in this submission, or about TAL generally, we would be pleased to assist. Please contact in the first instance Mr James Connors, Head of Corporate and Government Affairs, on [REDACTED], or by email at [REDACTED]

Yours sincerely

[REDACTED]

Alex Homer
Chief Customer and Brand Officer
TAL Life Limited