

Policy Questions Arising From Module 6

1. The current regulatory regime is not adequate to minimise consumer detriment.

Give AFSC (the old FOS), jurisdiction for amounts up to \$1million.

Give AFSC jurisdiction to apply penalties of up to \$10 million dollars to financial institutions who do not act in good faith.

B. I do not completely understand this question however I will try to provide an explanation. What is presented to the claimant about what will be done for them is vastly different to what is going on behind the scenes in order to deny a claim. For example, I recently received a PDF from AIA called "WeCare". It is infuriating receiving these glossy online flyers when at the same time, they are making you jump through hoops to receive benefits.

C SALES

8. Monetary benefits given in relation to life risk insurance products should NOT remain exempt from the ban on conflicted remuneration. Unfortunately some people cannot control their greed and therefore place the potential policy holder in a difficult situation. Some members of the community are vulnerable and can taken advantage of by sales representatives eager to meet targets due to the rewards given.

9. There should never be sales targets to meet.

10. Direct sale of insurance via outbound telephone calls should most definitely be banned. 1. They are a nuisance. 2. There are too many vulnerable people in the community to be taken advantage of.

12. Yes, all financial services entities that maintain an approved product list MUST be required to comply with the obligations contained in FSC Standard No 24: Life Insurance Approved Product List Policy.

E CLAIMS HANDLING

17. Yes

18. Most definitely yes.

19. Most definitely yes

20. Most definitely yes

21. I offered for [REDACTED] to come to my house to see me personally while unwell to understand my condition. They declined this and instead carried out surveillance that relied on evidence that was inconclusive and lead to speculation rather than the truth. Surveillance should only be carried out when all other avenues have been exhausted and if there is a greater than 60% belief that the claimant is fraudulent.

General Insurance

22. When making a claim to settle, the insurer must act fairly and ensure that the policyholder is indemnified against the loss insured. This should not be restricted to general insurance. Also in the life insurance space, any wish to settle should not be at the disadvantage of the claimant.

F INSURANCE IN SUPERANNUATION

23.1, 23.2, 23.3. Yes

24.

25. Yes

26. Yes

27.

28.

G. SCOPE OF THE INSURANCE CONTRACTS ACT 1984(CTH)

29. No

30. An insurer MUST always apply a duty of utmost good faith when interacting with an external dispute resolution body.

31. Yes the 2013 amendments to section 29 of the Insurance Contracts Act 1984 (Cth) resulted in an “avoidance” regime that is unfairly weighted in favour of insurers. Now the insurer does everything possible to deny a claim and this includes going over with a fine tooth comb, the information given by the insured. An insured person is not an expert is filling such technical documents and can be easily confused by questions.

32.

H. REGULATION

33. Yes. The Life Insurance Code of Practice and the General Insurance Code of Practice apply to all insurers in respect of the relevant categories of business

34.1. Yes most definitely

34.2. Yes most definitely

35. Infringement notices should be served. The applicable number of penalty units in section 12GXC of the Australian Securities and Investments Commission Act 2001 should be increased to an appropriate number of penalty units to deter unconscionable behaviour. Yes, infringement notices could be of tiered severity.

I. COMPLIANCE AND BREACH REPORTING

37. Yes most definitely

38. The problem is that these entities do their best to remain in denial about their misconduct. Any person, whether they are an employee, or on the board, or a claimant should be able to report this behaviour to the relevant external body. Financial services laws and regulators MUST enforce strict penalties on these entities. The regulators must act quickly and hold thorough external investigations. They must then take action to ensure the entity pays any applicable fines and that claimant be compensated for damage caused by such cultural behaviour.

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