

# Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

## ROUND 6: SUPERANNUATION

### Submissions of the Life Code Compliance Committee

#### TOPIC 3: REGULATORY REGIME

On 4 September 2018 the Life Code Compliance Committee (**Committee**) was granted leave by the Commission to, inter alia, make written submissions at the conclusion of the Round 6 hearings *'about an issue which the applicant [Committee] can demonstrate to be an issue in which the applicant [Committee] has a direct or substantial interest.'*<sup>1</sup>

The witness statement of Anne Therese Brown, Chair of the Committee, was tendered in evidence.<sup>2</sup> Ms Brown was not called to give evidence before the Commission.

On 21 September 2018 Ms Sally Elizabeth Loane of the Financial Services Council gave evidence before the Commission regarding, inter alia, the operation of the Committee. It is the view of the Committee that this evidence contained some factual inaccuracies. The purpose of these submissions are to provide the Commission with corrections of those inaccuracies.

#### Evidence of Ms Loane

1. Ms Loane gave evidence that the Committee enters contracts with insurers.<sup>3</sup>

The Committee is funded and resourced by the Code subscribers<sup>4</sup> to monitor the Life Insurance Code of Practice (**Code**) in accordance with the Code and the Committee's Charter. It is not the case that all insurers 'enter a contract' with the Committee. Rather, insurers who are members of the Financial Services Council (**FSC**) are obligated to subscribe to the Code pursuant to clause 2.1 (a) of the Code. 25 out of 26 current Code subscribers fall into this category.

Non FSC members can become Code subscribers by entering into a formal agreement with the FSC and the Committee pursuant to clause 2.1(b) of the Code. 1 out of 26 current Code subscribers fall into this category.

---

<sup>1</sup> No. ORD-024

<sup>2</sup> Exhibit 6.402

<sup>3</sup> P-6452: 19-21

<sup>4</sup> Committee's Charter clause 2.4(a).

2. Ms Loane gave evidence regarding how the Committee responds to a breach of the Code.<sup>5</sup>

Whilst not necessarily inaccurate, the Committee does not consider that Ms Loane's evidence adequately describes the steps that the Committee may take in the event of a breach of the Code. To this end, the Committee refers the Commission to paragraphs 6-18 of Ms Brown's witness statement.<sup>6</sup>

3. Ms Loane gave evidence that the Committee has not imposed sanctions on subscribers to the Code<sup>7</sup> because the Committee *'hasn't actually reported on its first year yet'*<sup>8</sup> and, consequently, hasn't *'made those determinations yet'*.<sup>9</sup>

The Committee has not imposed any sanctions under the Code or its Charter as there has been no basis upon which to invoke its powers to do so. The Committee refers the Commission to paragraphs 6-8 of Ms Brown's witness statement.<sup>10</sup>

4. Ms Loane gave evidence that she did not know whether consumers have submitted 'complaints' to the Committee.<sup>11</sup>

We have assumed for the purpose of these submissions that where Mr Elliot, in his re-examination of Ms Loane, refers to consumers submitting 'complaints'<sup>12</sup> this is, in fact, a reference to consumers reporting to the Committee alleged breaches of the Code.

Whilst the Committee does not question the accuracy of Ms Loane's evidence at P-6455: 35, the Committee refers the Commission to paragraphs 14 and 17 of Ms Brown's witness statement<sup>13</sup> which confirms that individual consumers have reported alleged breaches of the Code to the Committee.

27 September 2018

---

<sup>5</sup> P-6452: 19-27

<sup>6</sup> Exhibit 6.402

<sup>7</sup> P-6453: 17-20

<sup>8</sup> P-6453: 25

<sup>9</sup> P-6453: 25-26

<sup>10</sup> Exhibit 6.402

<sup>11</sup> P-6455: 35

<sup>12</sup> P-6455: 34

<sup>13</sup> Exhibit 6.402