

25 June 2015

Suncorp welcomes life insurance reform

Suncorp has welcomed the life insurance reform package announced today by Assistant Treasurer Josh Frydenberg. The package, proposed by industry, outlines plans for a range of life insurance reforms including adviser remuneration, regulatory oversight and industry conduct.

The key aspects of reform would roll out over a three year transition period, with a full review scheduled for the end of 2018.

CEO Suncorp Life, Geoff Summerhayes said the announcement provided a clear direction for the industry and was a well considered response to a number of delicate issues.

“The industry has known change is imminent and this announcement provides much needed certainty about a way forward,” he said.

“We can now move on from discussion and debate to focus on actions that will improve the sustainability of the life insurance industry and benefit customers.

“In my opinion, the prior and ongoing work of Shadow Treasurer Chris Bowen and more recently Assistant Treasurer Josh Frydenberg has been outstanding. These Ministers have facilitated a solution that appropriately balances the interests of the stakeholders involved.

“The Government has been consultative with many advisers, consumer groups, insurers and industry and acknowledged that structural change will be challenging.”

The life insurance reform package is the culmination of a series of reviews into the industry, which started with the ASIC review of life insurance advice in 2014. ASIC’s findings prompted the independent review and recommendations put forward by John Trowbridge in March that has fuelled industry-wide negotiations with government.

Mr Summerhayes said the Trowbridge report had raised concerns from advisers about remuneration structures, but that should not be the single focus of reform.

“Adviser remuneration has been a hotly debated topic and consumed much of the attention. I recognise that advisers may experience some difficulty in adjusting, but I believe the long-term benefits will make the change worthwhile,” he said.

“We need to be putting just as much attention toward implementing an Industry Code of Conduct and simplifying processes and products so they are easier to understand for customers and feature modern-day benefits.

“The full reform package is required to enable a sustainable system and rebuild credibility and trust with our customers.”

Mr Summerhayes added Suncorp would be working through the details of the reform package to understand its requirements and identify areas where it could best support its stakeholders.

“It’s important that the entire industry works through this change together. We’ll be looking for ways to support our advisers and licensees so we can all achieve a sustainable future,” he said.

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