



Committee Secretary  
Senate Economics Legislation Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

7<sup>th</sup> March 2016

Email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Dr Dermody,

**RE: Inquiry into Corporations Amendment (Life Insurance Remuneration Arrangements) Bill 2016**

The Financial Planning Association of Australia (FPA) welcomes the opportunity to provide feedback to Senate Economics Legislation Committee on the Inquiry into Corporations Amendment (Life Insurance Remuneration Arrangements) Bill 2016.

The FPA would like to state our continued support for the Life Insurance Framework (LIF) reforms as agreed to with the Minister. This Bill and the Life Insurance Framework package provide a sensible approach which will help ensure the sustainability of the life insurance advice industry by providing businesses an appropriate amount of time to transition their business models.

We note that in our review and submissions to Treasury on the draft exposure to the legislation the FPA raised two main issues with the drafting to implement the Life Insurance Framework. These were: providing an appropriate three month grace period for submitted policies to be implemented at the end of each financial year at the commission rate applicable when the policy was submitted; and the potential issue around the grandfathering definitions of existing benefit payments when selling a business or transitioning to a new licensee. We note that the tabled Bill did include updated drafting to rectify these issues which we thank the Government for considering and implementing.

Lasting change in the life risk sector will ultimately be driven by higher professional standards, such as those adhered to by FPA members, and improving the public perception of the life risk advice service offerings. In particular, we aim to drive a competitive, professional, and ultimately a valuable service to Australian consumer through a separation of life risk advice from life risk products. A properly implemented Professional Standards and Education framework which the Government is currently working on, which places professionalism, appropriate levels of educational and ethical standards at the centre of professional behaviours, will go a long way to help better protect the financial future of Australians.



Should you have any questions or wish to discuss this further, please do not hesitate to contact me on 02 9220 4505.

Yours sincerely

**Dante De Gori**  
*Chief Executive Officer*  
Financial Planning Association of Australia Limited