



Australian Government  
The Treasury

**TSY/AU**

# Quality of Advice Review – Conflicted Remuneration Consultation Paper

Template for response

October 2022



# Consultation process

## Request for feedback and comments

Interested parties are invited to provide feedback on the proposals for reform listed in the Quality of Advice Review Conflicted Remuneration Consultation Paper using the template in [Appendix 1](#). Consultation will close at 11:59pm on Monday 14 November 2022.

While submissions may be lodged electronically or by post, electronic lodgement is preferred. For accessibility reasons, please submit responses in a Word or RTF format via email. An additional PDF version may also be submitted.

### Closing date for submissions: 14 November 2022

<b>Email</b>	<a href="mailto:AdviceReview@TREASURY.GOV.AU">AdviceReview@TREASURY.GOV.AU</a>
<b>Mail</b>	Secretariat, Quality of Advice Review Financial System Division The Treasury Langton Crescent PARKES ACT 2600
<b>Enquiries</b>	Enquiries can be initially directed to <a href="mailto:AdviceReview@TREASURY.GOV.AU">AdviceReview@TREASURY.GOV.AU</a>

## Appendix 1: Consultation template

Name/Organisation:

### General Insurance and consumer credit insurance (Proposal 1)

1. Do you support Proposal 1, which requires financial advisers or insurance brokers to obtain informed consent from their clients in order to be able to receive a commission from a product issuer for the sale of a general insurance product or consumer credit insurance?
  - a) If you do not support this proposal, please state your reasons

Yes, we support this proposal.

### Life risk insurance product (Proposal 2)

2. Do you support Proposal 2, which requires financial advisers to obtain informed consent from their clients in order to be able to receive a commission from a product issuer for the sale of a life risk insurance product?
  - a) If you do not support this proposal, please state your reasons

Yes, we support this proposal however we wish to clarify the frequency of obtaining informed consent. We read the proposal to mean obtaining initial informed consent only for both initial and ongoing commission. If our understanding of a once-only consent being required we support this proposal.

We would also like clarification that risk providers and platforms will not additionally seek the same consent, as in the current fee consent requirements.

It is our understanding that disclosing details of the nature of an ongoing service (i.e. claims assistance) would trigger fee disclosure requirements under the current law? If this is not the intention, then the law would need to explicitly address that no fee disclosure statements are required.

### Time-sharing schemes (Proposal 3)

3. Do you support Proposal 3, which recommends that the Government conduct a separate holistic review of time-sharing schemes and the way they are promoted?

a) If you do not support this proposal, please state your reasons

Yes, we support this proposal.

### Other Conflicted Remuneration exemptions (Proposals 4-7)

4. Do you support Proposals 4 -7, which remove or modify the existing exemptions to the ban on conflicted remuneration?

a) If you do not support any of these proposals, please state your reasons

b) Do you consider there to be any unintended consequences related to the implementation of Proposals 4 -7?

Proposal 4 – Yes as it appears to remove ambiguity

Proposal 5 – Yes, providing this requirement is self-regulated by switching off the ongoing commission or fee if advice is not provided in the preceding 12 months (*other than for life risk insurance advice*). We suggest some flexibility perhaps including a 30 – 60 grace period in the event a client cannot attend a meeting precisely within the 12 month period.

Proposal 6 – Yes, we support this proposal and the retention of performance related benefits under a balanced scorecard approach.

Proposal 7 – Yes, we support this proposal.

## General

### 5. Do you have any other comments or feedback on the Quality of Advice Review Conflicted Remuneration Consultation Paper?

The proposals are acceptable in the context of the whole QOAR recommendations, where no SoA's are required as this will make the provision of advice more affordable. We are pleased to hear that a review of the Code of Ethics will occur in 2023 to address any conflicting obligations.

In relation to consent to commission, as a licensee we would obtain this via a letter of engagement prior to providing advice, however a tick on the application form would further assist if there is a requirement for the risk provider to confirm that consent has been granted by the client.

### 6. Do you have any other comments on the regulation of conflicted remuneration under Chapter 7 of the Corporations Act?

No comment