

CONSULTATION PAPER 284: Example Statement of Advice for lifeinsurance: Update to RG 90

Hi Natasha,

Firstly I would like to thank ASIC for the opportunity to provide feedback to the update to RG90.

I think that that the theory behind simplifying the SOA is a step in the right direction. Clients could benefit greatly by the simplification of the SoA.

However opening the SOA with so much focus on commission is counterproductive. Yes, the industry needs to do more around commission disclosure rather than have it somewhat hidden in the back end of the SoA, but opening the SoA with commission disclosure is a very negative opening to an advice paper.

My preference would be to have the very first item on the SoA to be a condensed executive summary:

What are we recommending;

Why are we recommending this;

How much this will cost;

How much I am paid.

EG:

- I am recommending you apply for \$1,000,000 death and TPD Cover;
- This will help pay down debts and provide a lump sum in the event of a claim;
- The insurance will cost you \$1,000 p.a, deducted from your super fund;
- I am paid \$660 in year one, and \$220 p.a. in year 2 onwards from the recommended insurer.

As mentioned, opening with such a bold statement about commissions will only add to the negative light some people view advisers and commission in. The industry still has a negative stigma to commissions, so why should this be the first thing a client sees and be so prominent on the front page?

Thanks again for the opportunity,