

16 August 2017

Ms Natasha Nguyen  
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by email: [natasha.nguyen@asic.gov.au](mailto:natasha.nguyen@asic.gov.au)

**Re: ASIC CP 284: Example statement of advice for life insurance—Update to RG 90**

Thank you for the opportunity to comment *Regulatory Guide 90: Example statement of advice: Scaled advice for new customer (example SOA)* and Consultation Paper 284.

We have reviewed the submission of Consumer Action Legal Centre to this consultation, and endorse the comments within it.

Financial Rights Legal Centre (**Financial Rights**) strongly supports the development of an example Statement of Advice for Regulatory Guide 90 commend ASIC for developing an example SOA informed by insights from the field of behavioural economics and undertaking appropriate design and user testing process.

Financial Rights supports the inclusion of:

- the premiums they must pay for the recommended insurance, and how these can be paid,
- the total commissions the adviser will receive,
- the benefits, conditions and exclusions under the policy, particularly any exclusions relevant to them,
- the meaning of technical terms that are important to understanding the insurance, and
- the major consequences and risks of taking the advice.

With respect to disclosure of commissions on the front page of the advice, Financial Rights supports this prominence but would also point out as Consumer Action does, that counterintuitively - many people will trust their advisors even more when full disclosures are made, even if the commissions are potentially too high, exploitative or inappropriate. This is because they feel the advisor is being open with them and therefore more worthy of trust.

Financial Rights fully supports Consumer Action's call to monitor the results of this new approach, in this respect. Moreover we recommend that all the proposed changes, not just the front page commission disclosure - need to be monitored and analysed carefully within a behavioural context, to learn and improve the example SOA iteratively over time.

## Concluding Remarks

Thank you again for the opportunity to comment. If you have any questions or concerns regarding this submission please do not hesitate to contact Financial Rights on (02) 9212 4216.

Kind Regards,



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