

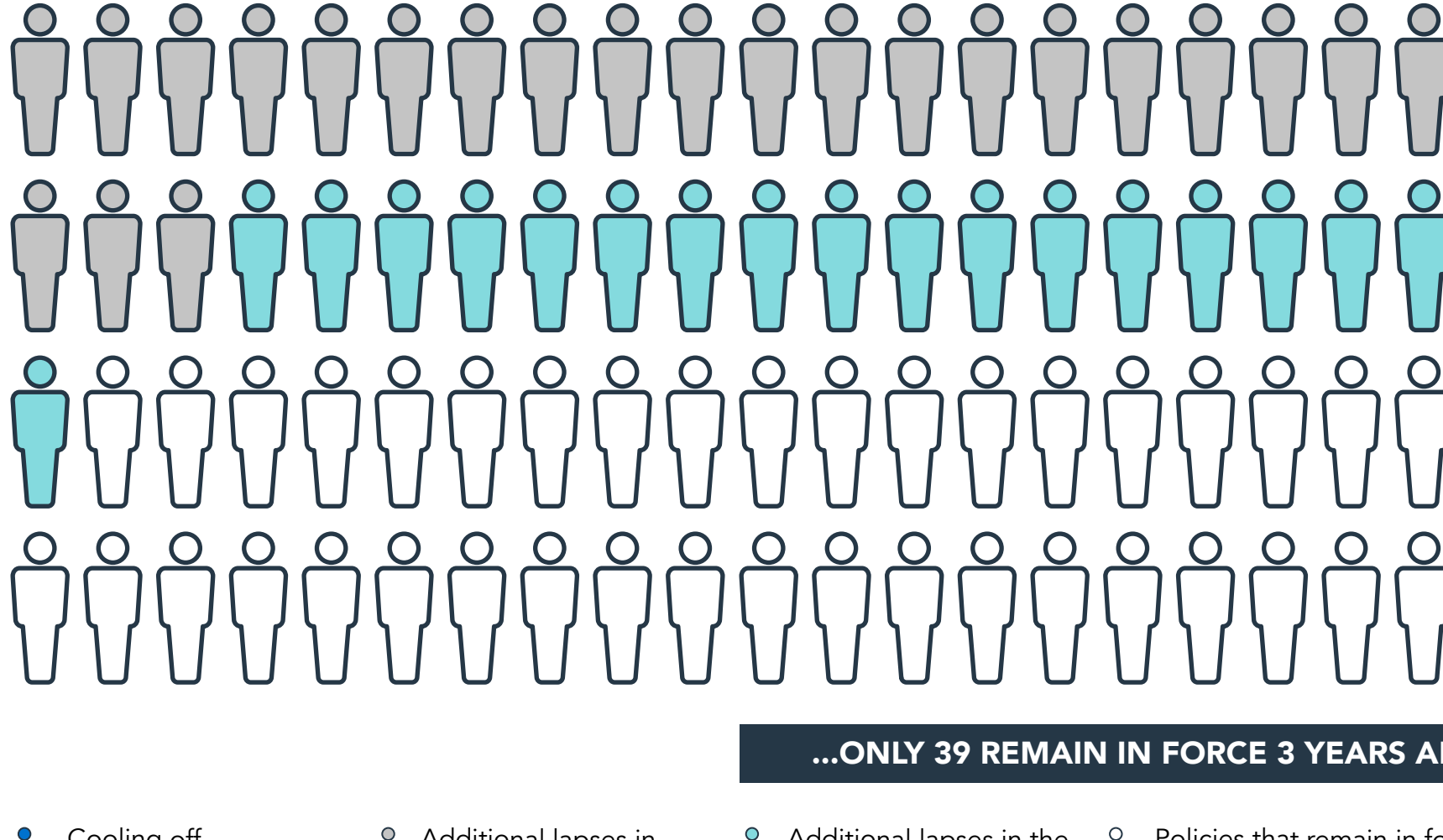


Improving the sale of direct life insurance

Too many consumers are experiencing poor outcomes.
Firms need to take action to raise standards in the direct sales channel.

Cancellation rates and unsuccessful claims are a sign people are being sold products they don't want, can't afford, or are not right for them

OF 100 LIFE INSURANCE POLICY SALES...



...ONLY 39 REMAIN IN FORCE 3 YEARS AFTER SALE

THE DATA SHOWS:



58% of claims accepted



15% of claims rejected



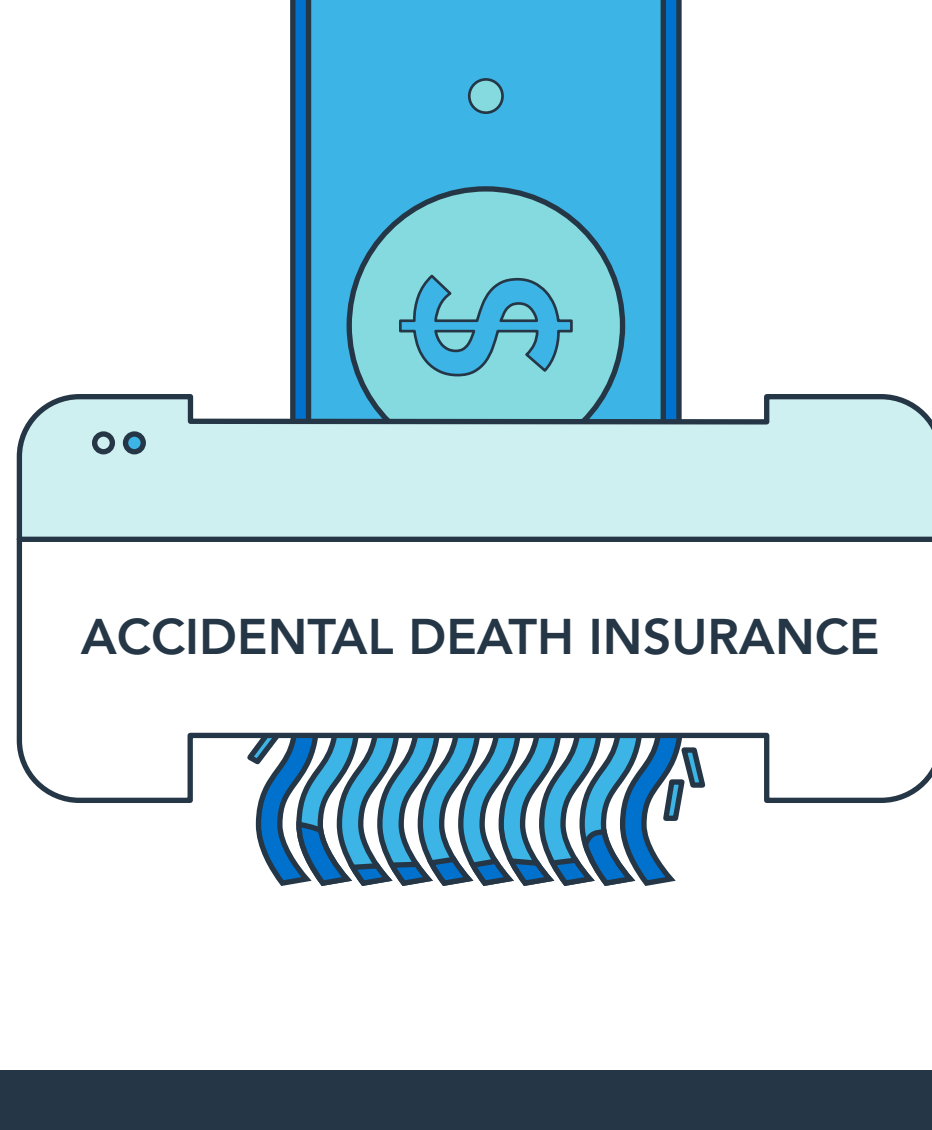
27% of claims withdrawn

SOME PRODUCTS OFFER LITTLE VALUE TO CUSTOMERS

Accidental death insurance claims ratio was...

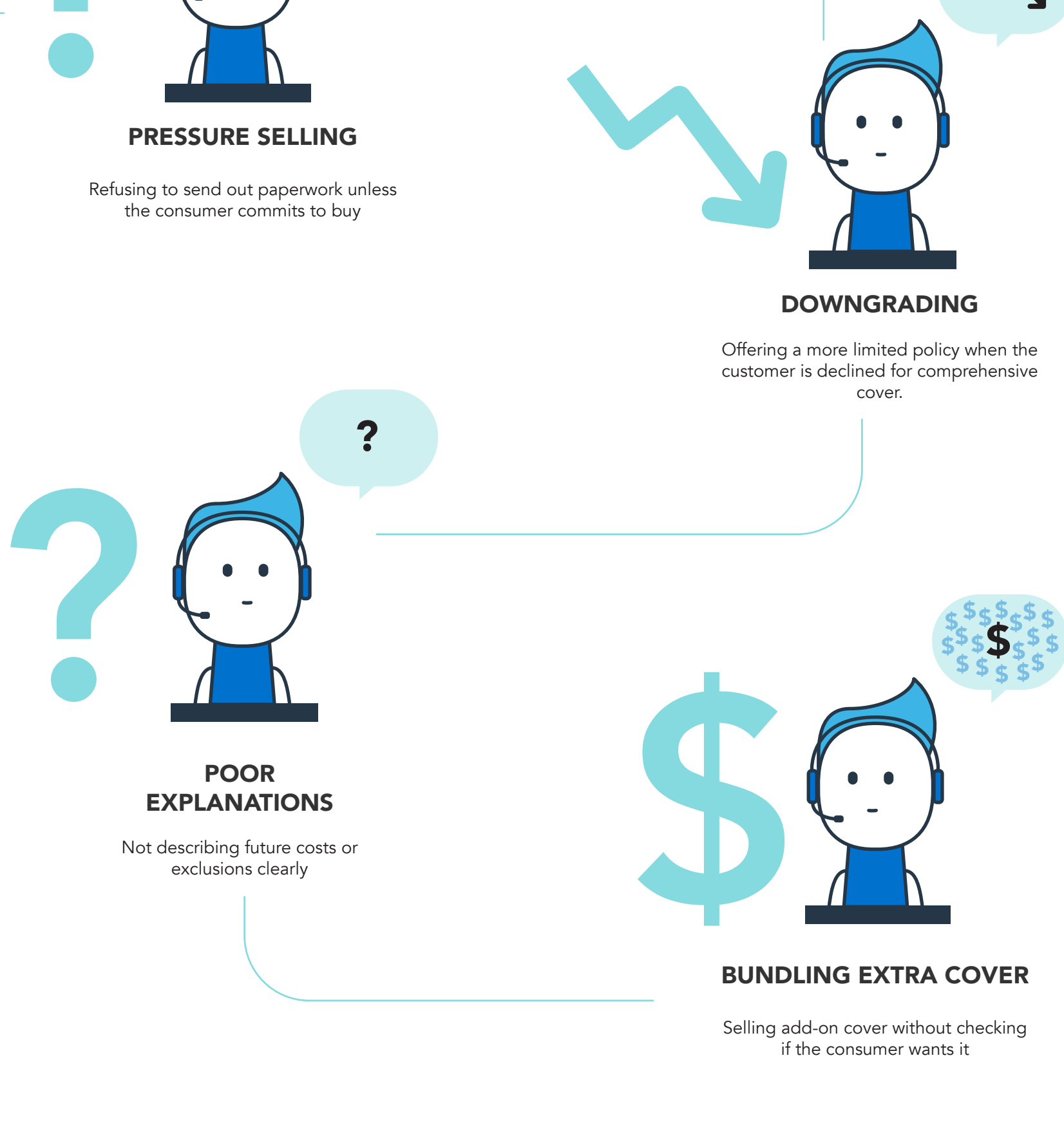
16.1%

That means for every dollar paid in premiums by consumers, only 16 cents was paid in claims.



ASIC found frequent poor sales conduct

CONSUMERS EXPERIENCED:



Business practices are driving poor consumer outcomes

Firms value statements put the customer at the centre, but their business practices did not.

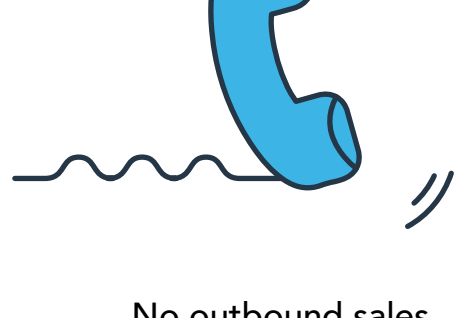
ASIC FOUND A NUMBER OF FACTORS CONTRIBUTE TO THE POOR CONDUCT WE OBSERVED



What good looks like

INSURANCE SHOULD BE BOUGHT, NOT SOLD

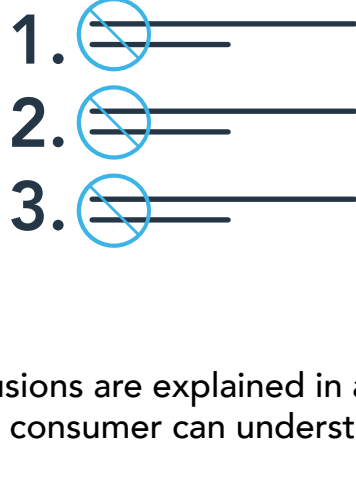
Firm culture puts consumer needs at the centre



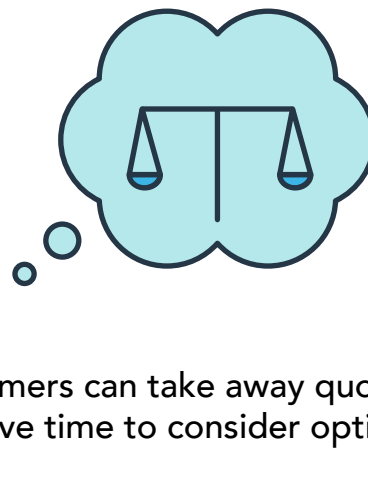
No outbound sales



There is clear information about future costs



Exclusions are explained in a way the consumer can understand



Consumers can take away quotes and have time to consider options

ASIC WILL:



Restrict outbound selling



Take enforcement action



Expect industry to respond and raise standards through their Code of Practice



Intervene if industry does not stop selling poor value accidental death insurance

