

**Wednesday October 12, 2016**

### **AIST welcomes heightened APRA and ASIC focus on insurance to improve consumer outcomes**

**The Australian Institute of Superannuation Trustees (AIST)** today welcomed moves by both the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investment Commission (ASIC) to improve consumer outcomes in life insurance products.

**AIST CEO Tom Garcia** said ASIC's report into the life insurance sector's handling of insurance claims would help regulators and other industry stakeholders prioritize key areas for improvement.

"Be it Life, Total & Permanent Disability (TPD) or income protection, group insurance is a critical component of superannuation and often the only insurance that members have," Mr Garcia said.

While the ASIC report found life insurers were paying the considerable majority of claims, it identified shortcomings in a number of areas of life insurance claims handling. This included considerable variation in declined claims among insurers for TPD (7% to 37%).

Mr Garcia said AIST supported ASIC's commitment to further investigating the variation in declined claims.

"Insurance is a very complex product, arguably more so than superannuation. There are many factors involved in the claims handling process so it's vital that we have a better understanding of the underlying drivers behind such apparent inconsistencies," Mr Garcia said.

"Where members are not getting value from their insurance, or worse, not getting pay outs that they are entitled to, this must be addressed," he added.

Noting the strong commitment across the super industry to ensuring members had access to sustainable and high quality insurance, Mr Garcia welcomed ASIC recommendations to establish a new public reporting process with APRA and strengthen the dispute resolution framework about insurance.

Mr Garcia said today's related move by APRA to outline its expectations for improvements to claims handling to both insurers and super trustees was also timely.

Mr Garcia said the Financial Services Council's new life insurance code was a good step in the right direction but more work needed to be done to improve consumer confidence in the system. Similarly, legislation introduced by the Government today that introduces caps on commissions for financial advisors selling life insurance outside super was also a move in the right direction however AIST reiterated its opposition to commissions-based selling of any insurance.

"Wherever insurance is sold, consumers have a right to expect that the way it is sold and the way the claims experience is handled meets best practice standards," said Mr Garcia.

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***AIST is the peak industry body for the \$700 billion not-for-profit super sector which includes industry, corporate and public sector funds.***