

24 December 2015

Manager  
Financial Services Unit  
Financial System Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Email: [lifeinsurance@treasury.gov.au](mailto:lifeinsurance@treasury.gov.au)

Dear sir/madam,

**Re: Life Insurance Reform Legislation**

**In brief:**

This exposure draft removes the exemption on benefits paid in relation to life insurance products from the ban on conflicted remuneration. AIST supports the removal of this exemption. AIST does not support the ability for ASIC to exempt certain payments by way of legislative instrument, and recommends that this be phased out by way of a sunset clause.

AIST welcomes the exposure draft which provides better alignment of consumers' interests with those who provide advice. We welcome the removal of the exemption of benefits paid in relation to life insurance products from the ban on conflicted remuneration. However, we do not support the provision granted in the exposure draft for ASIC to make these permissible in certain instances.

The report of the Parliamentary Joint Committee on Corporations and Financial Services in its report on the Inquiry into financial products and services in Australia (the "Ripoll Report") recommended that all payments from financial product manufacturers should end, noting the incompatibility of such payments with a duty to act in the best interests of clients.

We note that this exposure draft will still provide the opportunity for such payments from life insurers to advisers and consequently, we do not support the provision to allow ASIC to make criteria that allows for these payments. We recommend that a sunset clause be added to this power to ensure that it is eventually phased out.

If you have any further questions regarding this submission, please contact Richard Webb, Policy & Regulatory Analyst on 03 8677 3835 or at [rwebb@aist.asn.au](mailto:rwebb@aist.asn.au) .

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tom Garcia', is written over a light blue horizontal line.

Tom Garcia  
**Chief Executive Officer**

*The Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds.*

*As the principal advocate and peak representative body for the \$650 billion not-for-profit superannuation sector, AIST plays a key role in policy development and is a leading provider of research.*

*AIST provides professional training and support for trustees and fund staff to help them meet the challenges of managing superannuation funds and advancing the interests of their fund members. Each year, AIST hosts the Conference of Major Superannuation Funds (CMSF), in addition to numerous other industry conferences and events.*