

29 October, 2018

NIBA Submission to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

NIBA has responded to the Royal Commission's Questions arising out of the Round 6 hearings on insurance and related matters. NIBA has provided a submission to the Royal Commission, and has taken the opportunity to make a number of key points in relation to the important role insurance brokers play in advising and supporting their clients, and the value they bring to the community.

The submission notes that there has been no instances mentioned at the Royal Commission of serious or systemic misconduct by general insurance brokers, leading to poor client outcomes or detriment to consumers.

Indeed, the submission is able to point out the very low numbers of complaints against insurance brokers to the Financial Ombudsman Service or the Insurance Brokers Code of Practice Code Compliance Committee. Further, NIBA's discussions with ASIC and other government agencies have not indicated issues or concerns with the nature or quality of advice and support provided by insurance brokers.

For these reasons, the NIBA submission argues strongly that existing arrangements for the regulation of remuneration of insurance brokers acting for and on behalf of their clients are adequate and appropriate, and there is no basis or justification for any change to those arrangements. The submission outlines an extensive range of issues and concerns that are likely to arise if the current remuneration framework is changed in a significant manner, including negative impacts on clients and consumers.

The submission indicates the critical importance of individuals and small businesses having access to professional advice on risk and insurance matters, and on the wide range of insurance policies that are available in the marketplace at the present time. The current remuneration arrangements support this process, and enable the community to receive extremely valuable support and advice without cost, BEFORE any insurance policy is put into place.

The submission comments briefly on a number of other issues raised by the Royal Commission, and argues for careful analysis of any proposals, including a full cost/benefit analysis to ensure any changes are likely to result in genuinely positive benefits for consumers and the community.



NIBA will continue to monitor the progress of the Royal Commission as it now considers the policy issues that have arisen out of the six rounds of hearings that have occurred to date.

Dallas Booth

NIBA CEO

About NIBA

NIBA is an independent industry association representing approximately 320 firms and more than 3500 individual intermediaries, who handle almost 90 per cent of the commercial insurance transacted in Australia. Brokers play a major role in insurance distribution, handling \$18 billion in premiums annually and placing around half of Australia's total insurance business.

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