

**INDUSTRY NEWS**

# Trowbridge reforms pass second reading

The Corporations Amendment (Life Insurance Remuneration Arrangements) Bill 2016 passed the House of Representatives in November 2016 unopposed and is now on its way to the Senate.

Minister for Revenue and Financial Services, Kelly O'Dwyer told the House that:

*Access to appropriate life insurance products is in the long-term interests of Australian consumers. This bill, and the government's package of reforms, will fundamentally shift the industry to better align commercial incentives with the interests of consumers and make the life insurance industry more sustainable...*

The changes introduced in the bill have been the subject of wide ranging discussion and include a reduced cap of 60% on initial commissions and, eventually capping ongoing commissions at 20%. The bill will permit ASIC to set the maximum commission payable for certain life risk insurance products.

In her second reading speech, Minister O'Dwyer linked poor consumer outcomes and what she described as "alarming levels of poor-quality advice" to upfront commission payments and said that the measures were "*part of the government's broader work to help improve consumer outcomes in this sector*".

Regulations which provide a 12 month transition period during which stamp duty relating to death benefits may be included in the calculation of commissions, prescribing limited 'clawback' arrangements; and grandfathering of existing employee-employer remuneration, were provided in exposure draft form in April 2016.