



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

The Treasury
Langton Cres
PARKES ACT 2600
claimshandling@treasury.gov.au

25 January 2021

Dear Treasury

**Financial Sector Reform (Claimant Intermediaries) Regulations 2020,
Exposure Draft**

The Financial Planning Association of Australia (FPA) welcomes the opportunity to provide feedback on the Financial Sector Reform (Hayne Royal Commission Response) (Claimant Intermediaries) Regulations 2020.

The FPA supports the Government's goal of regulating the handling of insurance claims as a financial service. A substantial amount of activity in this area has previously been unregulated and exposed consumers to poor outcomes in their insurance claims. Bringing insurance claims handling within the purview of ASIC and the Australian Financial Services Licence (AFSL) framework will go a long way to address this issue.

Financial planners are already appropriately licensed and regulated by ASIC and so should not be exposed to any additional requirements to continue assisting their clients with insurance claims. On this basis, we support the exclusion of financial planners from the definition of claimant intermediary under the *Corporations Act 2001*.

Paragraph eight of the draft regulations sets a three-part definition for the exclusion of financial planners. This being: that the financial planner holds an AFSL to provide financial product advice; that they provide personal advice to a retail client; and that they represent that client making an insurance claim.

The FPA agrees that this is an appropriate scope for the exclusion as it will apply the exemption to financial planners who are already subject to ASIC oversight, bound by a best interest duty to their clients and are appropriately qualified to assist with an insurance claim.

The FPA is seeking clarification from the Treasury about the application of the exemption in circumstances where a client has changed financial planner and an insurance claim is the first substantive interaction between the client and their new financial planner. This situation can occur frequently for a variety of reasons, including that there is often a significant amount of time between a client receiving advice on an insurance policy and the point at which they might make a claim against that policy. In

this time, the client's original financial planner may have retired or the client may have relocated and engaged a financial planner in their new location. It is in the client's interest to be able to receive assistance with their insurance claim from their new planner immediately and the exemption should apply in these circumstances.

If you have any questions or would like to discuss the operation of this exemption further, please contact me directly at ben.marshan@fpa.com.au or on 02 9220 4500.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ben Marshan', with a long horizontal flourish extending to the right.

Ben Marshan
Head of Policy, Strategy and Innovation
Financial Planning Association of Australia