



## **MEDIA RELEASE**

26 March 2015

### **Statement from the FSC on the Trowbridge Report**

The Financial Services Council has today welcomed the independent Trowbridge Report which includes recommendations for structural changes to the life and advice industries.

Former APRA Member, John Trowbridge, authored the report which is in response to ASIC's *Review of Retail Life Insurance and Advice* released in October.

Sally Loane, CEO of the Financial Services Council said: "The Trowbridge report is comprehensive and covers a range of issues that stretch beyond the ASIC Review and the Financial System Inquiry."

"We welcome the Trowbridge report and will now take the time to consider these independent findings in consultation with our members. The industry needs to absorb Mr Trowbridge's recommendations and consider the complex, interrelated issues," Ms Loane said.

"Consumers must be at the centre of these considerations. Our aim is to ensure more Australians have access to quality advice and are covered for their most valuable assets – their lives and their quality of life."

"We commenced this process with the Association of Financial Advisers to help the advice and life insurance industries find a way to solve structural issues that were undermining trust and confidence and leading to poor consumer outcomes."

"Bringing the life and advice industries together to undergo an open and independent process in search of reform solutions – including changes in the culture of the industry as a whole – was a ground-breaking approach."

"John Trowbridge has conducted an extensive, thorough review that is of the highest quality. This has involved countless hours of consultation with a wide range of stakeholders including regulators, government, industry and consumer groups."

"Members of the FSC have also provided a significant contribution through information and consultation to the process," Ms Loane said.

#### **EDITORS' NOTE:**

In a report handed down in October 2014 ASIC expressed concerns about high lapse rates in life insurance and the quality of advice being given by some financial advisers. It indicated that high upfront commissions directly correlated to poor advice, and highlighted the misalignment between incentives and distribution channels and that some business models are outdated. ASIC urged the development of industry-wide solutions.

In the wake of the ASIC findings, the Financial Services Council and the Association of Financial Advisers agreed to find solutions to structural issues that were undermining trust and confidence in the industry and leading to poor consumer outcomes.

The FSC and the AFA formed the Life Insurance and Advice Working Group and appointed an independent chairman, actuary and former APRA Member John Trowbridge to conduct an independent review and to make recommendations for industry reform. The Final Trowbridge report was released on 26 March 2015.

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### **About the Financial Services Council**

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 130 members who are responsible for investing more than \$2.5 trillion on behalf of 11 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.