

INDUSTRY NEWS

Shelf space fees for preferred product lists in regulator's sights?

In February this year the Federal Parliament passed the Corporations Amendment (Life Insurance Remuneration Arrangements) Bill that removed the exemption from the ban on conflicted remuneration in the Corporations Act for certain life insurance products.

The legislation gives effect to the Trowbridge Review's recommendations to limit upfront commissions and the results of the Financial System Inquiry headed by David Murray.

It recently emerged at a Parliamentary inquiry that ASIC thinks that the fees paid to guarantee product placement on advisers' preferred product lists will come within this regime and arrangements will need to satisfy new conflicted remuneration guidelines after 1 January 2018.

ASIC remains highly active in the advice space, having issued a clarification of the use of the term "independently owned" in connection with advice businesses in a statement in June¹ and having just completed its professional-indemnity-insurance-review in August.²

¹See <http://asic.gov.au/about-asic/media-centre/find-a-media-release/2017-releases/17-206mr-asic-clarifies-its-position-on-the-use-of-independently-owned-under-s923a/>

²See <http://asic.gov.au/about-asic/media-centre/find-a-media-release/2017-releases/17-286mr-professional-indemnity-insurance-review-completed/>