

Will ASIC use new powers on insurance adviser remuneration?

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<https://www.moneymanagement.com.au/news/liferisk/will-asic-use-new-powers-insurance-adviser-remuneration>

The Australian Securities and Investments Commission (ASIC) may choose to use its Product Intervention Power (PIP) to act on issues such as insurance adviser remuneration, according to specialist financial services legal firm, The Fold.

In an analysis of the Design and Distribution Obligation (DDO) and the PIP, the Fold's Lydia Carstensen and Raj Kanhai said they believed ASIC would use the PIP to deal with a number of long-held concerns about particular sectors where there had been persistent failure to provide customers with protection or value for money.

The pair nominated noted that concerns about "choice architecture" would allow ASIC to effect real change in the motor vehicle industry and with respect to short term consumer credit for more vulnerable customers.

However they then noted risk adviser remuneration, stating that PIP "may allow ASIC to take decisive action even where the area has not been the subject of previous consultations or comprehensive review "for example, insurance adviser remuneration, which was not fully scrutinised during the Hayne Royal commission".

The two layers said that PIP was an outcome-focused power that allowed ASIC to focus on consumer protection, not whether the product was legally compliant".

"The PIP should serve as a strong motivation for product providers to ensure their products do not result in consumer detriment, regardless of whether the products they offer are legally compliant or exempt from regulation," they said.