

## MEDIA RELEASE

# JEFF MORRIS CALLS FOR LIFE INSURANCE APPROVED PRODUCT LISTS TO BE BANNED

Wednesday, 23 October, 2019: Bank whistleblower and financial industry thought leader Jeff Morris has urged the government to ban the use of life insurance Approved Product Lists (**APLs**) by vertically-integrated advice licensees, citing the inability of institutions to properly manage conflicts of interest.

In an explosive new paper on the consumer impact of APLs, commissioned by listed financial services company ClearView, Morris claims institutionally-aligned Australian Financial Services Licensees (**AFSLs**) continue to funnel new clients into inhouse products, potentially in breach of the Best Interest Duty obligations.

“In putting this paper together, it became clear that institutionally-aligned AFSLs knew all the right things to say and how to look remorseful but scratch the surface and there have been no real changes to the culture and practices inside these organisations,” he said.

“Heavily restricted life insurance APLs are still the norm and not even heat from the recent Financial Services Royal Commission has been enough to compel them to apply higher standards and put their clients first.”

Titled, *Approved Product Lies: Combating the manipulation of advice*, the paper claims that there is no reasonable basis to exclude from advice consideration any of the 12 retail life insurers regulated by the Australian Prudential Regulation Authority (**APRA**) given they are all subject to strict capital requirements and all offer quality products.

It partially attributes the distinct lack of innovation in life insurance to limited APLs which have shielded institutional life insurers from competitive pressures for decades and effectively mitigated against the risk of competition and evolution.

“If the nature, purpose and intent of the Future of Financial Advice reforms and the Royal Commission’s recommendations are to improve advice quality, address conflicts of interest and boost transparency to ensure a better deal for consumers then I don’t see how restricted APLs can co-exist in the new regulatory environment,” Morris said.

“APLs are at odds with the government’s agenda and changing community standards, and it is time for unrestricted choice of life insurance provider to be mandated.”

The paper, which features commentary by ClearView Managing Director Simon Swanson and the pioneer of life insurance research in Australia, Sue Laing, traces the inception of APLs back to the 1980s and also tests the APL hypothesis, which Morris concludes does not stack up.

“Jeff’s findings continue to raise major concerns about the advice industry’s structure; the limited product choice available to consumers, particularly in life insurance; and the inability of the Financial Services Council to get its members to voluntarily adhere to high standards,” Mr Swanson said.

“It’s often suggested that people don’t deliberately act in bad faith but rather mistakes are made unintentionally. However, it is no accident that the vast majority of clients connected to an institutionally-aligned financial adviser find their way into inhouse products. If the regulator agrees that this is not a coincidence but rather the orchestrated outcome of flawed processes then they must act to ban restricted APLs.”

Download a free copy of *Approved Product Lies: Combating the manipulation of advice* at [www.futureofadvice.com.au/approved-product-lies-whitepaper/](http://www.futureofadvice.com.au/approved-product-lies-whitepaper/)

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#### **About the Jeff Morris**

*Jeff Morris studied Economics and Law at the University of Sydney and was a Certified Financial Planner. He has accumulated over 30 years in the financial services industry including roles at Deloitte & Touche, Towers Perrin, Bankers Trust Australia, NatWest and Commonwealth Bank.*

*In 2008 he joined Commonwealth Financial Planning and soon after exposed serious misconduct in the organisation. Jeff ultimately becoming known for his role as a whistleblower and was the catalyst for a Senate Inquiry into the Australian Securities and Investments Commission. Jeff hopes his actions have helped deliver better financial advice for ordinary Australians. He continues to speak publicly on misconduct in the industry and advocates for the rights of whistleblowers.*

#### **About ClearView**

*ClearView Wealth Limited is an ASX-listed diversified financial services company that specialises in life insurance, wealth management and financial advice solutions. The group partners with financial advisers to help more Australians grow and protect their wealth and achieve their financial goals.*

*As at 30 June 2019, the group had \$252.6 million in inforce premium, \$2.76 billion in funds under management and 227 financial advisers. ClearView has been independently rated No. 1 in claims customer satisfaction.*