

**From:** Tenancy No Reply  
**Sent:** Wednesday, 5 June 2019 12:23 p.m.  
**To:** Insurance Review  
**Subject:** Response to Review of Insurance Contract Law quick form

**What is your feedback on the overarching duties? Which option do you prefer and why?**  
**What is your feedback on the options to improve product design? Which option do you prefer and why?**  
**What is your feedback on the options to improve product distribution? Which option do you prefer and why?**

Legacy and Closed Products

The principal of Myers Financial Services, Trevor Myers 'AFA', has extensive experience with the sale of legacy, whole of life, bundled and other closed products having sold them for over a 30-year period. He has a strong understanding, belief and passion for these products and over the past 10 years has specialised in servicing and advising clients who hold these products.

Many of these Legacy policies, are “Category 1” investment class products, which only an Authorised Financial Adviser (AFA) can provide advice on. However most Insurance companies have allowed Registered Financial Advisers (RFA) to continue to retain servicing rights and receive the associated commission trails, although they are not able to legally provide advice or service on these products.

A lot of Advisers have legacy products as a result of register acquisitions. Based on experience and observations, these policyholders have received limited advice or service due to their new Adviser’s lack of expertise, time and financial incentives.

There are a number of factors unique to these contracts, many of which are not always known by Advisers and in some cases, Insurance companies. Examples of issues with these policies are:

- The “Gone No Address” ratio of the policy owners is very high, at around 30%. Also, the percentage of policy holders who have provided the correct address, but where the contact phone number or email address is not recorded is approximately 20%
- Attempts to have these clients respond to a mail out is rarely effective
- Many policies held by the life insured were purchased by a family member, usually a parent and the policyholder’s knowledge of the structure and benefits of their policy is sometimes very limited
- Some policies have sizeable cash balances from \$5,000 upwards to over \$100,000. Informing the errant policyholder that these proceeds and insurances exist is often not undertaken. A considerable amount of detective work is required to locate these people and provide this information.
- Policies that have a cash value, unpaid premiums and policy loan interest costs are common. These policies incur compounding interest debt, which dramatically erodes the policies value
- Many policyholder’s believe they have maturing policies when predominantly they are whole of life contracts, with no actual maturity date. This situation can have dramatic effects on their expectations
- Unclaimed death benefits are possible for the client’s estate to claim, as these products are commonly paid manually, benefits are sometimes untraceable for estate professionals.

Good investigation and follow up processes ensures that unclaimed benefits are identified and paid

- Life covers within some policies often cease at an early age, but most have a convertibility option, not always known to the policyholder. The critical date before it has to be converted often passes and the opportunity is gone without the policyholder realizing their lost opportunity. Proactive servicing of these old clients aids them to retain often non-obtainable cover they have invested in for many years.

The number of clients within this Legacy segment is in the 10's of thousands and a more proactive service approach is needed.

**What is your feedback on the options relating specifically to insurance claims? Which option do you prefer and why?**

**What is your feedback on the options for tools to ensure compliance? Which option do you prefer and why?**

**What is your feedback on who the conduct regulations should apply to? Which option do you prefer and why?**

**What is your feedback on the initial preferred package of options?**

**Do you have any other general feedback?**

**Your name**

Trevor Myers 'AFA'

**Your email address**

Privacy of natural persons

**Your organisation**

Myers Financial Services Ltd

**In what capacity are you making this submission?**

individual

**Other capacity**

**Privacy act/release**

**Can we include your name or other personal information in any information about submissions that we may publish?**

yes

**We intend to upload submissions to our website. Can we include your submission on the website?**

yes

**You may ask us to keep your submission, or parts of your submission, confidential. If so, you'll need to attach reasons and grounds under the Official Information Act 1982 for consideration.**

no

**You've indicated that you would like us to keep your submission confidential. Please give your reasons and grounds under the OIA that we should consider.**