

# LIFE INSURANCE REMUNERATION BILL PASSES PARLIAMENT

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Legal Briefings - By **Michael Vrisakis**, **Claire Machin** and **Tamanna Islam**

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On 9 February 2017, the [Corporations Amendment \(Life Insurance Remuneration Arrangements\) Bill 2016 \(Cth\)](#) (**Bill**) finally passed both Houses without amendment. The Bill is now awaiting Royal Assent.

The Bill:

- removes the exemption in the Corporations Act from the ban on conflicted remuneration for benefits paid in relation to certain life risk insurance products;
- allows limited exemptions for benefits paid in relation to life risk insurance products so that level commissions or capped upfront/trail commissions (that are subject to clawback) will be permitted;
- allows regulations to prescribe circumstances where a benefit paid in relation to life insurance is conflicted remuneration even where no advice is provided. Likely circumstances to be addressed by the regulations will be volume based benefits paid in relation to the giving of information to a consumer when they acquire a life risk insurance product, or in relation to dealing (including arranging) activities associated with the acquisition of a life risk insurance product;
- enables ASIC to make a legislative instrument to permit benefits in relation to life insurance to be paid, provided certain requirements are met (e.g. caps and clawback arrangements); and
- permits grandfathering of benefits for life risk insurance products issued before 1 January 2018.

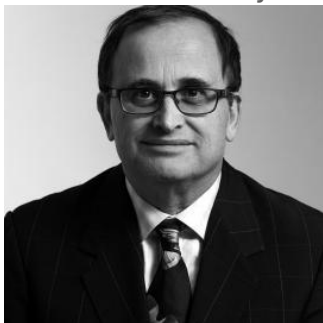
A small number of changes will come into effect on the date of Royal Assent. The majority of changes will come into effect on 1 January 2018.

Please contact a member of the [Herbert Smith Freehills team](#) to better understand how these changes may affect your business.

*This article was written by Tamanna Islam, Solicitor, Sydney.*

## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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