



LifeInsuranceDirect.com.au questions premium price spike

SYDNEY: 7 September, 2015 – lifeinsurancedirect.com.au is questioning whether the current spike in premiums on life insurance offered by insurers to consumers via financial advisers amounts to price gouging.

“We have received letters from a number of top insurers, some of them indicating premium price rises of up to 20 per cent,” said lifeinsurancedirect.com.au CEO, Russell Cain. “All of these insurers cite sustainability as the reason behind the price hike.”

But Mr Cain said the price increases, which will make it more expensive for consumers to buy life insurance via advisers, comes at a time when large insurers are campaigning to slash commissions paid to advisers.

“Logically, lower commissions should mean cheaper premiums for consumers, not more expensive ones,” Mr Cain said. “However indicators from insurers are that prices will continue to rise. This leads us to question whether life insurers are price-gouging.”

Lower commissions will mean distribution costs for insurers will dramatically reduce, while premium price rises mean their revenue will dramatically increase. “Together, all this does is improve the insurer’s bottom line,” Mr Cain said. “It’s certainly not in the best interests of consumers and neither does it help maintain the sustainability of the thousands of small financial advice businesses who provide the real human connection that clients and claimants so desperately need.”

Ultimately, Mr Cain said consumers will have reduced access to advice, less product choice and higher life insurance costs.

“We believe this is an attempt by some of the insurers, many of whom are owned by the major banks, to continue to push consumers into their own direct products,” he said.

In June, Lifeinsurancedirect.com.au released data which revealed that direct life insurance policies are usually more expensive than those offered via financial advisers. “Consumers who buy direct policies may pay as much as 100% or more for life insurance products than those who take up policies offered via advisers,” Mr Cain said.

If commissions are reduced as proposed and prices keep rising as forecast, Mr Cain fears more advisers will exit the life insurance industry.

“Fewer advisers will translate to fewer life insurance options for consumers which can only increase Australia’s billion-dollar underinsurance problem,” he said. “Surely any changes as wide reaching as the ones proposed should help prices go down and make life insurance for the consumer – who isn’t paid a life insurance or bank executive’s salary – more affordable.”

To help consumers make better-informed choices about life insurance, [Lifeinsurancedirect.com.au](http://lifeinsurancedirect.com.au) created the Life Insurance Direct Quote Index that allows Australians to directly compare the cost of various types of life insurance policies – visit <https://www.lifeinsurancedirect.com.au/quote-index/>

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About lifeinsurancedirect.com.au

Life Insurance Direct Australia (lifeinsurancedirect.com.au) is one of Australia’s leading life insurance comparison websites. We compare a range of major life insurance companies to offer clients comparison reports, education and assistance.

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