

'Predatory' funeral insurance in royal commission's sights

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The royal commission into misconduct in finance will investigate concerns of "predatory" behaviour by funeral insurance companies, which have been accused of targeting Indigenous people with unsuitable products.

As the inquiry focuses on issues affecting Indigenous communities, senior counsel assisting, Rowena Orr QC, on Monday said the commission would this week look at cases including a Yolngu woman, from Arnhem Land in the Northern Territory, who had been sold funeral insurance she "did not understand and could not afford." "Consumer bodies told the commission about predatory sales practices of funeral insurance companies and about the provision of inappropriate policies to Aboriginal and Torres Strait Islander people," Ms Orr said.

Ms Orr made the comments as the commission opened a week of hearings in Darwin that will also look at problems Indigenous people face in dealing with financial services firms, including high bank fees and access to banking services.

The commission will question ACBF Funeral Plans, a Gold Coastbased company which says it is the only insurer with policies specifically designed for Indigenous people. Sydney-based Select AFSL, which trades as Let's Insure and sells products including funeral cover, is also to appear.

Consumer advocates say Indigenous people in remote areas are at particular at risk of being exploited by funeral insurance businesses because these communities put a high level of importance on funerals, but were more likely to be financially disadvantaged.

Ms Orr also hinted at the potential for law reform, by saying the corporate regulator's powers to intervene in some types of funeral insurance were "less than clear cut".

Aside from funeral insurance, Ms Orr said the commission had also been told that access to superannuation was a common concern for Indigenous people in remote areas.

Banking fees will also be investigated by the commission later this week, Ms Orr said, pointing to the high cost of basic banking services for people on low incomes in remote areas, who often have little choice when trying to withdraw cash.

ANZ Bank would appear later in the week, she said, to face questions over a customer's experience in trying open a no-fee bank account in the NT town of Katherine.

ANZ will also be questioned about "informal overdrafts" – where a bank can charge a customer anywhere between \$10 and \$30 in fees if they overdraw their bank accounts.

Ms Orr pointed to an industry code of conduct that said banks should not take more than 10 per cent of a customers' welfare payments when recouping amounts that had been overdrawn or

fees.

“In some circumstances, Aboriginal and Torres Strait Islander people may not have understood that they had an overdraft facility, and the terms on which it is provided,” Ms Orr said, speaking about the industry in general.