

Call to prosecute funeral hucksters

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Potential criminal charges have been recommended against notorious funeral insurer Aboriginal Community Benefit Fund, a private company run by non-Aboriginal people that pushed largely useless funeral plans on thousands of indigenous children and babies.

In a raft of submissions to the banking royal commission by counsel assisting Rowena Orr, the commission heard it was open to find ACBF had breached three sections of the Australian Securities & Investments Commission Act which regulate misleading conduct — including a breach that is open to criminal charges.

It followed a week of gruelling hearings held in the Northern Territory Supreme Court in Darwin, where the commission probed the dealings of financial services companies with Aboriginal and Torres Strait Islander people.

The sordid tales of gouging of remote and regional communities included banks not having procedures to prevent charging overdraft fees to disadvantaged customers, dodgy car dealers exploiting relief payments made to Cyclone Yasi victims with skyhigh interest rates on loans, and life insurers preying on indigenous mourning ceremonies.

“ACBF plays on the cultural significance of funerals to Aboriginal and Torres Strait Islander people, and indigenous mortality statistics, to actively sell its policies to children and young people in those communities, in circumstances where they have little need for the product,” Ms Orr told the royal commission.

“ACBF’s health classification system may result in Aboriginal and Torres Strait Islander people paying more than they would if they obtained funeral insurance from another insurer. This policy is unlikely to cover all aspects of sorry business.”

Another life insurer, Select AFSL, which used high-pressure sales tactics to push Let’s Insurebranded funeral plans on Aboriginal customers, was said by Ms Orr to have engaged in unconscionable conduct in selling its policies in contravention of three sections of the ASIC Act.

She said it was also open to commissioner Kenneth Hayne to find Select AFSL had breached four sections of the Corporation Act regarding the provision of personal advice, of providing products without consent and the failure to notify ASIC of misconduct. Select AFSL might also have breached a section of the Insurance Contracts Act, Ms Orr said.

The commission heard ACBF was deducting money from the Centrepay benefits of about 6000 Aboriginal and Torres Strait Islander people despite not knowing where they were.

