



## **MEDIA RELEASE**

**17 December 2021**

### **Organisations call for extra time for funeral policy holders to claim against failed Funeral Insurance Fund**

Financial Counselling Australia, Tender Funerals Australia and Social Ventures Australia (SVA) are supporting the call from Mob Strong Debt Help and the Financial Rights Legal Centre to ensure First Nations people are paid the refunds they are owed in full following the collapse of a funeral insurance fund.

We have written to Robson Cotter Insolvency Group, the administrator of the Aboriginal Community Benefit Fund (ACBF) No. 2 Pty Ltd, calling for an extension of the timeframe for policy holders to lodge 'proof of debt' forms.

The closing date for claims is currently 22 December 2021, less than a month after the administrator was appointed.

We are calling for the closing date to be extended until at least the end of February 2022.

"The closing date for claims is unfair and unreasonable, given the circumstances of some 2,000 First Nations' policy holders who may have claims against the Fund," said John Corker, Director of Tender Funerals Australia.

"Most policy holders live in regional or remote communities where information flow is slow and time is required for outreach to these communities," he said.

"We are really concerned the short timeframe means many vulnerable First Nations' consumers will miss out on claiming what they are owed," said Financial Counselling Australia CEO Fiona Guthrie.

"It is unconscionable that First Nations people who have been harmed by the mis-selling of funeral expenses policies might lose all of what they have paid," she said.

“SVA’s analysis of the funeral financial product market has shown us that many First Nations families participated in programs like this because they believed it would allow them to plan for a funeral with dignity. They have been misled into paying more than what their policy is worth,” said Lou Campbell, Director, SVA Consulting.

“Losing their refund will have significant personal and financial impact for these First Nations communities. An extension to the timeframe will provide an appropriate and genuine opportunity for these consumers to claim the refund they are entitled to, and avoid these negative consequences,” she said.

***Aboriginal and Torres Strait Islander people who have funeral insurance policies with Aboriginal Community Benefit Fund Pty Ltd are urged to contact Mob Strong Debt Help at the Financial Rights Legal Centre on 1800 808 488 as soon as possible.***

For further comment please contact:

- Fiona Guthrie, CEO Financial Counselling Australia on 0402 426 835
- Lou Campbell, Director, SVA Consulting on 0432 970 211
- Jenny Briscoe-Hough, CEO Tender Funerals Australia on 0425 277 118

### **About Financial Counselling Australia**

FCA is the national voice for the financial counselling profession in Australia. It is a not-for-profit organisation that works to improve hardship processes for people in financial difficulty. Financial counsellors are qualified professionals who provide information, advice and advocacy to people in financial difficulty. Their services are non-judgmental, free, independent and confidential.

### **About Tender Funerals Australia**

Tender Funerals Australia is a not-for-profit organisation that ensures that those experiencing financial hardship or distress are able to access personalised, meaningful and affordable funerals. We believe no-one should be unable to access a meaningful funeral and no-one should go into debt as a result of paying for a funeral. Tender Funerals Australia works to enable access to meaningful funerals for families and communities and support efforts to reduce funeral financial hardship.

### **About Social Ventures Australia**

Social Ventures Australia (SVA) is a not-for-profit organisation that works with partners to alleviate disadvantage – towards an Australia where all people and communities thrive. We influence systems to deliver better social outcomes for people by learning about what works in communities, helping organisations be more effective, sharing our perspectives and advocating for change.

SVA Consulting has been working with partners to tackle funeral financial hardship and developing new ways for people to prepare financially for funerals.

## Backgrounder

ACBF is owned by Youpla. The fund was only open to First Nations Peoples and Youpla were required to stop taking new members in 2004 by an undertaking given to ASIC in Federal Court proceedings.

Youpla runs two other similar funds offering funeral expense policies. The ACBF Plan was established in 2005 as a result of ACBF's undertaking to ASIC to cease accepting new members of Fund 2. According to the Banking Royal Commission, the ACBF Plan had 13,460 policies in 2018. The Financial Rights Legal Centre has called on Youpla to clarify the future of these funds.

Many First Nations consumers are owed refunds for premiums paid to companies in the Youpla group under the false belief they were an Aboriginal community owned and controlled organisation at the time they took out their policy.

The Financial Rights Legal Centre has represented eleven policy holders in ACBF Fund 2 matters on the basis that they were misled into entering into the Fund. The Australian Financial Complaints Authority found in favour of seven of these clients with four of these clients still waiting for their refunds. For more information see '*Policyholder Refunds For Aboriginal Community Benefit Fund Pty Ltd No. 2 Pty Ltd At Risk*' at

<https://financialrights.org.au/policyholder-refunds-for-aboriginal-community-benefit-fund-pty-ltd-no-2-pty-ltd-at-risk/>

Some findings made in relation to ACBF (now Youpla) in the Royal Commission were (at p. 452-6 Interim Report):

- “there are a number of features of ACBF's products that indicate that those products were neither tailored to meet the needs of Aboriginal and Torres Strait Islander people nor beneficial for them.
- ACBF was the 'only insurer with significant numbers of persons insured under 30 for whom premiums were being paid.
- ACBF did rely on the cultural significance of funerals to Aboriginal and Torres Strait Islander people, and to Indigenous mortality statistics, to actively sell its policies to children and young people in those communities.
- ACBF is not an Aboriginal organisation nor is it affiliated with any Aboriginal or government organisation.
- ACBF engaged in conduct that fell below community standards and expectations in a number of respects.
- ACBF is a low value product, when understood in light of the claims paid as a percentage of premiums received.”

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