

Wednesday April 20, 2016

Insurance Council of Australia statement on changes to ASIC powers and funding

The following comments are attributable to Rob Whelan, the CEO of the Insurance Council of Australia:

The Insurance Council of Australia (ICA) welcomes moves by the Federal Government to bolster the resources and powers of the Australian Securities and Investments Commission (ASIC). The ICA recognises that properly-resourced regulators play a vital role in maintaining confidence in the country's financial sector, which is a key contributor to economic growth and employment. The ICA anticipates the new funding model and powers will better equip ASIC to meet the expectations of financial services consumers.

It is essential that the proposed new funding model creates incentives for the regulator to maximise efficiency in order to keep costs down for financial services providers and their customers. The general insurance sector poses lower systemic risks relative to other sectors, and this should be reflected in the volume of any levy for general insurers. The ICA looks forward to the opportunity to consult with the government as it seeks to design and refine the funding model.

ICA members who provide general insurance are already subject to the industry's long established self-regulation regime through the General Insurance Code of Practice. The Code commits insurers to mandatory standards of service that are above and beyond their statutory obligations, and enhances the rights of consumers. The Code Governance Committee (CGC) is the independent body responsible for monitoring and enforcing Code compliance.

The ICA and its members enjoy a constructive and cooperative relationship with ASIC. The industry has a strong track record of collaborating with ASIC on initiatives of benefit to consumers. For example, the industry proactively sought to explore improvements to product disclosure through the independent Effective Disclosure Taskforce established by the ICA. The ICA has since engaged with ASIC on its extensive work program to implement the recommendations of the Taskforce.

The ICA looks forward to participating in consultation on new product intervention powers for ASIC and product issuer and distributor obligations recommended by the Financial System Inquiry once more detailed proposals are made available by government.

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