

Thursday November 12, 2020

Insurers welcome tabling of Hayne Royal Commission legislation in Parliament

The Insurance Council of Australia (ICA) welcomes the next steps in implementing the recommendations of the Financial Services Royal Commission (FSRC) by the tabling of legislation in the House of Representatives today.

Today's bills will implement change such as how various insurance products are sold or offered to customers. As such the ICA will work closely with the Government to ensure reforms detailed in the legislation can be implemented effectively by insurers and ensure consumer outcomes are improved.

ICA CEO Andrew Hall said: "The Insurance Council fully supports the intention of the Hayne recommendations and recognises the importance of the legislation.

"Insurers have been preparing for implementation since the draft bill was released in January, and today's Bill provides the details need by businesses to adjust their operations.

"The ICA acknowledges that its concerns about the potential negative impact of some provisions of the original draft legislation have been considered while still being consistent with the policy intent of the FSRC recommendations. For example, there is greater clarity about how hawking prohibitions will be strengthened and there is more certainty about the application of claims handling obligations to service providers."

Australian insurers will continue to work collaboratively with the Government to strengthen community trust and confidence and structural integrity of the industry and ensure that insurance products fully meet community expectations.

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ABOUT THE INSURANCE COUNCIL OF AUSTRALIA:

The Insurance Council of Australia (ICA) is the representative body of the general insurance industry in Australia. ICA members represent about 95 per cent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).

June 2020 Australian Prudential Regulation Authority statistics show that the general insurance industry generates gross written premium of \$51.4 billion a year and has total assets of \$135.4 billion. The industry employs about 60,000 people and on average pays out about \$171.1 million in claims each working day.

Over the 12 months to the end of June 2020 the industry's net profit after tax (NPAT) was \$1.0 billion – a 70.5 per cent decrease from the prior year's NPAT of \$3.5 billion. The industry's underwriting result was \$1.4 billion, falling by 39 per cent from \$2.3 billion in the prior year. <http://www.insurancecouncil.com.au/about-us>