



News release

Insurance Council
of Australia

Thursday, 8 July 2021

Deferred sales model a win for insurers and consumers

The Insurance Council of Australia welcomes the announcement by the Federal Government today to provide greater certainty on insurance products covered by the deferred sales model so that consumers have the protections they need when buying a range of high-value goods.

The ICA strongly supports the intention of the deferred sales model for add-on insurance which introduces a four-day pause between the sale of a primary product and the sale of an add-on insurance product, to help individual customers make informed decisions when purchasing insurance.

The Government has addressed concerns that the application of the deferred sales model may have led to an increased risk of non-insurance and under-insurance in relation to key insurance products that are essential such as motor, home and contents.

The industry worked closely with the Government to ensure that the deferred sales model was implemented in a way that achieved this policy intent. We identified a limited number of add-on insurance product classes that represented an exceptionally high level of value for customers.

The Government will exempt from the deferred sales model the following classes of insurance products: compulsory third party (CTP) insurance for motor vehicles; third party property damage, fire and theft insurance for motor vehicles; comprehensive insurance for boats, motorcycles, motorhomes, caravans, and trucks; insurance sold within superannuation (including group life insurance); postage and delivery of consumer goods insurance; home building insurance; home and contents insurance; and landlord insurance. Relief will also be provided for wholesale style insurances available to businesses.

The industry is working hard on the implementation of the deferred sales model ahead of the 5 October 2021 start date.

Comment attributable to Andrew Hall, CEO Insurance Council of Australia:

Today's announcement shows the Government has listened to the concerns of the industry and applied appropriate exemptions, so consumers are able to get immediate insurance cover to protect their valuable purchases.

Importantly for insurers the Government's decision means the industry has certainty about the implementation of the deferred sales model and can continue to provide valuable support to the economy through the challenges of COVID-19.

The industry continues to be focused on ensuring that we are fully prepared for the commencement of the new legislation, and we look forward to working with the Government on the remaining recommendations of the Hayne Royal Commission.