



Insurance Council  
of Australia

31 March 2023

Law Division  
Treasury  
Langton crescent  
Parkes ACT 2600  
To (email): [LawImprovement@treasury.gov.au](mailto:LawImprovement@treasury.gov.au)

Dear sir/madam

## **Additional improvements to Corporations and Financial Services Law – Exposure Drafts**

The Insurance Council of Australia<sup>1</sup> (Insurance Council) supports the government's efforts to establish a more streamlined, modern, and adaptable regulatory system.

We support the introduction of the proposals to modernise outdated practices, provide clarity and improve user accessibility and navigation. Noting our support for the proposed amendments, as advocated in our submission to the Australian Law Reform Commission (ALRC) interim report A<sup>2</sup>, we strongly urge that the regulatory system be considered holistically and not impose unnecessary compliance burden to industry, and therefore consumers. As such, any future reforms must be carefully considered, including through an evaluation of the existing regulatory environment, ensuring appropriate legislative accountability, and sufficient time periods for consultation.

We make the following further comments in this context.

### **1. Fit-for-purpose systems are better for all.**

The insurance industry remains focused on addressing affordability and availability pressures for customers. As the cost of living rises<sup>3</sup>, a less complex, more modern operating environment would reduce the regulatory burden for insurers, avoiding greater costs being passed on to consumers. Initiatives such as the government's efforts to enable flexibility for businesses and consumers such as allowing them to take advantage of the most effective methods of communication including the digital environment are welcome. We also support the expansion of section 9 of the Corporations Act to create a single glossary, remove redundant definitions, and adopt a technology-neutral approach for some documents.

### **2. A holistic approach is needed.**

---

<sup>1</sup> The Insurance Council is the representative body of the general insurance industry in Australia and represents approximately 89% of private sector general insurers. As a foundational component of the Australian economy the general insurance industry employs approximately 60,000 people, generates gross written premium of \$59.2 billion per annum and on average pays out \$148.7 million in claims each working day (\$38.8 billion per year)

<sup>2</sup> [Insurance Council submission](#) – ALRC – March 2022

<sup>3</sup> [Selected Living Cost Indexes](#) – Australian Bureau of Statistics – December 2022

The insurance sector faces considerable regulatory burden, placing significant strain on innovation and operating efficiencies. This can also create barriers to entry for new insurers.

The current regulatory regime for general insurance is complex, governed by various pieces of federal and state-based legislation, with multiple and overlapping legislative requirements adding further complexity for insurers and confusion for consumers.

Simplifying the existing legislative framework to ensure clarity of purpose and intent would be beneficial. However, this must be done in a thoughtful way that maintains a balanced and fit-for-purpose regulatory environment. Clarifying the hierarchy of legislation will help ensure a more rational and appropriate application of regulation to the industry. Further, adopting a method of forecasting and communicating the regulatory change agenda such as occurs in the United Kingdom<sup>4</sup> would provide certainty and clarity for the sector.

### 3. Ongoing consultation is required.

Industry should be given sufficient time to consult on and embed any reforms, with data gathered over the period of implementation to inform a post-implementation review. The sector is committed to working with government industry to support positive policy and regulatory change to improve the affordability and availability of insurance and support consumers across the economy.

We look forward to participating in the ongoing ALRC inquiry and consultations on reforms arising from this work.

Thank you for the opportunity to comment. If you have any further queries, please contact Ms Jessica Sain, Senior Policy Advisor, Regulatory Affairs, at 0413 389 458 or [jsain@insurancecouncil.com.au](mailto:jsain@insurancecouncil.com.au).

Regards



**Alexandra Hordern**  
General Manager, Regulatory and Policy  
Insurance Council of Australia

---

<sup>4</sup>[United Kingdom Financial Conduct Authority, Regulatory Initiatives Grid](#) – February 2023