



Insurance Council  
of Australia

24 April 2023

Insurance Unit  
Banking, Credit and Insurance Branch  
Financial System Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

**Via email:** [InsuranceSunsetting@treasury.gov.au](mailto:InsuranceSunsetting@treasury.gov.au)

Dear sir/madam

## Review of sunseting insurance regulations consultation

The Insurance Council of Australia<sup>1</sup> (Insurance Council) welcomes the opportunity to provide comment on the review of sunseting insurance regulations. We advocate for a modern and adaptable regulatory system<sup>2</sup> and support introducing technological neutrality and incorporating existing fit-for-purpose regulation into primary law as outlined in the consultation paper.

While considering the importance of these consultations, we also recommend governments take a holistic approach towards the regulatory environment to facilitate a competitive and thriving insurance market.

Streamlining 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.

Currently, insurers are obligated to fulfill various requirements across multiple regulatory bodies, as well as navigate overlapping federal and state legislation. Unfortunately, some of these requirements may have a disproportionate impact on medium and smaller insurers. This cumulative regulatory burden is further compounded by challenges such as natural disasters and increasing supply chain costs, resulting in reduced bandwidth for innovation and flexibility in the sector.

Harmonising laws to support technical neutrality can improve customer experience and reduce red tape for insurers. For example, as outlined in our recent submission<sup>3</sup>, the Electronic Transactions Act 1999 could be made more consistent with other laws by removing the consent requirement and allowing electronic communication to be accessible to customers through any designated electronic means.

The resources needed to manage regulatory burden can drive insurers to exit or avoid entering the insurance market, resulting in limited competition.

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<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](#) – additional improvements to Corporations and Financial Services Law – Exposure Drafts – March 2023

<sup>3</sup> [Insurance Council submission](#) – Public consultation on the Electronic Transactions Act 1999 – March 2023



The economic consequences of recent events, particularly the widespread bushfires of the 2019-20 summer, the COVID-19 pandemic, and the flooding of 2021 and 2022, have highlighted the importance of ensuring affordable insurance is readily available across Australia.

Cumulative regulatory burden imposes significant and escalating operational costs on the insurance industry. We suggest that governments should be mindful of these increasing costs in the context of escalating cost of living pressures and consumer outcomes, and ensure regulation is both necessary and efficient.

Insurers play a critical role in meeting both customer and economic needs in Australia. Consideration should be given to a co-ordinated and well thought out regulatory framework across regulators to support customer needs and foster continuous innovation in the sector.

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

A handwritten signature in black ink, appearing to read 'Andrew Hall'.

**Andrew Hall**  
CEO and Managing Director