



News release

Insurance Council
of Australia

Thursday, 7 December 2023

ICA welcomes overhaul of financial advice regulations

The Insurance Council of Australia (ICA) today welcomed the Federal Government's decision to overhaul financial advice regulations and allow insurers to provide more personalised financial advice.

Joining Assistant Treasurer Stephen Jones in Canberra, ICA CEO Andrew Hall applauded the reforms, which are designed to address the growing advice gap by easing restrictions on who can offer financial advice.

The previous regulatory framework introduced after the Hayne Royal Commission, while valuable in addressing past issues, had the unintended consequence of limiting access to financial advice, particularly for low- and middle-income Australians.

The revised regulations, introducing the new class of 'qualified advisers' and allowing for less-complex financial advice without the need for full professional qualifications, will significantly improve access to advice about simple insurance matters that are currently not allowed.

A common complaint of insurance customers is that their insurer is not able to provide advice based on their own circumstances.

This means that, other than when using a broker, when purchasing insurance customers have to make their own assessments about the suitability of a product without the help of professional advice.

The changes announced today – in particular the modernised best interests duty – will allow insurance customers to benefit from clearer conversations with their insurer, leading to better financial outcomes.

This is particularly important in the context of the growing protection gap – the difference between the cost of recovering from an unexpected event and the insurance in place to cover those events – as customers will be better informed to be able to choose insurance that covers them against the risks they face.

Quotes attributable to Insurance Council of Australia CEO Andrew Hall:

Modernising the advice regime will allow for better interactions between insurers and their customers, leading most importantly to greater financial resilience and overall well-being.

Insurers share their customers' frustration with the one-size-fits-all approach of the current regime.

The regulations put in place following the Hayne Royal Commission recommendations were well-intentioned, but by seeking to strike out bad financial advice got rid of insurance advice for most 'mum and dad' consumers.

Today's announcement is a positive development for Australian consumers and should lead to more empowered and informed insurance customers being able to take greater control of their financial future.