



News release

Insurance Council
of Australia

Wednesday, 4 December 2024

Insurance Council welcomes second tranche of advice reforms

The Insurance Council of Australia (ICA) has welcomed the announcement today by Assistant Treasurer Stephen Jones to enable more Australians to access simple advice about their insurance and help them better protect their assets.

While bespoke advice from qualified financial advisers will continue to be important for many Australians, tranche two of the Government's Delivering Better Financial Outcomes reforms provides a good opportunity to address unmet demand for financial advice from individuals with less complex financial circumstances.

If implemented carefully, the New Class of Adviser (NCA) creates opportunities for insurers to provide simple advice to customers about their policies, such as choosing the level of cover.

Implications from the reforms will differ depending on insurers' existing advice models (personal, general or no advice) and business decisions on implementation approaches, once the detail of the changes are known.

The ICA understands a concessional approach to the modernised best interest duty for general insurance is intended to be retained, and the ICA looks forward to working with the Government on this important aspect through the legislative drafting process.

To take full advantage of these reforms, it will be important that the level of qualification for NCAs is appropriate and does not create barriers for insurers to provide simple advice to their customers.

Quotes attributable to ICA CEO Andrew Hall:

The General Insurance Industry has always been supportive of Australians being able to receive the advice they need about the financial services products they need to protect their most important assets.

Insurance products can be complicated and given the systemically important nature of the services we provide, appropriate and targeted advice can lead to better outcomes for consumers.

We are supportive of the Government's proposed reforms and look forward to working the Government to better understand the implications for general insurance, particularly as relates to the New Class of Adviser.

This is a potentially critical reform as we work through the industry's response to the Parliamentary Flood Inquiry, and we are keen to ensure that the advice settings are fit for purpose to allow us to continue supporting Australians when they need us most.