



14 January 2025
Attorney General's Department
3/5 National Circuit
Barton ACT 2600

Dear Sir/Madam,

Automated decision making by government - consultation paper

The Insurance Council of Australia (Insurance Council) welcomes the opportunity to provide a submission on the Attorney General's [Use of automated decision-making by government](#) consultation paper (the Consultation Paper).

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 46,000 people, generates gross written premium of \$66 billion per annum and on average pays out \$159 million in claims each working day (\$39.4 billion paid out per year).

The Insurance Council supports responsible adoption of automated decision making (ADM) and understands the importance of proactively managing risks to customers where it is used.

ADM is used in various business operations in the insurance sector to improve customer service, reduce operating costs, catch fraud and moderate premiums rises. Importantly, ADM in insurance can support insurers to be agile to respond to fluctuations in claims because of disasters, helping Australians recover more quickly.

We recognise that the proposed ADM regulatory framework is designed for government departments and agencies, however, we see similarities in the proposed framework to industry regulatory frameworks, such as the proposed [Artificial Intelligence \(AI\) Mandatory Guardrails](#). Although the Consultation Paper distinguishes between ADM and AI technologies to justify a separate approach, the risks these technologies face are similar regarding governance, data security, contestability and transparency. We do not believe governments and industry should be subject to different regulation to address similar risks, unless there is a clear justification.

We recommend the Government draw on the principles used in the AI Mandatory Guardrails to inform the ADM approach. For example, the Government has committed to taking a risk-based approach with AI, and if this were similarly applied to ADM it would ensure small administrative decisions are not over regulated, voiding the efficiencies gained by using ADM.

In December 2024, changes were made to [Privacy Act 1988](#) that require businesses to notify consumers where ADM is used where it may "*significantly affect the rights or interests*" of an individual. In our submission to the Senate Legal and Constitutional Affairs Committee on 11 October 2024 of the draft [Privacy and Other Legislation Amendment Bill 2024](#), we raised concerns about the broad scope of using the term "interests". The Office of the Australian Information Commissioner (OAIC) has committed to providing guidance on how these ADM requirements should be implemented. Although the *Privacy Act 1988* reform process is referenced in the Consultation Paper, there is a lack of analysis on how these provisions and the OAIC's guidance will or won't be integrated into the Government's ADM framework.



Given the close intersection of the proposed ADM framework with the *Privacy Act 1988* reforms and the AI Mandatory Guardrails, the Insurance Council recommends the Government align these regulatory projects to greatest extent possible to avoid regulatory duplication or inconsistencies.

We look forward to seeing the Government's draft ADM framework and would welcome the opportunity to discuss the use of ADM in the insurance sector in greater detail.

If you have any questions related to our submission, please contact Brooke Noorbergen, Senior Strategic Policy Adviser, at bnoorbergen@insurancecouncil.com.au.

Yours sincerely

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