



News release

Insurance Council
of Australia

Wednesday, 2 April 2025

ICA welcomes Coalition's announcement on LMI

The Insurance Council of Australia (ICA) has welcomed the Coalition's announcement that it will reform the Australian Prudential Regulation Authority's (APRA) approach to lending for new homebuyers through the Statement of Expectations to drive home ownership.

Under the Coalition's proposal, the reform would require APRA to adjust the capital treatment of loans backed by lenders' mortgage insurance (LMI).

Last month the ICA renewed its call for these reforms in its Federal Election Platform, [Advancing Australia's Resilience](#). The report urges the next Federal Government to work with APRA to remove the disparity in regulatory capital requirements for lenders between home loans guaranteed by government through the Home Guarantee Scheme, loans supported by parental guarantees, and those supported by LMI.

Lenders' mortgage insurance is an important component of Australia's housing market ecosystem, enabling more Australians to achieve the dream of home ownership, or enabling them to achieve this goal earlier, by reducing the credit risk of the lender providing the home loan, helping to protect the financial system.

LMI provides creditworthy borrowers without a substantial deposit with a timely and cost-effective way to access home loans.

This policy will ensure borrowers who use lenders' mortgage insurance over Government schemes such as the First Home Guarantee or don't have access to parental guarantees, are not unfairly punished.

Quote attributable to ICA CEO Andrew Hall:

This announcement is welcome news, not just for the insurance industry, but for those eager to step into the housing market.

These proposed reforms will be a step in the right direction to allow more Australians to realise the dream of home ownership.