



# News release

Insurance Council  
of Australia

Friday, 20 February 2026

## Structural reform needed for CSLR sustainability

The Insurance Council of Australia has called for structural reform of the Compensation Scheme of Last Resort (CSLR) to address its growing funding pressures, more effectively protect consumers and improve the sustainability of the Scheme.

The call has been made in response to Treasury's consultation paper on the use of professional indemnity insurance to respond to compensation claims.

Designed to protect professionals against negligence claims, professional indemnity insurance does not cover fraud, criminal conduct or systemic failures, categories that account for a significant proportion of claims currently entering the CSLR.

Attempting to expand professional indemnity cover to respond to these issues would simply move the problem from one group to another and add significant cost to premiums without meaningfully addressing the reasons for the CSLR's significant shortfall.

To put the CSLR on a sustainable footing and better protect consumers, the Insurance Council's submission identifies three priority reforms:

1. **Greater regulatory oversight of managed investment schemes**, which are the primary driver of CSLR claims, including consideration of an ASIC-approved list of products eligible for retail distribution
2. **Restricting CSLR compensation** to actual capital losses and introducing means testing to direct funds to those most in need
3. **Reviewing minimum coverage limits**, which have been largely unchanged since 2008, to reflect current market conditions

The Insurance Council will continue to work with the Government and Treasury on reforms that improve the CSLR's long-term financial sustainability, including on the design and implementation of proposed reforms.

The submission is available on the Insurance Council's [website](#).

Quotes attributable to ICA CEO Andrew Hall:

We want to see a CSLR that works for consumers over the long term.

That means tackling the underlying causes of claims rather than shifting costs around the system.

Professional indemnity insurance is fundamentally the wrong instrument for the problem at hand.

Better regulation of high-risk financial products, a more targeted Scheme, and stronger enforcement of existing professional indemnity requirements are the reforms that will make a real difference.