niba National Insurance Brokers Association

Submission

24 July 2026

Code of Practice Review
Insurance Council of Australia
Level 26, 9 Castlereagh St,
Sydney, NSW, 2000

By email: *codeofpractice2026@insurancecouncil.com.au*

Dear Insurance Council of Australia,

Re: Consultation on a Redrafted General Insurance Code of Practice

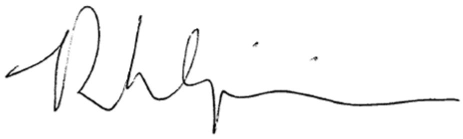
Thank you for the opportunity to comment on the redrafted General Insurance Code of Practice (the Code). The National Insurance Brokers Association (NIBA) welcomes the Insurance Council's commitment to a consumer-centric Code and supports the objective of a clearer, more accessible instrument that strengthens protections for the customers our members serve every day.

NIBA's interest in the Code is straightforward: insurance brokers act for their clients — many of them small businesses and everyday consumers — in placing cover with, and pursuing claims against, Code-subscribing insurers. The standards the Code sets shape what those clients experience, and the way the Code treats the broking channel affects how reliably those protections reach them.

We offer this submission in that constructive spirit. It welcomes a number of improvements in the redraft, and it raises a small number of areas where, in NIBA's view, the redrafted Code would leave some customers — particularly small businesses — with less protection than they have today. Our central concern is the narrow definition of Wholesale Insurance, which would remove several important commercial covers from the Code entirely.

We would welcome the opportunity to discuss any of these points with the Insurance Council, and to assist as the Code progresses to ASIC.

Yours sincerely,



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NIBA SUBMISSION — Redrafted General Insurance Code of Practice

Executive summary

NIBA supports the redrafted Code's consumer-centric intent and welcomes its clearer language, its formal recognition of the broker as the client's agent, and its expanded commitments on financial hardship and vulnerability. NIBA's principal concern is that the redrafted definition of **Wholesale Insurance** would, for the first time, place a defined list of common commercial covers — including public and product liability, professional indemnity (including management liability, directors' and officers', and tax audit insurance), cyber, industrial special risks, business interruption, contractors' all risks and fidelity guarantee — entirely outside the Code. These are among the most consequential protections a small business has, and removing them from the Code would leave those customers without the Code's investigations standards, complaint handling, financial hardship protections, and independent oversight when they need them most. NIBA recommends that these covers be retained within the Code's scope. NIBA also recommends several refinements to ensure the Code works as intended for customers who deal with insurers through a broker, and to close a gap that would deny Code protection to customers on co-insurance placements. NIBA further recommends measures to accelerate and improve the transparency of claims and complaints handling, so that customers recovering from a loss or raising a concern are kept informed and dealt with promptly.

About NIBA

The National Insurance Brokers Association is the peak representative body for the insurance broking profession in Australia. NIBA represents approximately 380 member firms and more than 14,000 individual brokers, ranging from large multinational firms to regional and suburban small businesses serving their local communities.

Insurance brokers act for their clients, not for insurers. Brokers are licensed under the Corporations Act 2001 (Cth), operate under an Australian Financial Services Licence, hold professional indemnity cover consistent with ASIC Regulatory Guide 126, and subscribe to the Insurance Brokers Code of Practice, which is independently monitored and enforced by the Insurance Brokers Code Compliance Committee.

NIBA's work rests on three pillars — advocacy, professionalism and community. The broking profession exists to add value to clients through expert advice, access to competitive markets, and advocacy during a claim. It is through that lens — the interests of the clients our members serve — that NIBA offers the following comments.

Summary of recommendations

Recommendation 1 — Preserve Code coverage for small businesses' key commercial covers. Revise the definition of Wholesale Insurance so that liability (including public and product liability), professional indemnity (including management liability, directors' and officers', and tax audit insurance), cyber, industrial special risks, business interruption, contractors' all risks and fidelity guarantee remain within the Code's scope for Small Business

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customers, consistent with the Corporations Act concepts on which the Code's own Retail Insurance and Small Business definitions are built.

Recommendation 2 — Close the co-insurance gap. Amend paragraph 6 so that a customer does not lose all Code protection simply because one insurer on a multi-insurer placement is not a subscriber.

Recommendation 3 — Confirm the broker pass-through does not create a protection gap. Where the insurer discharges its obligations by providing information to the broker (Sections 2 and 3), the Code should make clear that this does not diminish the customer's protections, and recognise the broker's distinct obligations under the Insurance Brokers Code of Practice.

Recommendation 4 — Narrow the Nominee "best interests" override. Refine paragraph 9(b) so the trigger for an insurer to bypass a customer's appointed broker is objective and clearly bounded.

Recommendation 5 — Keep the appointed broker informed at claim time. Provide that, where a customer has appointed a broker or Nominee to act for them, the insurer will keep that representative informed of all claims correspondence and progress, unless the customer or broker instructs otherwise in writing.

Recommendation 6 — Instil greater urgency in claims-handling timeframes. Shorten the maximum claims-decision timeframe and tighten the carve-outs that extend it, so the Code's timeframes operate as outer limits for genuinely complex cases rather than a default service standard, recognising the real cost to customers of delay after a loss.

Recommendation 7 — Give complaints-progress updates a clear, customer-driven trigger. Replace the open-ended progress-update commitment in paragraph 135 with a clear trigger — updates provided where the complainant has asked for them, or where the insurer considers an update would be helpful — so customers know what to expect.

Recommendation 8 — Confirm fast complaint resolutions in writing. Provide that, where a complaint is resolved to the complainant's satisfaction within five business days, the insurer confirms the resolution to the complainant in writing, providing the customer with a clear record of what was agreed.

Recommendation 9 — Welcome and retain the redraft's recognition of the broker as the client's agent, the referral of customers to NIBA or the Insurance Council where cover cannot be offered, the extension of financial-hardship protections to Wholesale Insurance and fleet and heavy-haulage motor customers, the commitment not to pursue recovery against uninsured residential tenants, and faster, cost-free access to claims information.

Response to the consultation areas

1. The consumer protections in the redrafted Code — the Wholesale Insurance definition

NIBA's most significant concern relates to the redrafted definition of **Wholesale Insurance**. Under the current Code, Wholesale Insurance is defined as any covered general insurance product that "is not Retail Insurance" — a residual definition that keeps commercial covers within the Code's wholesale scope. The redrafted definition replaces this with a closed list of eight cover types and, critically, expressly excludes a further set of covers: business interruption; contractors' all risks; fidelity guarantee; legal liability, including public and product liability; professional indemnity, including management liability, directors' and officers' cover, and tax audit insurance; cyber insurance; and industrial special risks.

The practical effect is a reduction in protection. Under the current Code, these commercial lines fall within Wholesale Insurance — the residual definition captures them — and therefore receive the protections the current Code extends to wholesale business, including its general commitments, financial hardship support, and the independent oversight and enforcement of the Code Governance Committee. Under the redraft, they would receive none of these: they are neither Retail Insurance nor Wholesale Insurance as redefined, and no part of the Code applies to a product that is neither. This is a move from limited but real Code coverage to none.

These are not peripheral covers. In NIBA's experience, professional indemnity, public liability, management liability, and cyber are among the most consequential protections a small business holds, and a dispute over one of them can be the most financially serious insurance event a small enterprise faces. A small consulting firm facing a professional indemnity claim, or a small business suffering a cyber loss, would — under the redrafted definition — have no recourse to the Code's investigation standards or its complaints and hardship protections, and no oversight from the Code Governance Committee. NIBA understands the redraft seeks to improve clarity and reduce regulatory duplication, and supports that objective; but it is served by clearer drafting, not by removing whole classes of small-business cover from the Code's protection. NIBA does not believe this outcome is consistent with the redraft's stated consumer-centric intent.

The exclusion is also internally inconsistent with the redraft's own approach to defining who the Code protects. NIBA welcomes that the Retail Insurance definition is expressed by reference to the Corporations Act, and that the Small Business threshold tracks the Corporations Act's small-business concept — the same concepts that determine many of a broker's obligations to its clients, and that the Insurance Brokers Code of Practice uses. That alignment is the right foundation, and NIBA has consistently advocated for it — as recently as its 2023 feedback to the Insurance Brokers Code Compliance Committee, where NIBA argued against a separate, Code-specific definition precisely because both the General Insurance Code and the Insurance Brokers Code use the Corporations Act definition, and divergence between them increases administrative complexity and the risk of error for the customers and members who must navigate both. The Wholesale exclusions reintroduce that divergence.

There is a further asymmetry: the broking profession's own Insurance Brokers Code of Practice binds brokers to professional standards — including claims advocacy and support for customers experiencing vulnerability — across these commercial covers, without distinction by product line, yet the redraft would leave the insurer with no counterpart Code obligation to the very customer the broker acts for. In practical terms, the very same Small Business that the Code recognises and protects as a retail client for its motor cover would fall entirely outside the Code for its liability, professional indemnity, or cyber cover. A single customer's protection would be fragmented across their own insurance program by product line, rather than following the customer's status. NIBA does not consider that a small business's access to the Code's protections should depend on which of its policies is in question.

Recommendation 1. *NIBA recommends that the definition of Wholesale Insurance be revised so that liability (including public and product liability), professional indemnity (including management liability, directors' and officers' cover, and tax audit insurance), cyber, industrial special risks, business interruption, contractors' all risks and fidelity guarantee remain within the Code's scope for Small Business customers — whether by retaining the current residual "not Retail Insurance" approach or by expanding the positive list to include them. This keeps the Code's protection aligned with the Corporations Act concepts on which its own Retail Insurance and Small Business definitions are built, rather than fragmenting a single customer's protection across their insurance program.*

2. The co-insurance gap (paragraph 6)

Paragraph 6 provides that the Code "does not apply where there are multiple insurers on the same policy and one or more of those insurers are not Subscribers to the Code." Brokers regularly arrange co-insurance and subscription-market placements — including in the London and international markets — for clients whose risks are too large or specialised for a single insurer. Under paragraph 6, the presence of a single non-subscribing insurer on such a placement would strip the customer's entire policy of Code protection, including the participation of the subscribing insurers who make up the balance of the risk. The customer is unlikely to know this, and it is not an outcome within their control.

Recommendation 2. *NIBA recommends that paragraph 6 be amended to allow a customer to retain the Code's protections to the extent of the subscribing insurers' participation, rather than losing all Code protection because one insurer on the placement is not a subscriber.*

3. The contractually enforceable nature of the redrafted Code

NIBA supports strengthening the consumer protections available under the Code, and welcomes measures that give customers clearer avenues for enforcement. We note, in a constructive spirit, that the strength of a contractually enforceable commitment depends on how it interacts with the rest of the policy. Two features of the redraft qualify the enforceable promise and may warrant clarification for customers:

- **Paragraph 23(a)** provides that where the Code and the policy conflict, the policy prevails. A customer reading that the Code "forms part of your contract" may not appreciate that a conflicting policy term overrides the Code standard.

- **Paragraph 23(c)** sets out broad circumstances in which the insurer will not be liable for a breach, including for time frame breaches during a declared Extraordinary Event and where a failure is affected by events beyond the insurer's control.

NIBA offers no objection to these mechanisms in principle, but suggests the Code be as transparent as possible with customers about the practical scope of the enforceable commitment, so that the protection delivered matches the protection understood.

4. Protections for customers experiencing vulnerability

NIBA strongly supports robust protections for customers experiencing vulnerability, and welcomes the redraft's circumstances-based definition of vulnerability, which recognises that vulnerability is dynamic and situational. The broking profession takes this responsibility seriously: the Insurance Brokers Code of Practice contains detailed, enforceable commitments to identify and support vulnerable clients.

NIBA notes two points for the Insurance Council's consideration. First, the accompanying *Extra care* guidance observes that in broker-distributed business, insurers have limited visibility of customers experiencing vulnerability, and that "brokers play a key role in identifying and communicating a need for additional care or support." NIBA agrees that brokers are often well placed to do so. However, the guidance assigns this frontline role without clearly allocating responsibility between the insurer and the broker, and it is expressed as voluntary rather than binding. If vulnerable customers are to be reliably protected, it would assist for the Code and guidance to be explicit about how the insurer's obligations and the broker's role fit together, rather than leaving the interface unstated.

Second, and more broadly, NIBA notes the strongest consumer outcomes are achieved where vulnerability protections are enforceable and independently overseen, rather than left to voluntary guidance.

5. The clarity and accessibility of the redrafted Code's language

NIBA welcomes the plain-English redraft and the capitalisation of defined terms. We particularly welcome three drafting improvements that resolve long-standing ambiguity for the broking channel:

- **"Broker" is now a defined term** — "any person acting on your behalf that arranges the policy covered by the Code" — which correctly recognises the broker as the client's agent;
- **"Distributor" now expressly excludes Brokers**, drawing a clear line between a party acting for the insurer and a broker acting for the client; and
- the **Nominee** concept (paragraphs 8–12) sensibly codifies the insurer's dealings with a customer's appointed representative.

These are genuine improvements, and NIBA recommends they be retained.

Two points would strengthen protection for customers who deal through a broker:

The broker pass-through (Sections 2 and 3). The redraft provides that where a customer has purchased through a broker, the insurer meets its Code obligations by providing the required information to the broker. NIBA understands the practical logic. We recommend the Code make clear this arrangement does not diminish the customer's substantive protections, and that it recognises the broker's own obligations to the client under the Insurance Brokers Code of Practice, so the pass-through is understood as a continuation of protection through the channel rather than a discharge of it.

Recommendation 3. *NIBA recommends that Sections 2 and 3 clarify that providing information to the broker does not reduce the customer's protections under the Code, and recognise the broker's distinct obligations to the client under the Insurance Brokers Code of Practice.*

The Nominee override (paragraph 9(b)). Paragraph 9 allows the insurer to communicate directly with the customer when it identifies that the customer's Nominee "is not acting in your best interests." NIBA supports a safeguard for customers, but as drafted, the trigger is subjective and insurer-assessed, and could be applied in a way that undermines a customer's chosen broker relationship. We recommend the trigger be objective and clearly bounded.

Recommendation 4. *NIBA recommends that paragraph 9(b) be refined so that the basis for an insurer bypassing a customer's appointed broker is objective and clearly defined.*

6. The applicability of the redrafted Code in the future

NIBA supports a review cycle that gives the Code stability while remaining responsive. We note one forward-looking risk in the redraft: the closed-list approach to Wholesale Insurance (addressed under area 1) is less able to accommodate emerging risks than the current residual definition. Cyber is a clear example — a rapidly growing exposure for small businesses that the redrafted definition would place outside the Code. A definition that must be reopened each time a new class of small-business risk emerges is likely to lag the market it serves.

7. Further recommendations

Beyond the consultation areas above, NIBA offers four further recommendations drawn from the day-to-day experience of brokers acting for customers at claim and complaint time.

Keeping the broker informed at claim time. A customer who has chosen to be represented by a broker can lose the benefit of that representation at the moment it matters most — the claim — if the broker is not kept informed of what the insurer is doing. The redraft's claims provisions address the customer directly, and — beyond the general Nominee rule — contain no express commitment that the insurer keep the customer's appointed broker informed of claims correspondence and progress. NIBA's *Complexity to Clarity: The Broker Advantage* research found that 95% of small-business clients regard their broker as critical at claim time, and 91% report better outcomes where a broker is involved. That advocacy is the mechanism that delivers those outcomes, and it depends on the broker being kept in the loop. Where a customer has appointed a broker to act on their behalf, that appointment should carry through to the claim: the insurer should communicate with the customer's representative as a matter of course, unless the customer or broker instructs otherwise in writing.

Recommendation 5. *NIBA recommends that, where a customer has an appointed broker or Nominee, the Code require the insurer to keep that representative informed of all claims correspondence and progress, unless the customer or broker instructs otherwise in writing.*

Urgency in claims handling. NIBA welcomes the redraft's clearer articulation of claims timeframes, but is concerned that, as drafted, they set a low bar for the pace at which customers can expect their claims to be resolved. Paragraph 74 provides that an insurer will decide a claim within four months of receiving it, extending to twelve months where the circumstances in paragraph 76 apply, which include an External Expert's report being delayed, even though the insurer used its best endeavours to obtain it in time. Paragraph 70 allows an External Expert 60 Business Days to provide that report. For a customer who has suffered a loss, these are not abstract periods. A four-month wait for a claims decision — and, where the paragraph 76 circumstances apply, a wait of up to twelve months — can mean months without the means to repair, rebuild or replace, with the loss compounding into further hardship: disrupted living standards, business interruption, and secondary damage that a prompt decision would have contained. Timeframes expressed as outer limits tend, in practice, to become the norm. NIBA is concerned that timeframes at this level do little to shift insurer behaviour toward the urgency customers recovering from a loss need, and that the cost of delay — to customers first, and ultimately to the system through higher claims costs and complaints — is understated in the current drafting.

Recommendation 6. *NIBA recommends that the claims-handling timeframes be strengthened by shortening the maximum claims-decision period (paragraph 74), tightening the External Expert timeframe (paragraph 70) and the paragraph 76 circumstances that extend a decision to twelve months, and framing these periods as outer limits for genuinely complex matters — so that the Code drives the urgency customers need when recovering from a loss.*

Complaints handling — clarity on progress updates. NIBA welcomes the redraft's move away from a rigid, prescribed update interval for complaints. As drafted, however, paragraph 135's commitment to "keep you informed on the progress of your Complaint" no longer carries any trigger or reference point, which leaves it unclear — to customers, and to the brokers who often help them navigate a complaint — when, or whether, an update will be provided. Certainty helps customers: a complainant who knows they can ask for an update, and will receive one, is better served than one left to wonder whether silence means inaction. NIBA suggests the commitment be given a clear, customer-driven trigger—for example, that the insurer will provide updates when the complainant has asked for them or when the insurer considers an update would be helpful. This sits comfortably alongside paragraph 136, which already provides monthly progress updates once a complaint has run beyond 30 Calendar Days.

Recommendation 7. *NIBA recommends that paragraph 135 be given a clear, customer-driven trigger for complaints-progress updates — provided when the complainant has requested them or when the insurer considers an update would assist.*

Complaints handling — confirming fast resolutions in writing. Paragraph 130(b) provides that the redraft's complaints process will comply with the enforceable provisions of ASIC Regulatory Guide 271. Under RG 271, a complaint resolved to the complainant's satisfaction by the end of the fifth business day is generally not required to receive a written response, subject to limited exceptions. NIBA sees value — for customers first — in a short written confirmation where a complaint is resolved to the complainant's satisfaction within five business days. A brief written confirmation gives the customer a durable record of what was agreed, rather than leaving them to rely on their own recollection or a summarised file note. It also supports brokers who frequently act for customers through a complaint, allowing them to hold and, if needed, provide the customer with a clear record of the resolution. This modestly exceeds the RG 271 baseline and does so in the customer's interest.

Recommendation 8. *NIBA recommends that, where a complaint is resolved to the complainant's satisfaction within five business days, the Code provide for the insurer to confirm the resolution to the complainant in writing, giving customers a clear record of what was agreed.*