



News release

Insurance Council
of Australia

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CSLR transparency welcome, concerns remain on sustainability

The Insurance Council of Australia (ICA) has called for a continued focus on the long-term sustainability of the Compensation Scheme of Last Resort (CSLR), as the growing cost of the scheme places increasing pressure on its funding arrangements.

While welcoming efforts to improve transparency and predictability around the operation of the special levies to fund the CSLR, the ICA said lasting reform must address the underlying drivers of claims and maintain an appropriate connection between the sources of consumer losses and those funding compensation.

The industry has consistently supported the objective of ensuring consumers who have suffered loss through financial misconduct have access to compensation where other avenues have been exhausted.

Quotes attributable to ICA Deputy CEO Kylie Macfarlane:

We welcome Treasury's work to improve the transparency and predictability of the CSLR framework, but transparency alone won't resolve the scheme's long-term sustainability challenges.

The CSLR is expected to cost almost \$200 million in 2026-27, with a \$170 million funding shortfall.

That underscores the need to address the underlying drivers of claims and ensure the scheme is sustainable over the long term.