



Insurance Council
of Australia



General Insurance Code of Practice: Industry Response to Public Consultation

Foreword



The redraft of the General Insurance Code of Practice is an important expression of the insurance industry's commitment to its customers and plays a central role in setting standards of good practice across the sector.

The review process has been a welcome opportunity to consider how the Code can continue to support strong consumer outcomes while reflecting the evolving nature of the insurance sector.

It has required us to consider not only what consumers expect from insurers, but what protections can be implemented effectively and sustainably across the general insurance market. The Code must provide a consistent standard for customers while supporting insurers to respond appropriately to different circumstances.

We have listened carefully to the views of consumers, advocates, regulators and industry throughout.

The consultation highlighted that achieving sustainable outcomes for consumers requires careful, informed judgement about what will make a meaningful difference in practice. Measures that appear to enhance customer outcomes can, in some circumstances, increase complexity, reduce flexibility, increase costs or create barriers to participation, all detrimental consequences for customers.

Getting this balance right has been the driver of this reform. The redrafted Code incorporates changes that will deliver genuine benefits, while ensuring the Code remains practical and proportionate. In doing this, we have also considered the importance of maintaining affordable and accessible insurance. Effective consumer protections are critical, but so too is ensuring that Australians can continue to obtain and maintain insurance cover.

In developing the redrafted Code, we considered the importance of ensuring that new obligations complement existing regulation and can be implemented effectively across the insurance sector. The changes to the redrafted Code reflect the industry's commitment to a Code that is clear, practical and focused on delivering meaningful outcomes for consumers.

The strengthened Code fits within the broader existing legislative, regulatory and dispute resolution frameworks, all very important parts of the consumer protection.

I sincerely thank everyone who contributed to the review, to redrafting the Code and who shared their perspectives with us. Their input has helped shape the development of the redrafted Code. We look forward to working with ASIC on its assessment of the redrafted Code as the next step in our process.

A stylized, handwritten signature in blue ink, consisting of a series of fluid, connected loops and strokes.

Andrew Hall
CEO and Executive Director
Insurance Council of Australia

Background

The Insurance Council of Australia (Insurance Council) has carefully reviewed and considered all feedback received through a public consultation process on the redraft of the General Insurance Code of Practice ('the redrafted Code'). This review forms part of the Insurance Council's regular review of the Code, which has been periodically reviewed and updated since its introduction in 1994.

The redrafted Code responds to:

- recommendations arising from an Independent Code Review,
- broader parliamentary and industry inquiry processes, and
- stakeholder feedback.

The review and open consultation process generated extensive engagement from many stakeholders, including:

- consumer advocates,
- community organisations,
- regulators,
- governance bodies,
- industry participants, and
- individual consumers.

This feedback played an important role in shaping the final redrafted Code. This paper sets out how we responded to feedback and key considerations that informed the approach.

We are proud to develop a redrafted Code that enhances critical consumer protections, and which is modern and fit-for-purpose. The redrafted Code combines contractual enforceability with independent oversight, transparent reporting and proactive monitoring, strengthening accountability while preserving the flexibility that is a key benefit of self-regulation.

Key changes

- Contractual enforceability of key Code obligations in consumer contracts.
- Enhanced claims handling and temporary accommodation provisions.
- Enhanced protections for customers experiencing vulnerability.
- Stronger obligations relating to financial hardship support.
- Enhanced transparency regarding expert reports and cash settlements.
- Expanded Code obligations for small business customers.

Our approach

The role of self-regulation

Industry codes play an important role in lifting standards where there is broad industry participation. A well-designed code establishes clear expectations above the legal minimum and translates broader legal and regulatory requirements into practical, measurable standards that consumers can understand, insurers can implement and an independent body can monitor.

The objective should be an overarching framework that delivers consistently good outcomes for consumers, including appropriate support for those experiencing vulnerability or other circumstances requiring additional assistance. The redrafted Code is an important part of that framework, alongside the law, the Australian Financial Complaint Authority's (AFCA) dispute resolution role, independent oversight by the Code Governance Committee, and broader industry initiatives and operational practices.

Effective self-regulation also requires proportionality. Code obligations should provide meaningful consumer protections without unnecessarily duplicating existing requirements, constraining competition or innovation, or discouraging industry participation. Broad participation is itself important to consumer protection because a code that imposes disproportionate obligations risks leaving customers of non-participating providers outside its protections.

This is particularly relevant given the substantial regulatory requirements already applying to general insurers. The sector operates under more than 30,000 discrete obligations across more than 300 instruments and 25 regulators, with annual compliance costs estimated at \$2.5-\$3.5 billion. Code subscribers anticipate varying levels of implementation investment associated with the redrafted Code, with individual estimates ranging from \$1 million to more than \$20 million.

The Code also sits within broader industry efforts to improve consumer outcomes, including work on affordability, mitigation and resilience, consumer understanding of natural peril risks, standardised definitions, disaster-chaser practices and analysis of complaint trends. Together, these mechanisms provide a comprehensive framework for strengthening consumer protection and confidence.

The general insurance ecosystem

The general insurance sector and the broader Australian economy have changed significantly since the Independent Code Review. The Code must operate across a diverse market, covering products ranging from comprehensive home insurance purchased directly from an insurer to pet insurance purchased online through a third party, as well as different customers, risks and business models.

This diversity is both a strength and a challenge. The redrafted Code must provide clear and enforceable consumer protections while remaining sufficiently flexible to be applied effectively across the sector and its broader ecosystem, which includes brokers, underwriting agencies, assessors, repairers, builders, claims managers, supply chains and many small and medium-sized businesses.

General insurance also performs an important economic and social function. It enables households and businesses to manage risk, supports investment and access to finance, and assists communities to recover from loss. Competition and innovation in underwriting, pricing and claims management are important to the availability, affordability and sustainability of insurance.

These considerations are particularly important given continuing affordability pressures. Insurers must be able to meet claims, attract capital, invest in services and innovation, and remain resilient to natural disasters, inflation and geopolitical uncertainty. Consumer protections therefore need to be effective while recognising their potential impact on cost, competition and product availability.

The recommendations of the 2022 Parliamentary Flood Inquiry and the Independent Code Review informed the redraft. In responding to them, the redrafted Code must ensure that protections can be implemented consistently across the products, customers and business models it covers.

Example: Flow on impacts across the insurance supply chain

The Code not only captures insurers who subscribe to the Code but also layers of businesses underneath them. Many of which can be small businesses or sole traders with less capacity to absorb regulatory change than the insurers who ultimately carry the risk. Insurers compete with other sectors for access to skilled trades, many of which face supply constraints. Where conditions make insurance work comparatively less attractive, some businesses may choose to focus on other opportunities, reducing the capacity available for insurance repairs. This can have flow-on impacts for customers such as longer repair timeframes, delays in claim resolution and slower recovery following a loss event.

Response to public consultation

The public consultation asked stakeholders to consider five key areas:

- The contractually enforceable nature of the redrafted Code
- The consumer protections in the redrafted Code
- Protections for customers experiencing vulnerability
- The clarity and accessibility of the redrafted Code's language
- The applicability of the redrafted Code in the future.

Through the public consultation, we received 28 non-confidential submissions, and two respondents who requested their contribution remain confidential. From these submissions, we drew out key themes which are explored further below.

A variety of bodies related to the general insurance industry responded such as:

- broking,
- underwriting,
- building,
- engineering and construction,
- strata groups,
- loss adjusters,
- education and training organisations,
- consumer representatives and advocates,
- third party claims management companies, and
- individual consumers.

While there was often agreement on the problems to be addressed, differences emerged on areas such as the degree of enforceability, level of prescription, scope of small-business coverage, role of guidance and balance between oversight of the Code and other regulatory or judicial processes.

In redrafting the Code, we sought to develop provisions that deliver meaningful benefits for consumers while remaining within the purpose and scope of the Code, and to ensure that the changes remained practical to implement and appropriate to the nature and diversity of the insurance market.

Key themes from the public consultation

Contractual enforceability

For the first time, Code obligations will be incorporated into consumers' insurance contracts, giving consumers a direct contractual right to enforce those obligations.



What we heard.

Stakeholders strongly supported making Code commitments enforceable in consumer contracts. Consumer and governance stakeholder feedback was that enforceability should extend further, including to the overarching principles, and that fewer exceptions should apply.



What the redrafted Code does.

Key operative commitments will form part of consumer insurance contracts. This gives consumers a direct contractual basis to enforce those commitments. Specific standards are expressed as concrete obligations, including timeframes, disclosure requirements and protections for customers experiencing vulnerability.



Why this approach.

Broad principles remain important, but turning open-ended standards into standalone contractual promises could create uncertainty about their meaning and duplicate statutory obligations overseen by ASIC. The redrafted Code therefore makes the practical protections enforceable and uses the principles to guide the Code as a whole.

Customers experiencing vulnerability

- Significantly strengthened protections for customers experiencing vulnerability.
- New definitions for Vulnerability and Extra Care.
- Enhanced protections relating to family and domestic violence and mental health.
- An enhanced Industry Principle commits subscribers to providing Extra Care to customers experiencing vulnerability.



What we heard.

Stakeholders feedback asked for stronger, more enforceable obligations, more proactive recognition of support needs and closer alignment with external vulnerability frameworks.



What the redrafted Code does.

The redrafted Code strengthens the definitions of Vulnerability and Extra Care, places clearer obligations on insurers to recognise and respond to customer circumstances, incorporates family and domestic violence, financial abuse and mental health protections, and requires supporting policies, procedures, training and governance. The accompanying guidance was developed with specialist and lived-experience input.



Why this approach.

Customer needs are diverse and can change over time. The Code sets enforceable foundations while the guidance provides practical detail that can evolve without turning every example or recommended practice into a contractual term.

Claims handling

- New 12-month automatic claims acceptance provisions, providing greater certainty and accountability for customers.
- New customer provisions for temporary accommodation and primary contacts.
- Strengthened customer understanding of maintenance, wear and tear, resilience, and home building cover.
- Strengthened customer communications through clearer requirements for claim updates and timeframes.
- Enhanced support is available for customers experiencing vulnerability or financial hardship.



What we heard.

Stakeholders asked for shorter and clearer timeframes, better explanations of claim progress, greater accountability for delay and stronger protections for temporary accommodation.



What the redrafted Code does.

The redrafted Code introduces a 12-month automatic acceptance provision for certain undecided claims, subject to defined exceptions; requires more useful updates on status, progress and next steps; and adds new temporary accommodation commitments, including communication about duration and notice of changes to longer-term arrangements. The redrafted Code introduces new provisions for primary contacts and uninsured tenants.



Why this approach.

Claims differ substantially in complexity. The redrafted Code sets clearer minimum standards while retaining limited flexibility where a decision depends on complex, or exceptional situations that are outside an insurer's control, such as unsafe access, unresolved external proceedings or the condition of the property being assessed.

Example 1: Regional repair options

An insurer was able to authorise a capable local repairer who was outside its preferred network, allowing a customer's vehicle to be repaired sooner while retaining insurer responsibility for the repair.

Requiring every authorised repairer to meet preferred-supplier onboarding and training requirements could reduce this flexibility, particularly in regional areas of Australia where alternatives are more limited.

Example 2: Flexibility to support better customer outcomes

Following a storm, fencing on a small property was damaged, creating an immediate risk that the customer's horses could escape. With no preferred fencing supplier available locally, the insurer worked with the customer to urgently engage and pay a local fencer to make the property safe.

In circumstances like these, flexibility allows an insurer to prioritise the customer's immediate needs rather than delay assistance while a local provider completes standard supplier onboarding requirements.

Expert reports

- New requirement for Code subscribers and External Experts to comply with the Insurance Council's Use of Expert Reports: Industry Standard.
- Strengthens consumer understanding and transparency around the use of expert reports in claims handling.



What we heard.

Stakeholders sought stronger standards for quality and independence, automatic access to reports and clearer rights to challenge expert evidence.



What the redrafted Code does.

Insurers must comply with, and instruct External Experts to comply with, the Insurance Council's *Use of Expert Reports: Industry Standard*. Customers will automatically receive external expert reports relied on to decline or partially decline a claim and may request relevant reports in other circumstances.



Why this approach.

This approach improves transparency where expert evidence materially affects an adverse claim decision, while avoiding the routine provision of material that was not relied on or that may add confusion without assisting the customer.

Cash settlements

- Strengthened informed decision-making through greater transparency around scopes of work and cash settlement offers.
- Clearer customer information to aid understanding, comparison and assessment of settlement options.



What we heard.

Stakeholders sought clearer information, actionable scopes of work, stronger review rights and more safeguards before a customer accepts a cash settlement.



What the redrafted Code does.

The redrafted Code requires clearer explanations of how cash settlements work, the basis of the amount offered, relevant risks and review rights. Where available, scopes of work must contain enough detail to help customers obtain comparable quotes. Customers will also receive information about additional policy benefits included in the settlement.



Why this approach.

Cash settlements can be appropriate and, in some cases, are the only feasible option. The Code focuses on informed decision-making and transparency without removing customer choice or preventing timely access to funds.

Small business

- Greater clarity on the application of the Code to Wholesale Insurance.
- Important protections, including complaints handling, Extra Care, Vulnerability and Financial Hardship support, are extended to eligible small businesses with wholesale insurance policies.
- Small business customers with Wholesale Insurance will benefit from access to a broader range of Code protections.



What we heard.

Stakeholders broadly agreed that small businesses need appropriate protection but differed on whether all retail Code obligations should apply to wholesale insurance.



What the redrafted Code does.

The redrafted Code extends important protections to eligible small businesses with wholesale insurance, including complaints handling, Vulnerability, Extra Care and financial hardship support. It also clarifies the wholesale insurance definition.



Why this approach.

Wholesale products can involve tailored cover, broker participation, litigation, specialist investigations and complex commercial losses. Applying every retail claims timeframe and process could produce delay or inflexibility rather than better outcomes. The Code extends protections where they provide clear benefit while preserving processes suited to complex commercial claims.

Example 3: Small business, complex claim

A small manufacturer of innovative thermal-energy storage technology suffered a fire involving novel and highly specialised machinery.

Despite having a small workforce, assessing the claim required specialist expertise across multiple technologies and significantly more investigation than a typical home or motor claim.

The example demonstrates why employee count alone cannot determine claims complexity, and why rigid retail-style timeframes may be inappropriate for some small-business insurance.

Hardship support

- Strengthened Financial Hardship protections through clearer and more accessible obligations.
- Customers experiencing Financial Hardship will receive better information about available support and assistance options.
- Strengthened framework to help ensure customers experiencing financial hardship are treated fairly and supported appropriately.



What we heard.

Consumer and community advocates sought stronger premium hardship measures and more prescriptive forms of assistance.



What the redrafted Code does.

The redrafted Code improves information about available support and requires fair consideration of customers who are having difficulty meeting current or upcoming financial obligations to their insurer.



Why this approach.

Appropriate assistance depends on a customer's circumstances, product and insurer. The Code establishes a clear duty to consider Financial Hardship and communicate available support, while retaining flexibility to identify a sustainable response rather than imposing one form of assistance in every case.

Honest, efficient, fair, transparent and timely

The redrafted Code combines the overarching general obligation of providing services efficiently, honestly and fairly, with clearer, more actionable consumer protections embedded throughout.



What we heard.

Consumer, community and governance stakeholders sought a contractual obligation for insurers to act honestly, efficiently, fairly, transparently and in a timely manner.



What the redrafted Code does.

The redrafted Code retains the general obligation to provide services efficiently, honestly and fairly in the Principles, while giving practical effect to this commitment through specific obligations on communication, claims, Vulnerability, Complaints, Financial Hardship, experts and claims fulfilment.



Why this approach.

Code subscribers are subject to the statutory obligation under Section 912A of the Corporations Act 2001 to provide services efficiently, honestly and fairly. Replicating this broad legal standard as an enforceable Code obligation could create duplication and uncertainty. The redrafted Code instead incorporates this commitment as an overarching Principle, and translates these expectations into clear, practical obligations that provide greater certainty for customers, subscribers and the Code Governance Committee.

Code Governance Committee

Independent Code Governance Committee oversight, with the community benefit payment doubled from \$100,000 to \$200,000, and a clearer focus on serious and systemic issues within the new contractual enforcement framework.



What we heard.

The Code Governance Committee, AFCA and consumer stakeholders provided feedback that proposed changes could narrow independent monitoring, investigation, transparency and sanctions.



What the redrafted Code does.

The redrafted framework retains independent oversight, public reporting, compliance monitoring, breach investigation, sanctions and industry-improvement functions. It also restores or clarifies requirements for Code subscriber systems and processes, third-party performance monitoring and Code-specific reporting.



Why this approach.

The framework aims to preserve effective Code oversight while reducing unnecessary duplication with regulatory, court and dispute-resolution processes. The Code Governance Committee retains a distinct role in identifying serious consumer harm and systemic non-compliance.

Where we did not adopt proposals in full



Feedback: Make the Principles contractually enforceable

Rationale: The operative consumer protections in the Code are enforceable in consumer contracts. The Principles guide the Code but are not separate contractual promises because broad standards could create uncertainty and duplicate statutory duties.



Feedback: Make the Vulnerability Guide contractually enforceable

Rationale: The redrafted Code contains core obligations and the detailed guidance remains not contractually enforceable so it can provide examples, respond to emerging practice and support flexible, individualised care.



Feedback: Apply every Code provision to wholesale small-business insurance

Rationale: Key protections are extended, but retail claims processes are not applied where they may be unsuitable for tailored or complex commercial risks.



Feedback: Provide every expert report automatically

Rationale: Reports relied on for a declined or partially declined claim will be provided to customers automatically given their relevance. Other reports remain available on request where relevant.



Feedback: Prescribe a single form of premium hardship relief

Rationale: The Code requires information, fair consideration and reasonable assistance, while allowing support to reflect the appropriate outcomes for the customer, product and insurer.



Feedback: Remove all exceptions to claims timeframes

Rationale: Exceptions are retained only to recognise defined circumstances in which an insurer cannot reasonably progress a decision. Communication and accountability requirements continue to apply.

Next steps

Industry has now completed its review and revision of the Code, taking into account the Independent Code Review recommendations, broader inquiry processes and stakeholder feedback.

The Insurance Council will now submit the revised Code to the Australian Securities and Investments Commission for approval in accordance with ASIC Regulatory Guide 183. A transition period is anticipated before the revised Code begins to take effect on new and renewed policies.

Insurance Council of Australia

October 2026

The redrafted Code responds to recommendations arising from an Independent Code Review, broader parliamentary and industry inquiry processes, and stakeholder feedback.

The review and open consultation process generated extensive engagement from many stakeholders, including consumer advocates, community organisations, regulators, governance bodies, industry participants and individual consumers.

This feedback played an important role in shaping the final redrafted Code. This paper sets out how we responded to feedback and key considerations that informed the approach.