



MEDIA RELEASE

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MAKING INSURANCE CLAIMS HANDLING A FINANCIAL SERVICE

The Financial Services Council (FSC) has gone on record in support of Recommendation 4.8 of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

“The handling and settlement of insurance claims, or potential insurance claims, should no longer be excluded from the definition of ‘financial service’.” (Recommendation 4.8)

FSC CEO Sally Loane welcomed the opportunity to submit a response to the proposed legislation and used the opportunity to seek clarification and certainty regarding the timing from which obligations would be expected to commence.

“Entities should be treated consistently and given certainty on the date that their obligations commence. Currently there is ambiguity in the legislation, and we suggest making it clear that all obligations under the new regime will apply from 1 July 2021,” Ms Loane said.

“A definitive date is vital to ensure claims handling services (CHS) can continue to be processed smoothly, because we know that illnesses, car crashes and accidents don’t just stop because of new obligations, rules, processes and licensing backlogs. Clarity on the date is essential.

“The successful implementation of Recommendation 4.8 will require industry to act immediately and invest significant resources in order to ensure that legislative requirements are satisfied on both an initial and ongoing basis.

“We understand that ASIC will be releasing an Information Guide (IG) to clarify the regulatory expectations under the regime. A timely release of this IG would greatly assist industry to more effectively implement the appropriate changes.”

The FSC has also requested that the proposed legislation does not capture people such as doctors, physiotherapists and accountants acting in their professional capacity by providing an expert opinion in claims matters.

Ms Loane said while they may have a role in the process, these experts, specialists and services providers are external to the insurer and hold no delegated authority to make a claims decision.

“For instance, a doctor providing an opinion on an injury which could be the subject of an insurance claim. The conduct and compliance of these professionals is already governed by their own professional body and the associated licensing arrangements,” Ms Loane said.

A copy of the FSC submission can be found here: <https://fsc.org.au/resources/1901-fsc-submission-making-insurance-claims-handling-a-financial-service/file>.

Contact: Esther Jago on 0421 102 944 or ejago@fsc.org.au

About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.