



FSC Guidance Note No. 36: *Life Insurance Industry Data Collection Policy*

FSC Membership this Guidance Note is most relevant to:	This Guidance Note applies to FSC Members who are registered as life insurers by APRA as defined in this Guidance Note and/or have a subsidiary that is such a registered life insurance company.
Date of this version (and commencement:	This Guidance Note first was issued on 28 February 2018, and commences on 28 February 2018.
History (prior version) of this Standard:	No prior versions.
Main Purpose of this Guidance Note:	The purpose of this Guidance Note is to encourage high standards in life insurance data collection that go beyond the APRA/ASIC Claims Data Collection Process (as defined in this Guidance Note).

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1. TITLE

- 1.1 This Guidance Note (the Guidance Note) may be cited as FSC Guidance Note No. 36 Life Insurance Industry Data collection Policy.

2. DATE OF ISSUE

- 2.1 This Guidance Note was first issued on 28 February 2018.

3. APPLICATION OF GUIDANCE NOTE

- 3.1 This Guidance Note applies to all Members who are a registered life insurance company with APRA and authorised to conduct life insurance business or have a subsidiary that is such a registered life insurance company (**Relevant Members**).
- 3.2 This Guidance Note applies to entities that issue **Life Insurance Policies**.
- 3.3 Any life insurance company which is registered as such by APRA but is not an FSC Member is also encouraged to follow this Guidance Note.
- 3.4 Where there is a conflict between the requirements of this Guidance Note and any relevant legislation or guidance issued by a statutory or regulatory agency, the requirements of this Guidance Note should, having regard to the purpose of the Guidance Note, be modified appropriately so that (as far as is practicable) the Relevant Member can comply with the requirements of this Guidance Note.
- 3.5 This Guidance Note should be read in conjunction with FSC Standard No.1 'Code of Ethics & Code of Conduct'.

4. STATEMENT OF PURPOSE

- 4.1 The purpose of this Guidance Note is to encourage high standards in life insurance data collection practices across the life insurance industry.
- 4.2 Used by Relevant Members and other Life Insurers who choose to adopt this Guidance Note, it aims to ensure that life insurers continue to improve their data collection practices and contribute data to an industry data collection mechanism administered by the FSC.
- 4.3 The focus is on a mutual commitment to improve industry data through standardisation, quality of data collected and timeliness of data submissions across all distribution channels and lines of business.
- 4.4 The use of common terminology and common data element definitions enables the integration of databases, and promotes more efficient and effective use of data by users of common defined data from disparate sources.
- 4.5 The Guidance Note aims to ensure that the industry collects more meaningful and accurate data over time, which will better inform consumers, life insurers and public policy development. The future direction of the data collection will be informed by the Industry Data Steering Group (**IDSG**) appointed by the FSC Life Board Committee (**LBC**) and informed by regulatory requirements.

- 4.6 IDSG will send future plans of the data collection to the LBC for sign off and consult with the LBC on significant changes to the content and timing of the data requests. All LBC members must agree with the data specification before it is adopted by the industry.
- 4.7 The Guidance Note requires that data is collected at the level for responsible and proactive management of the life insurance portfolio of a Relevant Member.
- 4.8 Existing legislation (for example the *Privacy Act 1988* (Cth.)) and, where applicable, commercial arrangements place obligations on Relevant Members to protect the privacy of their customers, and Relevant Members should ensure their ongoing compliance with privacy law and any other relevant law in meeting the requirements of this Guidance Note.
- 4.9 In addition to ongoing compliance with legislative and regulatory requirements, there are ethical business principles and practices that should be followed to deliver high standards of individual and collective conduct in the operation and management of a Relevant Member's life insurance business.

5. COMPLIANCE WITH THIS GUIDANCE NOTE

- 5.1 FSC Relevant Members are required to collect and submit life insurance data in the format, specification and frequency that is determined periodically by the IDSG, and approved by LBC. This will be advised to Relevant Members in accordance with this Guidance Note.
- 5.2 The data submitted to the FSC must satisfy the quality and other requirements determined by the IDSG and be submitted on or before each due date determined by the IDSG, in each case these requirements need to be approved by the LBC.
- 5.3 Failure to submit data in a timely manner and as required by the LBC in accordance with this Guidance Note:
 - (a) will not be compliant with this Guidance Note; and
 - (b) may result in the FSC Secretariat reporting on non-compliance to the LBC; and
 - (c) has the outcome that the FSC may publish industry data investigations in the absence of data from a Relevant Member who fails to submit data as required, provided the FSC discloses in publication of that data, the identity of any members that have not provided data.

6. ONGOING INDUSTRY IMPROVEMENT

- 6.1 The FSC and Relevant Members are committed to continually improve data collection practices across the industry.
- 6.2 The IDSG will determine the content of this ongoing industry data improvement commitment in the first instance, but it will need to be approved by the LBC.
- 6.3 The IDSG will develop the data specification and suggest frequency requirements for the FSC industry data collection and review the data specification on a yearly basis and refer this to the LBC for approval. The LBC will ensure that the data specification satisfies all LBC members. On approval, these requirements will be notified to Relevant Members.

- 6.4 The IDSG will be responsible for reviewing and making recommendations to the LBC for any changes to this Guidance Note.

7. PUBLICATION OF LIFE INSURER DATA

- 7.1 Future publication of FSC Member aggregated data collected will need to be approved by the LBC. The LBC will need to ensure that no insurer is disadvantaged by any publication and be satisfied that no data published reveals any commercial information. This clause should be read in conjunction with clause 4.8.
- 7.2 FSC may, at its discretion, use any aggregated data collected for confidential advocacy purposes – provided it does not breach insurer confidentiality.

8. DEFINITIONS

APRA means the Australian Prudential Regulatory Authority.

APRA/ASIC Claims Data Collection Process means that process or regime under which APRA and ASIC are working together in exercise of their powers in the implementation of a public reporting regime for life insurance claims information and includes any similar process or regime adopted by those agencies or either of them from time to time for that purpose.

ASIC means the Australian Securities and Investments Commission.

IDSG means Industry Data Steering Group. This group is made up of CEOs of Relevant Members, where those CEOs who are also LBC members.

LBC means Life Board Committee of the FSC. The Life Board Committee consists of CEOs of Relevant Members.

Life Insurance Policy means:

- a) a contract of insurance that provides for the payment of money on the death of a person or on the happening of a contingency dependent on the termination or continuance of human life (Section 9(1)(a), *Life Insurance Act 1995*);
 - b) a contract of insurance that is subject to payment of premiums for a term dependent on the termination or continuance of human life (Section 9(1)(b), *Life Insurance Act 1995*);
 - c) a continuous disability policy (Section 9(1)(e), *Life Insurance Act 1995*); or
 - d) another contract of insurance, if the Member carries on life insurance business (other than annuity business) by issuing or undertaking liability under such a contract due to a declaration by APRA under section 12A of the *Life Insurance Act 1995*,
- in each case which is issued in the Australian market but excluding a contract of reinsurance.