Compliance Advocacy Solutions

UAC JULY NEWSLETTER

SECTION 1 – REGULATORY UPDATES

1. ICA opens consultation on the new 2026 GI Code of Practice
   https://insurancecouncil.com.au/resource/insurance-industry-opens-consultation-on-new-code-of-practice/

1. Brief Summary

The ICA has opened has opened public consultation to seek feedback on the new draft General Insurance Code of Practice. Consultation is open until 21 July 2026.

The redrafted Code delivers a significant uplift in protections for consumers, including:

- **Legal enforceability**: pending ASIC approval, the Code will be enforceable in consumer contracts (except for the Principles and Section 10 on Enforcement), making the Code legally enforceable as part of an insurance contract for the first time.
- **Automatic claim acceptance**: home and motor claims will be automatically accepted after 12 months where no decision has been made, subject to defined exceptions.
- **Stronger support for customers experiencing vulnerability**: a new circumstances-based definition of Vulnerability and a new Extra Care framework set out additional support and flexibility for vulnerable customers.
- **Broader family violence protections**: the definition of family violence now covers family and domestic violence, including financial abuse and coercion, with key protections becoming contractually enforceable insurer obligations.
- **Better claims experiences**: enhanced expectations for trauma-informed claims handling and strengthened requirements for primary points of contact and cash settlements.
- **Higher standards for expert reports**: new obligations for insurers and External Experts to comply with the Insurance Council's Expert Report Best Practice Standard.

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2. Impact for UAC members

UAC members who act on behalf of insurers who subscribe to the Code will be required by the insurer(s) to comply with the Code.

UAC members should continue to monitor developments on the Code and commence planning for implementation, likely to be 2027/28.

2. Insurance Brokers Code of Practice Review
https://niba.com.au/code-of-practice-review

1. Brief Summary

NIBA has today opened the final draft of its rewritten Insurance Brokers Code of Practice for public consultation. The draft Code rewrites brokers' obligations in plain English, strengthens protections for clients, and gives clients clearer visibility into what their broker is paid — a considered step that raises professional standards while keeping professional advice accessible for clients who rely on it. Following this consultation, a final Code will be settled later this year. Consultation closes Friday 7 August 2026.

2. Impact for UAC Members

For information

3. **The Insurance Brokers Code Compliance Committee Releases 2025 Annual Data Report**
https://insurancebrokerscode.com.au/resources/annual-report-2024-25/

1. **Brief Summary:** The Insurance Brokers Code Compliance Committee's 2024 to 2025 Annual Report highlights continued progress in strengthening compliance across the insurance broking industry through greater oversight, improved breach reporting, and increased engagement with brokers. Throughout the year, the Committee focused on holding brokers accountable to the Insurance Brokers Code of Practice, improving the quality and timeliness of compliance reporting, contributing to the independent review of the Code, and promoting higher standards of professionalism, transparency, and consumer protection across the industry.

2. **Impact for UAC Members:**

For information.

4. APRA and ASIC Announce FAR Changes to Reduce Administrive Burden
https://www.apra.gov.au/news-and-publications/apra-and-asic-announce-far-changes-reduce-administrative-burden

1. **Brief Summary:** APRA and ASIC have announced proposed changes to the Financial Accountability Regime (FAR) to reduce unnecessary administrative burden while maintaining strong accountability standards across the financial services sector. The reforms include removing key function requirements from the FAR rules, increasing the threshold for reporting changes to accountable persons, and simplifying accountability maps by removing the need to include direct reporting lines.

2. **Impact for UAC Members:**

   for information

5. **ASIC Updates Guidance on Advertising Financial Products and Services**
https://www.asic.gov.au/about-asic/news-centre/news-items/asic-updates-guidance-on-advertising-financial-products-and-services/

1. **Brief Summary:** ASIC has updated its guidance on advertising financial products and services to help businesses meet their legal obligations and reduce the risk of misleading consumers. The revised Regulatory Guide 234 brings together all advertising guidance into a single document, incorporating lessons from ASIC's enforcement actions since 2012, consolidating previous guidance on using past performance in promotions, and simplifying existing requirements.

2. **Impact for UAC Members:**

   UAC members should ensure that the person(s) responsible for the members marketing activities including maintaining the members social media are aware of the requirements of RG 234. Governance procedures for the sign-off on marketing materials should be reviewed and incorporate the requirements of RG 234.

6. How AFCA Call Recording Impacts You https://www.afca.org.au/news/latest-news/how-afca-call-recording-impacts-you

1.Brief Summary: AFCA has introduced call recording across its complaint handling teams to improve the quality, accuracy and consistency of complaint investigations and customer service. From June 2026, calls with case workers, ombudsmen, customer service and other complaint handling teams may be recorded, with callers notified beforehand and given the option to opt out.

2. Impact for UAC Members:

For information

SECTION 2 – MONTHLY ARTICLE

What does 'efficient, honest and fair' mean in the context of general insurance?

An AFS Licensee must do all things necessary to ensure that the financial services covered by their licence are provided efficiently, honestly and fairly (s 912A(1)(a) Corporations Act)

What does this mean in the context of general insurance?

How do courts construe efficiently, honestly and fairly?

Courts treat efficiently, honestly and fairly as a single, compendious norm, not three watertight, independent duties. This means, a licensee must act efficiently having regard to honesty and fairness, honestly having regard to efficiency and fairness, and fairly having regard to efficiency and honesty.

key elements include:

- **Competence / adequate performance ("efficiently")**: "efficient" is used in the sense of being capable, competent and adequate, and inefficiency can be shown where performance falls short of the reasonable standard the public is entitled to expect.
- **Not limited to criminal dishonesty ("honestly")**: it is not necessary to prove dishonesty in the criminal sense; "honestly" can extend to conduct that is "morally wrong in the commercial sense
- **Ethical soundness / even-handed dealing ("fairly")**: "honestly" used with "fairly" conveys ethical soundness, not merely absence of dishonesty.

In addition:

- Contravention is assessed objectively and may be made out without proving an intentional wrong.
- It is a stand-alone general obligation and does not require breach of some other AFSL general obligation, even though the same facts may also involve other breaches.

ASIC's guidance (RG 104)

- ASIC acknowledges that what you need to do to comply with your obligations will vary according to the 'nature, scale and complexity' of your business. (RG 104.21)
- ASIC notes your compliance measures might include one or a number of different documents and any of a variety of stand-alone or integrated IT systems. As a general rule, the smaller and simpler your business, the smaller and simpler ASIC expects your measures to be. (RG 104.44)
- It follows that underwriting agencies providing their financial services directly to retail clients, where the risk of the impact of a breach to cause harm or detriment increases, that more robust controls including governance processes, would be expected, compared to a portfolio of wholesale clients distributed through brokers (however the obligation still applies). Similarly, a fully automated service/distribution model is simpler (noting however increased cybersecurity risk) than a manual service/distribution model. A single insurance portfolio is generally simpler than a multi-line portfolio.
- If you fail to comply with the other general obligations [in s912A (1)], it is unlikely that you will be complying with the 'efficiently, honestly and fairly' obligation. (RG 104.55). However, the 'efficiently, honestly and fairly' obligation is also a stand-alone obligation that operates separately from the other general obligations. For example, if you have contractual obligations to clients and breach them, this might not be a breach of the other general obligations, but it could amount to a failure to provide your financial services efficiently, honestly and fairly (RG 104.56)

Claims handling and settling: efficiently, honestly and fairly (INFO 253)

Claims handling and settling services were previously excluded from the definition of 'financial service' in the *Corporations Act 2001* and persons who provided these services were not required to hold an Australian financial services (AFS) licence. This exclusion has now been removed and the AFS licensing regime applies to these services from 1 January 2022.

Information Sheet (INFO 253) was released by ASIC for anyone who provides claims handling and settling services for insurance products regulated by ASIC.

In respect of 'efficiently, honestly and fairly', ASIC considers, to satisfy this obligation, you will generally need to handle and settle insurance claims:

- in a timely way;
- in the least onerous and intrusive way possible
- fairly and transparently, and
- in a way that supports consumers, particularly ones who are experiencing vulnerability or financial hardship

In a claims context this means:

- meet the time frames and standards in the GI Code of Practice
- act without undue delay, acknowledging and balancing the negative effects of delay on the claimant against your reasonable requests for information. This includes following up outstanding information, and reviewing the ongoing need for this information, on a regular basis.
- Insurance fulfilment and other service providers acting on your behalf should be sufficiently overseen by you to ensure they do not cause delays. This includes being responsive to complaints about the quality and timeliness of work they perform.
- Assess claims in the least onerous and intrusive way reasonably possible in the circumstances. When assessing a claim, ASIC expect that requests for information would only be made if strictly relevant to the claim. It is not acceptable to issue a standard template request with a long list of requirements to all claimants
- ensuring customers are aware of what they should expect of you and what you expect of them during the claims process, time frames for decisions and progress reports, and an opportunity to respond to adverse findings and the complaints process.
- ensuring that your service can be tailored to consumers who are experiencing vulnerability or financial hardship.
- In respect of Code membership, subscribing to and complying with a relevant industry code of practice, where available, is a strong indicator of your commitment to raised standards that complement the legislative requirements

Sales and distribution: efficiently, honestly and fairly

Extrapolating INFO 253 to sales and distribution, providing your financial services efficiently, honestly and fairly in a sales and distribution context, likely means, having frameworks, governance, systems and processes for:

- meet the time frames and standards in the GI Code of Practice;

- underwriting agencies having a a product design and approval system and brokers and other distributors aligning their distribution processes to such system(s);
- assess applications for insurance cover in the least onerous and intrusive way reasonably possible in the circumstances. This means only asking for information that is relevant to the underwriting decision and not requesting information because your data indicates a causal link to certain seemingly unrelated risk factors;
- ensuring all marketing material and websites are written in plain language, giving balanced information so that consumers can understand the nature of the product or service being advertised (also refer RG 234)
- tailoring of services and products to customers/clients experiencing vulnerability including **CWES Designed To Disrupt**;
- disclosures and warnings provided in a timely and clear manner;
- ensure fairness is embedded in decision-making (including ethics and integrity principles where automation/AI is used) with objective and documented evidence to support;
- fulfil pricing promises so that customers are able to take insurers (and underwriting agencies) at their word, especially when it comes to discounts that influence customers decision to take up a policy and compare it to other products in the market;
- not engage in pressure selling or other unfair business practices;
- ensure all customers are aware of their cooling-off rights;
- ensuring staff and authorised representatives are identifying and reporting incidents and complaints in a timely manner, and the processes for managing incidents and complaints are fair and reasonable; and
- only allow trained and competent staff and authorised representatives to provide financial product advice (RG 146 trained) and deal in general insurance products.

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