Compliance Advocacy Solutions

UAC JUNE NEWSLETTER

SECTION 1 – REGULATORY UPDATES

1. GI CGC Annual General Industry Data and Compliance Report 2024-25

1. **Brief Summary:** The annual 2024–25 General Insurance Code compliance report has been released, noting 70,325 breaches mainly in claims handling, caused by staff errors and process gaps. While the industry grew in premiums, policies, and claims, challenges remain in timely claims handling, monitoring systemic issues, and supporting vulnerable customers, highlighting the need for stronger data practices and improved workflows.

   Access the report here: https://insurancecode.org.au/resources/gicgc-annual-report-2024-25/

2. **Impact for UAC Members:**

   Members should review their compliance arrangements against industry gaps identified in the report and take corrective action as required. Members should also consider any identified gaps in context of AFSL requirements and reportable situation obligations.

2. ASIC calls for urgent cyber uplift, as AI accelerates cyber threats.

1. **Brief Summary:** ASIC is urging all licensees to urgently strengthen their cyber resilience as advanced artificial intelligence increases the pace, scale and sophistication of cyber threats, warning that existing vulnerabilities will be tested more rapidly and often, and that strong cyber fundamentals remain essential.

   ASIC's open letter, signed by Commissioner Simone Constant, stresses boards and executives must act now to reinforce core cyber risk controls, governance and incident response capabilities, regularly review critical assets and access privileges, manage third-party exposure and use established guidance to ensure systems can withstand AI-accelerated attacks as part of their core risk obligations.

   ASIC's open letter https://www.asic.gov.au/about-asic/news-centre/find-a-media-release/2026-releases/26-092mr-asic-calls-for-urgent-cyber-uplift-as-ai-accelerates-cyber-threats/

2. **Impact for UAC Members:**

Members who are using, or are considering the use of AI, should review the ASIC letter, including the steps that ASIC urges entities to take, against their compliance measures. Members should be aware that regulations are technology neutral and that licensees are responsible for the use of technology when providing their financial services including where any authorised representative or service supplier uses such technology.

3. APRA calls for a step-change in AI related risk management and governance.

1. **Brief Summary:** APRA's call for a step change in how banks, insurers and superannuation trustees manage risks from AI, noting that while AI use is growing fast, governance, risk management and assurance practices are not keeping pace. APRA highlights gaps in board understanding, oversight, supplier risk controls and integrated assurance, and urges stronger frameworks to ensure AI benefits are realised without undermining resilience, security and risk outcomes.

2. **Impact for UAC Members:**

Members with Binder Agreements with APRA-regulated insurers should continue to understand and meet insurers requirements under CPS 230 and CPS 234 and ensure this is reflected through their AFSL compliance measures, risk management systems and BCP plans.

4. AFCA publishes latest Systemic Issues Insight Report

1. **Brief Summary:** The latest AFCA Systemic Issues Insights Report highlights 86 investigations affecting around 342 000 consumers, leading to $3.4 million in remediation. Key issues include poor complaint handling, gaps in support for vulnerable customers, outdated systems, and policy-practice inconsistencies, emphasising the need for stronger governance and consumer-focused practices.

2. **Impact for UAC Members:**

Members should continually review incidents and complaints to identify systemic issues, themes and trends. This means, not only considering the root cause of the individual incident or complaint, but taking an enterprise view where the root cause may impact a number of insureds, customers or clients.

5. Australia well-placed to unlock opportunities from innovation in the financial system

1. Brief Summary:

New research released 21 May 2026 by ASIC shows that Australia is well-placed to harness an ongoing surge of financial innovation.

The Innovation in Financial Technology and RegTech research, conducted by the Digital Finance Cooperative Research Centre (DFCRC) for ASIC, lays out how Fintech and Regtech innovations are evolving across the world.

The research argues that Australia is well-placed to benefit from financial innovation, noting strong data and payments infrastructure and respected regulators, and suggests expanding the Consumer Data Right to more sectors, clarifying AI governance expectations, adapting regulation for platform-based finance, monitoring technology concentration risks, and enhancing regulator SupTech capabilities to support innovation while maintaining consumer protection and financial stability.

Read the research here: https://www.asic.gov.au/about-asic/news-centre/find-a-media-release/2026-releases/26-102mr-australia-well-placed-to-unlock-opportunities-from-innovation-in-the-financial-system/

2. Impact for UAC Members:

For information only

SECTION 2 – MONTHLY ARTICLE

The Strategic Value of Documenting Compliance Obligations:

Documenting your compliance measures is generally seen as a regulatory requirement. This applies irrespective of whether your compliance measures are human-based, technology-based, or more likely, a combination of both.

ASIC in regulatory guide RG 104 at paragraph 104.26, *Documentation helps you demonstrate whether or not you are complying with the general obligations. When you document your measures, we [ASIC] expect this will include details of who is responsible, the timeframes involved and associated record keeping and reporting.*

However, there is also strategic value in documenting your compliance obligations. A

tailored, enterprise-wide document providing a single source of truth is essential in a wide variety of circumstances:

Due diligence

Too often during due diligence a plethora of policies, procedures, check-lists, screen shots of systems, registers and the like are provided with seemingly little connection to each other and no evidence of a compliance cadence.

Evidence of compliance with the complex general insurance regulatory environment is required in many instances, such as:

- raising capital
- for underwriting agencies and TPA's when changing insurers or seeking new binder arrangements
- exploring partnerships through alternative distribution channels
- attracting new directors or responsible managers.
- Licensees with foreign company ownership to satisfy Group (parent) requirements
- firms who are an authorised representative and seeking a new AFS Licensee.

Audits

A single, documented, tailored, risk and compliance framework provides strong assurance when your firm is being audited. Audits arise in many different circumstance s however the purpose is the same - to understand the adequacy of your compliance measures in managing risk to your business.

Audits are performed:

- annually for AFS Licensees by auditors in preparation of your FS71 auditors report;
- on behalf of insurers conducted on their underwriting agencies, TPA's and other material service suppliers;
- by a parent or ultimate controller or foreign-owned company on the local Australian operations; and
- by AFS Licensees on their Authorised representative and/or distribution network.

Foundation for growth and exploring opportunities

A documented risk and compliance framework also provides a strong foundation for

growth and exploring new opportunities.

The documented framework becomes an important strategic tool when exploring new distribution channels, products, services or markets. The document enables an understanding of actions to be taken and consequences to be analysed and managed, including the impact of proposed changes to regulatory obligations, the control environment and risk profile.

Training and education

Your risk and compliance framework provides the road-map or compliance story of your business and is an essential tool for internal training and education purposes, and for your authorised representatives and service suppliers.

Purposeful documentation

Documenting a risk and compliance framework with little thought will provide limited value.

The framework must be well-designed with a natural flow and cadence and be capable of being understood by any person within the business, any external party and regulators.

The framework must generate data, that enables a view to be formed by management and the board, on the health of the firm's risk & compliance measures on a continuum between adequate and actions-required.

Key features of a documented risk and compliance framework include:

- an overview of the business
- licence and authorisations and what they mean
- key partnerships and relationships in the value chain (from a regulatory perspective)
- governance including roles and responsibilities, risk & compliance committee oversight, assurance, and reporting
- risk management including risk appetite, risk assessment, identification, analysis and evaluation
- licence management
- tabled material obligations including assignment of key controls to each obligation
- obligations management

- control testing
- monitoring and supervision
- incident and breach management
- record keeping

Designing and implementing your Compliance measures

If you need assistance in designing, developing or implementing your underwriting agency's risk and compliance measures, that are adequate for the nature, scale and complexity of your business, contact Compliance Advocacy Solutions for assistance.

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