

UAC APRIL Newsletter

SECTION 1 – REGULATORY UPDATES

1. ASIC launches financial complaints data dashboard

1. **Brief Summary:** ASIC's new complaints data dashboard gives unprecedented visibility into how financial firms handle customer issues, enabling direct comparisons across providers, highlighting trends in complaint handling and outcomes, and ultimately driving greater accountability, improved customer outcomes, and more proactive, data-led compliance across the industry.

2. Impact for UAC Members:

To ensure that your complaints data is accurate and the true picture is reflected on the complaints data dashboard, members should ensure that all complaints, including those resolved at first point of customer contact, are submitted to ASIC as part of your IDR report to ASIC every six months.

A monthly attestation can serve as a timely reminder for your people and authorised representatives to raise and report all complaints.

2. Moneysmart – guidance for Australians to make better financial decisions

1. **Brief Summary:** ASIC's refreshed Moneysmart guidance highlights the growing need for trusted, independent financial information, particularly as more Australians, especially younger audiences, turn to social media for advice, positioning Moneysmart as a clearer, more accessible and reliable resource to support better financial decisions and improve overall financial literacy across the community.

2. Impact for UAC Members:

For information only.

3. AFCA published rules and operational guidelines

1. **Brief Summary:** AFCA has published its updated Rules and Operational Guidelines (OGs), which come into effect on 12 March 2026, following extensive consultation with industry, consumer groups, paid representatives and other

stakeholders, and subsequent ASIC approval. The updated Rules and OGs reflect changes designed to strengthen fairness, transparency, and efficiency across the AFCA scheme. In respect of general insurance, the following changes are relevant:

- The introduction of Rule A.11.6, allowing AFCA to publish the names of financial firms that fail to comply with AFCA Determinations.
- New obligations for paid representatives.

2. Impact for UAC Members:

Members should review their complaint procedures against the updated Rules and OGs and ensure that they have processes in place to implement AFCA determinations.

4. ASIC sues general insurer for policy discount misrepresentations

1. **Brief Summary:** ASIC's legal action against a general insurer highlights serious concerns around misleading pricing practices, alleging that customers were promised discounts that were later removed without clear disclosure, resulting in widespread overcharging and reinforcing the regulator's strong focus on holding insurers accountable for delivering transparent, fair, and accurate pricing to consumers.

2. Impact for UAC Members:

When promising a discount, or any other pricing promises, members must ensure that the discount is applied as advertised. This requires extensive user acceptance testing of any IT system changes prior to going 'live' and ongoing testing and monitoring to ensure that relevant customers are receiving the advertised discount, as promised.

5. Reminder: CPS 230 for existing material service providers - 1st July 2026

Brief Summary

The requirements of CPS 230 for general insurers with pre-existing contractual arrangements in place with a service provider, take effect from the earlier of the next renewal date of the contract or 1 July 2026.

Impact for UAC Members

Members with existing arrangements in place with general insurers, as a service provider, should be well advanced in ensuring compliance with the insurer's CPS 230 requirements in order to meet the deadline date of 1 July 2026.

Generally, members should adopt an approach of strengthening their own risk management systems to ensure that they meet both their own AFSL obligations in addition to insurers CPS 230 requirements.

The following actions should be considered for impacted members:

- understand why the insurer has classified the member as a Material Service Provider;
- review the amended (binder) agreement proposed by the insurer (**amended agreement**) against paragraphs 54 and 55 of CPS 230;
- update the member's BCP to reflect the requirements of CPS 230 including identification of critical operations (including underwriting and claims), setting of tolerance levels, business impact assessment, and inclusion of 4th parties;
- diarise to conduct a test of the members BCP in a range of severe but plausible scenarios, including a cyber security incident;
- include the requirements of the amended agreement as part of the members compliance measures with relevant internal monitoring, control testing, and reporting; and
- ensure that the member understands the insurers CPS 230 reporting requirements to APRA, and implement mechanisms as part of the members incident management process to assist the insurer in meeting its APRA reporting obligations.

SECTION 2 – MONTHLY ARTICLE

The general obligations of an Underwriting Agency holding an AFS Licence

Members who are financial service licensees have general obligations under section 912A(1) Corporations Act.

The general obligations generally extend to include a Licensee's representatives including authorised representatives.

The general obligations

A financial services licensee must:

1. do all things necessary to ensure that the financial services covered by the licence are provided efficiently, honestly, and fairly. This is an overarching obligation and a stand-alone obligation. This obligation has relevance to general insurance areas such as claims handling (delays and decision-making), and pricing promises (such as discounts).
2. have in place adequate arrangements for the management of conflicts of interest. (Refer **RG 181** issued 16 December 2025). The conflicts management obligation is broad and is intended to apply widely—it is not limited in its application. It applies to all conflicts of interest other than those wholly outside (i.e. separate to) the financial services business of you or your representative. (RG 181.11).
3. comply with the conditions on the licence. This may include a *Key Person Requirements condition*. Generally, the conditions on your licence should be included in an obligations register and aligned to obligations at law or under the GI Code of Practice, as relevant.
4. comply with the financial services laws. The financial services laws are not defined but, for general insurance, are understood to include Chapter 7 Corporations Act, ASIC Act Div 2 Part 2, Insurance Act, Insurance Contracts Act, and the Privacy Act.
5. take reasonable steps to ensure that your representatives comply with the financial services. This is the monitoring and supervision obligation and includes employees and directors, authorised representatives and any third-party service providers used to provide functions relating to the licence. The level of monitoring and supervision your representatives need will depend on the nature, scale, and complexity of your business (e.g. the function your representatives perform and whether your business operates from one or a number of locations) See **RG 104.73**
6. have available adequate resources (including financial, technological, and human resources) to provide the financial services covered by the licence and to carry out supervisory arrangement. The base level financial requirements are in

- RG 166.** A licensee needs enough people to enable the licensee to (a) comply with all obligations under the law; (b) carry out monitoring and supervision; and (c) meet current and anticipated future operational needs (RG 104.93). A licensee needs to have enough technological resources to enable the licensee to (a) comply with obligations under the law; (b) maintain client records and data integrity; (c) protect confidential and other information; and (d) meet current and anticipated future operational needs. RG 104.97
7. maintain the competence to provide those financial services. (refer **RG 105**). The Corporations Act places responsibility on a Licensee to ensure that it maintains the competence to provide the financial services covered by the AFS licence. Together, your responsible managers need to have knowledge and skills that demonstrate you can provide all the financial services and products covered by your AFS licence, while complying with the conditions of your licence and any other relevant statutory obligations. (RG 105.39)
 8. ensure that its representatives are adequately trained (including by complying with the CPD provisions), and are competent, to provide those financial services. This obligation includes **RG 146** when providing financial product advice. Otherwise, ASIC expects licensees to: (a) identify the knowledge and skills your representatives need to competently provide your financial services; (b) ensure that they have the necessary knowledge and skills; (c) ensure that they undertake continuing training programs to maintain and update their knowledge and skills; and (d) maintain a record of the training they have undertaken (this is required under reg 7.6.04(1)(d)) RG 104.82
 9. if the financial services are provided to persons as retail clients: (a) have an IDR system that complies with the enforceable paragraphs of **RG 271** and be a member of AFCA.
 10. have adequate risk management systems. ASIC expects your risk management systems will: (a) be based on a structured and systematic process that takes into account your obligations under the Corporations Act; (b) identify and evaluate risks faced by your business, focusing on risks that adversely affect consumers or market integrity (this includes risks of non-compliance with the financial services laws); (c) establish and maintain controls designed to manage or mitigate those risks; and (d) fully implement and monitor those controls to ensure they are effective. RG 104.62. Underwriting Agencies and Claim Managers (TPA's) providing services to insurers must ensure that their risk management systems include operational risk (refer to paragraph 24 **CPS 230**) and information security (**CPS 234**)

Documenting your measures

Documentation helps you demonstrate whether you are complying with the general obligations. When you document your measures, ASIC expects this will include details of who is responsible, the timeframes involved and associated record keeping and reporting. (RG 104.26)

Should you need assistance to document your compliance measures, align your key controls to your measures and adopt an operating rhythm to manage compliance, **contact me** to discuss.

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