

27 August 2019

Mr Richard McMahon
Senior Manager
Australian Securities and Investments Commission
Level 5, 100 Market St
SYDNEY NSW 2000

By email: unsolicited.sales@asic.gov.au

Dear Mr McMahon

ASIC CONSULTATION PAPER 317: UNSOLICITED TELEPHONE SALES OF DIRECT LIFE INSURANCE AND CONSUMER CREDIT INSURANCE

The Insurance Council of Australia¹ (Insurance Council) and its members welcome the opportunity to comment on behalf of the general insurance industry on the ASIC Consultation Paper 317 “Unsolicited telephone sales of direct life insurance and consumer credit insurance” of July 2019 (CP 317).

The Insurance Council supports ASIC’s aim of protecting vulnerable consumers from unsolicited telephone calls in relation to consumer credit insurance (CCI), and note recent ASIC reviews which found that outcomes for consumers who buy direct life insurance and CCI are “...often poor, with unsolicited telephone contact particularly associated with ongoing sales conduct issues...”.²

We also note that CP 317 deals with the definition of “unsolicited” calls which will be further discussed as legislation is developed to implement the Government’s response to the Financial Services Royal Commission’s Recommendation 4.1. to prohibit the hawking of insurance products. In its response of February 2019, the Government agreed to the recommendation that hawking of insurance products should be prohibited “...noting, for example, that the Royal Commission did not propose restricting the ability of insurers to

¹ The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent about 95 per cent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system. June 2019 Australian Prudential Regulation Authority statistics show that the general insurance industry generates gross written premium of \$48.4 billion a year and has total assets of \$128.4 billion. The industry employs about 60,000 people and on average pays out about \$151.4 million in claims each working day.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).

² CP 317, page 5.

contact policy holders in relation to existing policies...”.³ Important policy issues to be addressed through the new legislation could include the appropriate distribution channels for such conversations, and when and how consent should be obtained from policyholders in relation to existing policies.

Finally ASIC notes in CP 317 that both industry initiatives and the prohibition of unsolicited telephone sales can play a role in improving consumer outcomes for CCI. The ICA is currently working with relevant members to consider the issues identified in the consultation paper and ASIC’s report into CCI (Report 622) relevant to the General Insurance Code of Practice. The ICA will continue to engage with ASIC on any proposed amendments as part of our process to update the Code. It is the ICA’s intention to have a new Code commence from 1 January 2020 with a 12 month transition period.

If you have any questions or comments please contact Jongsok Oh, Senior Policy Adviser, on Tel: 02 9253 5109 [REDACTED]

Yours sincerely



Robert Whelan
Executive Director & CEO

³ The Government response to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, February 2019.