



## CRIS: ASIC INDUSTRY FUNDING MODEL (2024–25)

This document is part of [ASIC's 2024–25 CRIS](#). It should be read in conjunction with the other documents that make up the CRIS, including the key terms.

### **G Insurance sector**

#### **Key points**

This document outlines:

- our work during 2024–25 to regulate the insurance sector—for our ongoing regulatory activities, see paragraphs 2–7, and for our strategic work, see Table 1;
- the estimated levies to recover our costs—for a summary of the estimated levies for each subsector, see Table 2; and
- more detailed breakdowns of estimated costs for each subsector—see paragraphs 12–15.

The estimated levies are a guide only. The final levies will be based on our actual cost of regulating each subsector in 2024–25.

### **Overview of the insurance sector**

- 1 The insurance sector consists of Australian financial services (AFS) licensees, including:

- (a) insurance product providers;
- (b) insurance product distributors;
- (c) risk management product providers; and
- (d) claims handling and settling services providers.

#### **Our ongoing regulatory work**

- 2 We examine a range of insurance products and markets where we see potential threats to fair outcomes for consumers. We also protect consumers by ensuring that marketing and disclosure are clear and not misleading, that

insurance products are not mis-sold and that insurance claims and disputes are handled in a timely and fair manner.

- 3 We monitor the compliance of entities through supervision and surveillances, using a risk-based approach to identify regulatory risks and determine appropriate actions.
- 4 We use the full suite of our regulatory tools ([ASIC Annual Report 2023–24, Chapter 2](#)) to promote integrity in this sector in order to bring about sound consumer outcomes. This includes, where appropriate, taking enforcement action to address misconduct. This action may span several years.
- 5 We review specific market sectors and products, and we take regulatory and enforcement actions where necessary. These actions may include using ASIC’s product intervention power if there is a significant risk of consumer detriment.
- 6 Where appropriate, we engage in intensive supervision of certain entities as part of our regulatory toolkit.
- 7 Through our stakeholder engagements, we influence our regulated population to improve compliance and minimise consumer harm, while improving our understanding of issues and industry developments. We undertake outreach work and communicate and consult with ASIC’s stakeholders, including professional bodies and associations (e.g. the Financial Services Council, the Council of Australian Life Insurers and the Insurance Council of Australia), agencies, and other regulators.

### Strategic work for this sector

- 8 ASIC’s [Corporate Plan 2024–25](#) outlines our strategic priorities for the next four years and our planned actions for 2024–25.
- 9 Our strategic priorities inform our [2025 enforcement priorities](#), which communicate our intent to industry and indicate where we will direct our resources and expertise.
- 10 Table 1 sets out our strategic work in the insurance sector in 2024–25.

Note: In Table 1, the strategic work may apply to the listed relevant subsectors, depending on prevailing circumstances. Our key actions for some strategic work can apply to multiple sectors and subsectors, particularly for our strategic priorities. This means that there may be other relevant sectors and subsectors for this work outside the insurance sector.

**Table 1: Strategic work in the insurance sector (2024–25)**

Key activities	Key actions	Relevant subsector
Driving better outcomes for consumers in general insurance claims handling	<ul style="list-style-type: none"> <li>Monitor general insurers' responses to the findings in Report 768 <i>Navigating the storm: ASIC's review of home insurance claims</i> (<a href="#">REP 768</a>), which called on general insurers to improve their claims handling practices</li> <li>Engage with the independent review of the 2020 General Insurance Code of Practice</li> <li>Take enforcement action against claims handling misconduct, with a particular focus on home insurance</li> </ul>	Insurance product providers, claims handling and settling services providers
Publishing internal dispute resolution (IDR) data	<ul style="list-style-type: none"> <li>Publish observations from the first year of IDR data reported by all firms and prepare to publish firm-level IDR data in 2025</li> </ul>	All insurance subsectors
Reviewing direct sales of life insurance	<ul style="list-style-type: none"> <li>Review direct sales of life insurance products, with a focus on low-value products</li> <li>Produce a short report on our findings and engage with identified entities to help drive behavioural change</li> </ul>	Insurance product providers
Implementing the Financial Accountability Regime (FAR)	<ul style="list-style-type: none"> <li>Work closely with the Australian Prudential Regulation Authority (APRA) to implement the FAR by providing guidance, engaging with industry and developing effective registration and other processes</li> </ul>	Insurance product providers
Sustainable finance practices	<ul style="list-style-type: none"> <li>Provide regulatory guidance to help entities comply with the Australian mandatory sustainability reporting obligations</li> <li>Engage with industry and conduct targeted surveillance to promote enhanced sustainability-related disclosures and governance practices</li> <li>Take action against misconduct, including greenwashing by entities</li> <li>Engage with peer domestic and international regulators (such as the Council of Financial Regulators Climate Working Group and the International Organization of Securities Commissions (IOSCO) Sustainable Finance Task Force) on sustainable finance developments</li> </ul>	All insurance subsectors
Cyber and operational resilience	<ul style="list-style-type: none"> <li>Conduct targeted surveillances to monitor cyber and operational resilience among our regulated entities</li> <li>Engage with industry to promote good practices and support initiatives that enhance cyber resilience</li> <li>Develop supervisory approaches for emerging operational risks, including artificial intelligence</li> <li>Partner with other regulators to harmonise regulatory approaches and action</li> </ul>	All insurance subsectors
Design and distribution obligations	<ul style="list-style-type: none"> <li>Take action in response to harmful product design and distribution practices, including conduct that results in consumers receiving unsuitable products, particularly in relation to life insurance products</li> </ul>	Insurance product providers, risk management product providers

Key activities	Key actions	Relevant subsector
Ensuring the objectives of the reportable situations regime are met	<ul style="list-style-type: none"> <li>Conduct a targeted surveillance of AFS licensees that have not lodged any reportable situations or have low numbers of reportable situations (compared to peers) and, where appropriate, take compliance and enforcement action</li> <li>Develop a framework for the ongoing publication of reportable situations lodged</li> <li>Prepare to publish firm-level reportable situations data in 2025</li> </ul>	All insurance subsectors
Life insurance premium levels	<ul style="list-style-type: none"> <li>Together with APRA, monitor life insurers' compliance with their obligations in relation to setting premiums. We will focus on premium increase practices, disclosure and marketing, and sustainable product design</li> <li>Take action against misconduct where necessary, and communicate our findings to drive improved outcomes for consumers around product design</li> </ul>	Insurance product providers
Addressing misconduct against vulnerable consumers and systemic non-compliance	<ul style="list-style-type: none"> <li>Address misconduct that has the potential to cause significant consumer harm, particularly conduct that targets vulnerable consumers</li> <li>Act against systemic non-compliance by large financial institutions that results in widespread consumer harm</li> </ul>	All insurance subsectors
Monitoring the adequacy of internal dispute resolution (IDR) arrangements	<ul style="list-style-type: none"> <li>Review general insurers' compliance with the requirements outlined in Regulatory Guide 271 <i>Internal dispute resolution</i> (<a href="#">RG 271</a>), and identify areas where licensees need to improve</li> </ul>	Insurance product providers
Supporting the Delivering Better Financial Outcomes (DBFO) law reform	<ul style="list-style-type: none"> <li>Support Treasury as they progress the DBFO law reform package, the Australian Government's response to the <a href="#">Quality of Advice Review</a></li> <li>Continue to provide input into the reforms, and help implement any changes through guidance, legislative instruments and other relevant ASIC documents</li> </ul>	Insurance product providers and insurance product distributors
Monitoring the use of AI by licensees	<ul style="list-style-type: none"> <li>Review how retail financial services entities use AI and advanced data analytics, and assess their risk management and governance processes. Publish Report 798 <i>Beware the gap: Governance arrangements in the face of AI innovation</i> (<a href="#">REP 798</a>) which calls on licensees to act to ensure risk management and governance arrangements enable them to deploy AI safely, responsibly and in compliance with existing obligations</li> <li>Contribute to the Australian Government's development of AI-specific regulation</li> </ul>	All insurance subsectors
Acting against misconduct that affects small businesses	<ul style="list-style-type: none"> <li>Take action, including enforcement action, against persons whose actions affect small businesses, including in relation to the promotion and supply of high-risk or unsuitable products</li> </ul>	All insurance subsectors

## Summary table of estimated industry funding levies for the insurance sector

**Table 2: Estimated industry funding levies for the insurance sector**

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric definition	Minimum levy	Graduated levy threshold	Estimated levy
Insurance product providers	<p>Entities that are AFS licensees authorised to deal in general insurance products, life insurance products or investment life products, and that are a:</p> <ul style="list-style-type: none"> <li>• general insurer, authorised non-operating holding company or subsidiary of a general insurer or authorised non-operating holding company, within the meaning of the <i>Insurance Act 1973</i>;</li> <li>• life company that is registered under s21 of the <i>Life Insurance Act 1995</i> or a registered non-operating holding company within the meaning of that Act; or</li> <li>• party to the types of arrangements prescribed in reg 72(2) of the <i>ASIC Supervisory Cost Recovery Regulations 2017</i> (Cost Recovery Levy Regulations)</li> </ul>	\$15.597m	103	<p><b>Gross premium and net policy revenue</b></p> <p>Gross amount of premiums written and net revenue received, less any reinsurance expenses, in relation to business covered by the entity's AFS licence</p> <p>Note: Our regulatory effort for insurance product providers varies, depending on whether the entity is a life insurer (or friendly society) or a general insurance product provider, and the scale of its operation. For example, a large general insurer with a substantial customer base presents a significantly larger risk to the broader financial system than a small general insurer with a limited number of products and customers</p>	\$20,000	\$5m	Minimum levy of \$20,000 plus \$2.12 per \$10,000 of revenue above the \$5m threshold

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric definition	Minimum levy	Graduated levy threshold	Estimated levy
Insurance product distributors	Entities that are AFS licensees authorised to deal in general insurance products, life insurance products or investment life products. However, an entity is not part of this subsector if the entity is also part of the insurance product providers subsector for the financial year	\$1.674m	3,587	<b>Flat levy</b>  Note: Our regulatory costs for insurance product distributors will be shared equally between all entities in the subsector because our level of regulatory activity is relatively similar for entities with each authorisation	Not applicable	Not applicable	\$467
Risk management product providers	Entities that are AFS licensees authorised to deal in a financial product for managing financial risk (that is not a financial product specified in s764A of the <i>Corporations Act 2001</i> (Corporations Act). An entity can be part of this subsector as well as another subsector	\$0.045m	85	<b>Number of days authorised</b>  The number of days in the financial year on which the entity held the prescribed AFS licence authorisation	Not applicable	Not applicable	\$550
Claims handling and settling services providers	Entities that are AFS licensees authorised to provide claims handling and settling services. An entity can be part of this subsector as well as another subsector	\$2.049m	344	<b>Number of insurance claims</b>  The number of claims relating to insurance products that the entity provided claims handling and settling services for in the financial year	\$500	No threshold	Minimum levy of \$500 plus \$0.278 per claim under insurance products in relation to which the entity provides claims handling and settling services

## Detailed breakdown of estimated costs of regulating each subsector in the insurance sector

- 11 We have provided a breakdown of the costs for each subsector in the insurance sector. It also includes the cost of regulating the subsector in the previous year. For more information about the actual costs for 2023–24, see [our annual dashboard and summary of variances documents](#) on our website.

### Insurance product providers

- 12 ASIC’s cost of regulating the subsector in 2023–24 was \$11.3 million. The estimated cost of regulating the subsector for 2024–25 is \$15.6 million: see Table 3.

**Table 3: Estimated costs to regulate insurance product providers**

Expense	Estimated cost
Supervision and surveillance	\$5.044m
Enforcement	\$2.984m
Other regulatory activities	
<i>Industry engagement</i>	\$0.580m
<i>Education</i>	\$0.246m
<i>Guidance</i>	\$0.313m
<i>Policy advice</i>	\$0.323m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.658m
<i>Digital, data and technology</i>	\$2.350m
<i>Corporate support</i>	\$1.228m
<i>Property and accommodation services</i>	\$1.401m
<b>Total operating expenditure</b>	<b>\$15.126m</b>
Allowance for capital expenditure	\$0.416m
Less costs funded by own-source revenue	(\$0.004m)
Adjustment for prior year under/(over) recovery	\$0.059m
<b>Total levy to recover costs</b>	<b>\$15.597m</b>

Note: Costs include expenses relating to novel relief applications where ASIC is not able to charge a fee.

## Insurance product distributors

- 13 ASIC's cost of regulating the subsector in 2023–24 was \$842,495. The estimated cost of regulating the subsector for 2024–25 is \$1.7 million: see Table 4.

**Table 4: Estimated levies to recover costs to regulate insurance product distributors**

Expense	Estimated cost
Supervision and surveillance	\$0.170m
Enforcement	\$1.319m
Other regulatory activities	
<i>Industry engagement</i>	\$0.017m
<i>Education</i>	\$0.020m
<i>Guidance</i>	\$0.006m
<i>Policy advice</i>	\$0.016m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.057m
<i>Digital, data and technology</i>	\$0.206m
<i>Corporate support</i>	\$0.081m
<i>Property and accommodation services</i>	\$0.122m
<b>Total operating expenditure</b>	<b>\$2.015m</b>
Allowance for capital expenditure	\$0.040m
Less costs funded by own-source revenue	(\$0.404m)
Adjustment for prior year under/(over) recovery	\$0.023m
<b>Total levy to recover costs</b>	<b>\$1.674m</b>

## Risk management product providers

- 14 ASIC's cost of regulating the subsector in 2023–24 was \$100,282. The estimated cost of regulating the subsector for 2024–25 is \$44,975: see Table 5.



**Table 5: Estimated levies to recover costs to regulate risk management product providers**

Expense	Estimated cost
Supervision and surveillance	\$0.004m
Enforcement	\$0.019m
Other regulatory activities	
<i>Industry engagement</i>	\$0.000m
<i>Education</i>	\$0.001m
<i>Guidance</i>	\$0.000m
<i>Policy advice</i>	\$0.000m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.002m
<i>Digital, data and technology</i>	\$0.007m
<i>Corporate support</i>	\$0.002m
<i>Property and accommodation services</i>	\$0.004m
<b>Total operating expenditure</b>	<b>\$0.041m</b>
Allowance for capital expenditure	\$0.001m
Less costs funded by own-source revenue	(\$0.000m)
Adjustment for prior year under/(over) recovery	\$0.003m
<b>Total levy to recover costs</b>	<b>\$0.045m</b>

### Claims handling and settling services providers

15 ASIC's cost of regulating the subsector in 2023–24 was \$6.9 million. The estimated cost of regulating the subsector for 2024–25 is \$2.0 million: see Table 6.

**Table 6: Estimated levies to recover costs to regulate claims handling and settling services providers**

Expense	Estimated cost
Supervision and surveillance	\$0.404m
Enforcement	\$0.692m

Expense	Estimated cost
Other regulatory activities	
<i>Industry engagement</i>	\$0.065m
<i>Education</i>	\$0.028m
<i>Guidance</i>	\$0.037m
<i>Policy advice</i>	\$0.037m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.085m
<i>Digital, data and technology</i>	\$0.305m
<i>Corporate support</i>	\$0.162m
<i>Property and accommodation services</i>	\$0.182m
<b>Total operating expenditure</b>	<b>\$1.996m</b>
Allowance for capital expenditure	\$0.054m
Less costs funded by own-source revenue	(\$0.001m)
Adjustment for prior year under/(over) recovery	Nil
<b>Total levy to recover costs</b>	<b>\$2.049m</b>

Note: Costs include expenses relating to novel relief applications where ASIC is not able to charge a fee.