

[REDACTED]  
Regulatory Reform and Implementation  
Australian Securities and Investments Commission

By email: [rri.consultation@asic.gov.au](mailto:rri.consultation@asic.gov.au)

17 March 2025

Dear [REDACTED],

**CS 16 Reportable situations – additional relief**

The Council of Australian Life Insurers (CALI) is the trusted voice of life insurance in Australia. We support Australians to make informed choices about their future and help them live in a healthy, confident, and secure way.

Our mission is to ensure Australians view life insurance and the industry as accessible, understandable, and trusted. We do this by supporting our members to deliver the protection and certainty Australians need on their best and worst day.

We appreciate the opportunity to comment on ASIC's proposed further relief from the reportable situations regime. Life insurers are committed to meeting their obligation to report breaches of financial services laws to ASIC. We welcome the intent of the proposed change to focus the reporting regime on breach reports that offer the highest regulatory value and ensure ASIC has the right industry intelligence. However, we believe, as currently proposed, the criteria will not meaningfully achieve this intent. The revised criteria will continue to require industry to make breach reports that are of little to no value to ASIC's enforcement activities.

The proposed change is also intended to reduce the reporting burden on industry and ASIC. Some of CALI's large members have reviewed their reporting over the last two years against these criteria and did not identify any incidents that would fall within the scope of the proposed relief. This indicates that the proposed criteria will not offer significant relief to the life insurance industry.

To make the proposed changes more usable, we have proposed some amendments to the criteria.

Impacted customers

There will be circumstances where more than five customers are affected by a breach but the total financial impact is low. We believe a significant increase in the threshold for the number of impacted customers, combined with our proposed approach on the financial threshold below, would increase the usefulness of the relief without undermining the overall objective of ensuring ASIC receives the reports that have the most intelligence value.

Financial threshold

Most incidents in the life insurance industry involve financial loss to customers that relate to premiums being over-charged or benefits being underpaid or delayed. Most sum insureds or annual premium amounts are much higher than \$500. If, as proposed in the existing criteria, an incident involved five customers, then each customer must have a loss of \$100 or less for the exemption to apply. Based on the average premium and sum insured

amounts, it is unlikely that a life insurance licensee could rely on this exemption. We propose that relief for breaches where total financial loss to all customers does not exceed \$2,500 and does not exceed \$500 for any one customer may provide an opportunity for life insurers to rely on this relief.

#### Rectification timeframe

In many cases, a licensee may not find about a breach at the time it first occurred. There are common scenarios where an incident is picked up during periodic control monitoring or other reviews, often more than 30 days after the breach. In these cases, life insurers would not be able to rely on the relief, even where the other criteria have been met. For the purposes of the relief, a more appropriate benchmark would be 90 days from when the incident is first detected.

We propose 90 days, rather than 30 because it is often that case that rectification may take between 30 and 90 days, for example where there are challenges contacting the customer, but this does not suggest that the rectification is not underway or will be completed in a reasonable timeframe.

As additional relief, ASIC could also consider extending this proposal relief to certain offence provisions which are rectified quickly and where there is limited financial loss to customers. This could include:

- s949A(2): failure to provide the general advice warning;
- S1017B(1): significant event notice not being issued within the required timeframe;
- S1017D(1): not providing an exit statement within the required timeframe; and
- S1017F(2): confirmations of transactions in respect to claims payment letters and policy transactions letters.

I look forward to continued engagement as ASIC considers this relief. [REDACTED]

Kind regards,

[REDACTED]

[REDACTED]

Council of Australian Life Insurers