



14 March 2024

TO: ALL APRA-REGULATED INSURANCE AND SUPERANNUATION ENTITIES

THE FINANCIAL ACCOUNTABILITY REGIME—PREPARING FOR COMMENCEMENT AND CONSULTATION ON THE DRAFT REGULATOR RULES AMENDMENT INSTRUMENT

APRA and ASIC (the Regulators) are writing to all insurance and superannuation entities outlining the actions they should take ahead of the commencement of the Financial Accountability Regime (FAR) on 15 March 2025.

Insurance and superannuation entities are encouraged to be proactive in preparing for the implementation of the FAR, moving beyond a focus on just meeting minimum compliance obligations to one where entities understand, clarify and sharpen their existing accountability arrangements.

This letter should be read in conjunction with the information package published today, comprising:

- a joint information paper, *Financial Accountability Regime: Information for accountable entities* (Information Paper);
- updated accountability statement guidance and template; and
- a consultation package for insurance and superannuation entities (detailed in this letter) seeking feedback on the draft *Financial Accountability Regime Regulator Rules Amendment Instrument No. 1 of 2024* (draft amendment instrument) and supporting descriptions for each proposed Insurance Key Function and RSE licensee Key Function.

Summary of implementation activities for insurance and superannuation entities

In preparation for the commencement of the FAR, the Regulators encourage insurance and superannuation entities to start undertaking the activities below.

Key implementation activities for all insurance and superannuation entities:

- ✓ Review the [Information Paper](#) released today;
- ✓ Determine whether they are an 'enhanced' or 'core' accountable entity (based on the thresholds set out in the *Financial Accountability Regime (Minister) Rules 2024*) and identify their significant related entities (SREs), if any—see Chapter 2 of the Information Paper;
- ✓ Undertake accountability mapping to support compliance with relevant key personnel obligations—see Chapter 2 of the Information Paper;

- ✓ Identify their accountable persons, and accountable persons of their SREs—see Chapter 3 of the Information Paper;
- ✓ Put in place processes to ensure they comply with their notification obligations—see Chapter 4 of the Information Paper;
- ✓ For entities that are part of a corporate group, determine the impact of the FAR on other entities within the group (including any SREs)—see Chapter 4 of the Information Paper;
- ✓ Assess and strengthen their remuneration policies to comply with the deferred remuneration obligations under the FAR—see Chapter 5 of the Information Paper; and
- ✓ Participate in the consultation process and upcoming webinars.

Additional activities for enhanced insurance and superannuation entities:

- ✓ Review the accountability statement guidance and template released today; and
- ✓ Prepare their accountability maps and accountability statements—see Chapter 4 of the Information Paper.

Consultation on the draft amendment instrument

The Regulators propose to amend the *Financial Accountability Regime Act (Information for register) Regulator Rules 2024* (Regulator rules) to include a list of key functions for insurance and superannuation entities. The amendment instrument included as Attachment B sets out the draft amendments to the Regulator rules. Descriptions of each Insurance Key Function and RSE licensee Key Function specified in the draft amendment instrument are available in Attachment C. This consultation is limited to the draft amendment instrument and the key function descriptions for insurance and superannuation entities. Attachment A provides details on the consultation process.

Regulator engagement with insurance and superannuation entities

The Regulators will engage with and support insurance and superannuation entities leading up to commencement. Webinar invites will be sent shortly to discuss the information released in this package and to provide insurance and superannuation entities an opportunity to ask questions. Dates for the webinars are available below:

- Tuesday 9 April for superannuation entities;
- Wednesday 10 April for general and life insurance entities; and
- Thursday 11 April for private health insurers.

The Regulators will also consider conducting targeted activities to support the effective implementation of the FAR. The Regulators intend to adopt a risk-based, proportionate approach to implementation and will communicate further detail in due course.

In quarter 2 of 2024, the Regulators intend to make the final amendment instrument. Minor consequential changes may also be made to the reporting form instructions (available at [Financial Accountability Regime](#)) to reflect the outcomes of the consultation and better assist insurance and superannuation entities with the completion and submission of required information in APRA Connect.

Queries or requests can be sent to the Regulators' single point of contact mailbox, far@apra.gov.au.

Attachments

Attachment A: Consultation process

Attachment B: Draft *Financial Accountability Regime Regulator Rules Amendment Instrument No. 1 of 2024*

Attachment C: Draft Insurance Key Functions and RSE licensee Key Functions descriptions

Yours sincerely,

Margaret Cole
Deputy Chair, APRA

Sarah Court
Deputy Chair, ASIC

Attachment A: Consultation process

The draft amendment instrument and the key function descriptions for insurance and superannuation entities will be subject to a five-week public consultation.

Written submissions on the proposals should be sent to the Regulators' single point of contact mailbox far@apra.gov.au by 19 April 2024 and be addressed to:

Stuart Bingham
General Manager
GCRA, APRA

The Regulators intend to make the final versions of the amendment instrument and the key function descriptions for insurance and superannuation entities in quarter 2, 2024, following the conclusion of the consultation.

The Regulators request that all interested stakeholders use this consultation to provide feedback or information on:

- the proposed lists of Insurance Key Functions and RSE licensee Key Functions within the draft amendment instrument (Attachment B);
- the proposed Insurance Key Functions and RSE licensee Key Functions descriptions (Attachment C);
- the compliance impact of the proposed changes; and
- any other substantive costs associated with the changes.

Compliance impact is defined as direct costs to businesses of performing activities associated with complying with government regulation. Specifically, information is sought on any increases or decreases to the compliance costs incurred by businesses as a result of the Regulators' proposal.

Consistent with the Australian Government's approach, the Regulators will use the methodology behind the Regulatory Burden Measurement Tool to assess compliance costs. This tool is designed to capture the relevant costs in a structured way, including a separate assessment of upfront costs and ongoing costs. It is available at the [Commonwealth Regulatory Burden Measurement Framework page](#) of the Office of Impact Analysis website.

Respondents are requested to use this methodology to estimate costs to ensure that the data supplied to the Regulators can be aggregated and used in an industry-wide assessment. When submitting their cost assessment to the Regulators, respondents are asked to include any assumptions made and, where relevant, any limitations inherent in their assessment. Feedback should address the additional costs incurred as a result of complying with the Regulators' requirements, not activities that entities would undertake regardless of regulatory requirements in their ordinary course of business.

Important disclosure notice: Publication of submissions

For security reasons, all information considered by the Regulators to be sensitive or confidential—such as signatures, email addresses and personal numbers—will be redacted from the submissions provided before uploading the documents onto the Regulators' websites. If preferred, entities may provide to the Regulators an already redacted version of their submissions. Otherwise, all other information in submissions will be made available to the public on the Regulators' websites unless a respondent expressly requests that all or part of the submission is to remain in confidence. Requests for submissions to remain in confidence are to be clearly marked on the first page of the submission. Automatically generated confidentiality statements in emails do not suffice for this purpose. Respondents who would like part of their submission to remain in confidence should provide this information marked as confidential in a separate attachment. Submissions may be the subject of a request for access made under the *Freedom of Information Act 1982* (FOI Act). The Regulators will determine such requests, if any, in accordance with the provisions of the FOI Act. Information in the submission that is not in the public domain may be protected by s56 of the *Australian Prudential Regulation Authority Act 1998* or s127 of the *Australian Securities and Investments Commission Act 2001* and may therefore be exempt from production under the FOI Act.

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