



**Insurance Council
of Australia**

[REDACTED]
[REDACTED]
Australian Securities and Investments Commission (ASIC)

21 December 2021

Dear [REDACTED]

Consultation – remake of ASIC Class Order submission commencing 1 April 2022

The Insurance Council of Australia ('Insurance Council') appreciates the opportunity to provide comment on the proposed remake of class order on Product Disclosure Statement (PDS) requirements where a quote for a general insurance product is given noting the following documents which form the basis of ASIC's consultation:

- ASIC Consultation Paper 349 Remaking ASIC class order on PDS requirements where a general insurance quote is given: [CO 11/842], and
- ASIC Corporations (PDS requirements where a quote for a general insurance product is given) Instrument 2022/XX.

We note that CO 11/842 is due to automatically repeal ('sunset') on 1 April 2022 if it is not remade.

Key points

The Insurance Council supports the remaking of class order CO 11/842. The relief enables insurers to interact effectively with consumers by giving greater certainty that the quote stage of the sales process can be completed during a telephone call without provision of a PDS until after the telephone call.

Without the relief, customers would face barriers to seeking insurance quotes over the phone, which is likely to hinder consumers finding products most suited to their circumstances. According to Insurance Council consumer research, around 20% of consumers engage with insurers over the phone before purchasing a policy when shopping around.¹

¹ <https://financialservices.royalcommission.gov.au/public-hearings/Documents/exhibits-2018/21-september/EXHIBIT-6.404.11.pdf>



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In providing the relief, ASIC had recognised the importance for both customers and insurers to be able to engage effectively over the phone. There are some existing legislative concessions from the PDS provisions such as s1012G but they do not extend effectively to situations where a quote is given to an insurance customer for the purpose of comparison with other general insurance products.²

The Insurance Council submits that the original rationale for the class order relief remains unchanged. Members have advised that the relief continues to operate effectively and efficiently, and in accordance with the intent in which the relief was provided.

Our members note that the relief applies during solicited telephone calls and that the requirement to give a PDS will apply differently depending on whether the customer wants to be given a PDS at or around the time the quote is given. Under the relief, the customer can choose to receive the PDS, and, if they do, a PDS must be provided as soon as practicable after the quote is given. The conditions of the relief remain appropriate, and the Insurance Council submits that they should be remade unchanged.

We understand that ASIC is proposing a shorter 5-year sunset period for the remade class order with a view to exploring whether the relief could be made permanent through amending the primary law or regulations. While the Insurance Council supports making the relief permanent, we would suggest providing the remade class order with a 10-year sunset period to provide greater flexibility for this work to progress.

Contact

Should you wish to discuss this further please contact Ms Jessica Sain [REDACTED] or [REDACTED]

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² <https://www.legislation.gov.au/Details/F2011L02152/Explanatory%20Statement/Text>