

Monday February 4, 2019

Acting on recommendations of Hayne Royal Commission should improve public confidence

The Insurance Council of Australia (ICA) today acknowledged the findings and recommendations of the Financial Services Royal Commission.

It welcomed the Federal Government's rapid response and Treasurer Josh Frydenberg's pledge that action would be taken on all recommendations.

Insurance Council of Australia CEO Rob Whelan said the conclusion of the Royal Commission should improve confidence in the financial services sector.

Quotes attributable to Mr Whelan:

"Since the announcement of the Financial Services Royal Commission in November 2017, Australians have had every right to be disturbed and angered by reports of misconduct, and by case studies that have revealed the deep personal impact felt by consumers who have been poorly treated.

"The Insurance Council of Australia and its members pledge to do better and to continue to be held accountable.

"The conclusion of the Royal Commission is an opportunity for the financial services sector to start afresh, improve business practices and cultures, and put customers at the forefront of our thinking.

"Repairing public confidence in general insurance is essential if we are to continue to provide effective and efficient risk-based products to households, businesses, governments and the broader community.

"The Royal Commission has acted on the case studies and the evidence it has uncovered. Its recommendations will help improve outcomes for consumers and set higher standards for corporate behaviour and culture.

"The ICA notes Commissioner Kenneth Hayne has not identified any systemic issues relating to general insurance. He has avoided a one-size-fits-all approach and has sensibly provided recommendations designed to address issues specific to each industry sector.

"The ICA supports the aim of recommendations that directly relate to the general insurance industry and to the regulation of financial services.

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“General insurers back the retention of the twin peaks regulator model and will contribute to consultation on the establishment of a new oversight organisation.

“Several recommendations, including those relating to add-on insurance and unfair contract terms, are already being addressed by the industry and ASIC.

“The ICA also supports removing the exemption of the handling and settlement of insurance claims from the definition of a financial service. It looks forward to further consultation on the design and implementation of this and other recommendations.

“Royal Commission recommendations will be taken into account in the final version of the revised General Insurance Code of Practice, which the ICA will launch in several months. The Code will include an even greater focus on customer service, financial hardship and sanctions for Code breaches.”

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