

5 September 2019

Manager
Banking and Access to Finance Unit
Financial System Division
The Treasury
Langton Crescent
Parkes ACT 2600

Email: ccr.reforms@treasury.gov.au

Dear Sir/Madam,

MANDATORY COMPREHENSIVE CREDIT REPORTING AND HARDSHIP ARRANGEMENTS

The Insurance Council of Australia¹ (the Insurance Council) welcomes the opportunity to comment on the draft *National Consumer Credit Protection Amendment (Mandatory Credit Reporting and Other Measures) Bill 2019* (the draft Bill) and Explanatory Materials. As conveyed in our submission² on an earlier version of the draft Bill, the Insurance Council strongly supports the proposed comprehensive credit reporting regime (CCR) that would require large ADIs and their subsidiaries to provide comprehensive credit information on open and active consumer credit accounts to certain credit reporting bodies.

CCR is important to lenders' mortgage insurance (LMI) providers operating in Australia. LMI providers rely on access to CCR information (such as defaults, bankruptcies, writs or summons) to appropriately identify, measure and price risk in providing mortgage insurance coverage. This is why direct access to all available credit information on a borrower is integral to the business model of all LMI providers under Australia's prudential regulatory regime. This includes

¹ The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent approximately 95 percent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system. June 2019 Australian Prudential Regulation Authority statistics show that the general insurance industry generates gross written premium of \$48.4 billion per annum and has total assets of \$128.4 billion. The industry employs approximately 60,000 people and on average pays out about \$151.4 million in claims each working day.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, lenders mortgage insurance, commercial property, and directors and officers insurance).

² See the Insurance Council's submission dated 22 February 2018, available at www.insurancecouncil.com.au.

understanding and provisioning for portfolio risk, holding appropriate capital as required under Australian prudential standards and the use and application of scoring tools to determine risk appetite and exposure.

LMI has been a critical component of the Australian housing market since 1965, facilitating home ownership and accessibility to credit for millions of Australian borrowers, as it enables those who would otherwise have difficulty obtaining a home loan to satisfy responsible lending criteria and purchase a home. The wider implementation of CCR would enable it to play a more effective role in facilitating greater access to home ownership for Australians – particularly for low income or equity and higher-risk borrowers who have the capacity to repay a loan but do not have a significant deposit.

If you have any questions or comments in relation to our submission, please contact John Anning, the Insurance Council's General Manager Policy, Regulation Directorate, on tel: (02) 9253 5121 or email: janning@insurancecouncil.com.au.

Yours sincerely



Robert Whelan
Executive Director & CEO