

## ATTACHMENT A – One page summary of submissions for publication on Treasury website, together with non-confidential submissions

Issues	Stakeholder views
<b>Removing Regulation 7.1.33</b>	<ul style="list-style-type: none"><li>• There was broad support for removing the claims handling exemption from the definition of ‘financial service’ and subjecting claims handling and settlement activities to ASIC’s regulatory oversight.</li><li>• A number of stakeholders raised concerns that removing the exemption will trigger financial advice obligations in the course of handling and settlement of claims that are not necessary or appropriate.</li></ul>
<b>Which services and service providers should be captured?</b>	<ul style="list-style-type: none"><li>• There were different opinions on the scope of services to fall within the definition of claims handling and settlement activities, to be regulated as financial services.</li><li>• Some stakeholders supported regulating all parties involved in claims handling as providers of financial services, including third party representatives (TPRs). Others expressed concern about capturing TPRs contracted by insurers, such as lawyers, builders, and smash repairers, to assist with assessing or handling a claim, arguing their inclusion would provide limited benefits for consumers while increasing costs.</li></ul>
<b>What products and distribution channels should be captured?</b>	<ul style="list-style-type: none"><li>• Some stakeholders considered that the proposal should extend beyond the provision of services to ‘retail clients’.<sup>1</sup></li><li>• While some stakeholders considered that the claims handling proposal should not apply to trustees of superannuation funds as they already need to comply with similar conduct requirements, other stakeholders argued that trustees should be held to the same standard as others in the claims handling process.</li><li>• Some stakeholders raised concerns about removing the claims handling exemption for medical indemnity insurance as this would impose additional regulation to an already highly regulated area and the nature of medical indemnity insurance was fundamentally different as the insured and beneficiaries are different parties.</li></ul>
<b>Impact on existing licensing framework</b>	<ul style="list-style-type: none"><li>• Most stakeholders agreed with the proposal to regulate claims handling through the Australian Financial Services Licence regime.</li><li>• A number of stakeholders highlighted concerns with the potential application of disclosure requirements under that regime, such as requirements to provide a Financial Service Guide, general advice warnings or a Statement of Advice in certain circumstances.</li></ul>
<b>Penalties</b>	<ul style="list-style-type: none"><li>• Many stakeholders suggested aligning the penalties with other financial services for breaching conduct in the course of providing claims handling and settlement services.</li></ul>

<sup>1</sup> ‘Retail clients’ refers to the purchase of motor, home building, home contents, sickness & accident, consumer credit, travel and domestic & personal property insurance (or a kind of insurance prescribed by regulations) by an individual or small business (up to 20 employees, or 100 if in manufacturing).