Dear Treasury team,

Please see below our input to your consultation process, in line with our comments at the roundtable you convened on the ASIC IFM.

Please call me if you wish to discuss.

Regards
Aparna

Key points:

- Noting "that ASIC's role and regulatory remit, its performance and its independence to allocate resources to deliver on its mandate are not within the scope of the Review", we consider that it would be remiss of us not to point out that the structure of the funding arrangements present little discipline for government to consider regulatory efficiency.

- In this vein, we would like to bring to your attention the ICA's submission to the FRAA on its examination of ASIC's performance. The general insurance industry faced the largest regulatory reforms in over a decade in 2021. These reforms were rolled out at an unprecedented pace by the former government with resulting inadvertent or unanticipated impacts. The ICA had to lodge almost half a dozen applications for relief to deal with these inadvertent impacts e.g ASIC granting relief to exempt insurers from providing certain notifications where doing so creates risks of family violence 22-261MR ASIC helps insurers to respond to family violence | ASIC. This regulatory inefficiency, a result of the pace of rollout without a due consideration of customer and real world impacts, has a flow on impact on all participants in the general insurance ecosystem, including regulators.

- The incremental impact of the regulatory inefficiencies (not just from the provisions ASIC oversights, but also new provisions oversighted by other government agencies such as the Cyclone Reinsurance Pool, rolled out over a period of 2-3 years) all have an ultimate impact on cost of business and product affordability and accessibility (now a key concern for current government and policy makers).

- The ICA as part of its FRAA submission advocates for a more holistic and planned consideration of regulation, similar to the approach in the UK, as well as suggestions for more efficient allocation of resourcing within ASIC. Assessment of the Australian Securities and Investments Commission (insurancecouncil.com.au)

One insurer has submitted the need for seeking clear guidance on the information that is being used by ASIC to calculate the levy much like the APRA levy. The APRA levy is calculated based on clear definitions, for example:

5-2 General component

For paragraphs 8(3)(a), (b), (c) and (ca) of the Act, the following table sets out matters for the current financial year.

General component					
Item	**Company**	**Maximum restricted levy amount ($)**	**Minimum restricted levy amount ($)**	**Restricted levy percentage**	**Unrestricted levy percentage**
1	General insurance company	1,450,000	20,000	0.01551	0.006048

5-3 General insurance company's levy base

(1) For paragraph 8(3)(d) of the Act, a general insurance company's levy base is to be worked out using this section.

(2) For subsection 8(5) of the Act, the day as at which the levy base is to be worked out is the valuation day for the company.

(3) The levy base is the value of the company's assets, as at the valuation day, worked out in the same way as the information that item 13 (Total assets) in Form GRF 300.0: Statement of Financial Position (L) in Reporting Standard GRS 300.0 Statement of Financial Position requires to be included in the column in that item headed "Total Amount" would be worked out for a reporting period ending on the valuation day.

(4) However, in the case of Lloyd's, the levy base is the total of the amounts standing to the credit of all designated security trust funds (as defined by section 69 of the *Insurance Act 1973*) as at 31 March of the previous financial year.

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