

General insurance reforms: what's happening when

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[Terry Gangcuangco](#)

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With the world currently in some sort of a standstill because of the coronavirus crisis, you might be wondering what this means for pending general insurance reforms and legislative changes. The Fold Legal, a business service member of the Underwriting Agencies Council, has done the hard work of compiling the important dates and industry changes to watch out for.

These include the Australian Securities & Investments Commission's ([ASIC](#)) product intervention powers, the final regulatory guide for which may not be published until after September.

Meanwhile the directions power initiative – which will give ASIC additional powers to direct a licensee to act in a certain way where it is believed that the latter may or will contravene a financial services law – is likely to be delayed by at least six months. The legislation is expected to pass by December 2020.

Also likely to become law in the same month are the initiatives on enforceable industry codes, a hawking ban, a vehicle dealer commissions cap, and consumers' duty to take reasonable care not to make a misrepresentation to an insurer.

As for the initiative on making insurance claims handling a financial service, The Fold Legal said the relevant ASIC guidance may be delayed until October. In addition, the transition period is slated to commence come 2021, with a June 30 deadline next year for businesses wanting to transition.

The initiative on deferred sales model for add-on insurance and risk products, while it is expected to be enacted before year-end, has a likely start date of December 2021.

The Australian Prudential Regulation Authority ([APRA](#)), meanwhile, has temporarily suspended the issuance of new insurance licences. The watchdog does not consider it prudent to license APRA-regulated entities at this time, as experience has shown that it is challenging for new entrants to succeed even under normal economic conditions.