

Question No QoN 002-03
Topic Junk insurance – Recent action with regard to junk consumer credit insurance
Committee Member Mr Gorman MP
Reference Written

Question

Has ASIC commenced any new action in the last four months with regard to junk consumer credit insurance?

Answer

On 13 May 2020 ASIC issued media release [20-115MR](#) *ASIC secures over \$160 million in remediation for junk consumer credit insurance*.

The media release announced the final tranche in over \$160 million in remediation for consumers sold junk consumer credit insurance and that, more broadly, ASIC continues to work on important safeguards to protect consumers and reduce the risk of mis-selling, and has undertaken a number of initiatives:

1. [banned unsolicited 'cold call' telephone sales](#) of CCI and direct life insurance to prevent poor sales practices, including the use of sophisticated sales and pressure selling techniques (effective 13 January 2020);
2. worked with industry to incorporate a four-day deferred sales model into the General Insurance Code of Practice (effective 1 July 2021 but can be adopted earlier), in addition to the Banking Code of Practice (effective 1 July 2019) – to ensure that consumers are given sufficient time to review, consider and decide whether the CCI policy meets their needs and provides good value; and

Over the last four months, ASIC has continued to work with Government on the development of the law reform program in response to the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. This includes measures which are of relevance to regulating the design and sale of CCI, for instance the deferred sales model for add-on insurance (including CCI) and the design and distribution obligations (which come into effect in October 2021).