

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2014 - 2015

Department/Agency: Treasury

Question: SBT 4329

Topic: Foreign Insurers in North Queensland

Reference: Hansard page no. 16 - 31 October 2014

Senator: Dastyari, Sam

Question:

Senator DASTYARI: But if I applied for an ordinary, standard suburban house in the inner west of Sydney—I am interested in this as a hypothetical, as a contrast. I am not saying this is the wrong thing to do. There has been a government policy decision to allow foreign insurers into the North Queensland market. That is a matter of fact. What I want to understand is how you have done that. Has there been instruction given that when there is going to be an application for a house in a cyclone risk area in northern Queensland we will be treating it differently? You are telling me two things. On one hand you are saying that nothing has changed; it has always been there. On the other hand you are saying it is part of a package. Senator Cormann: I didn't say that nothing has changed. Obviously we are trying to put this spotlight on this opportunity as part of a broader effort to increase competitiveness in that market.

Senator DASTYARI: Who makes the decision? You said you have to meet the criteria. Who actually makes the decision about whether or not it fits the criteria for the exemption to get an unauthorised foreign insurer?

Ms Quinn: The insurance broker is required to make the decision that it meets certain requirements.

Senator DASTYARI: And they have no responsibility to notify anybody?

Ms Quinn: I could take that on notice, but my understanding is no. The insurance brokers are obviously regulated and assessed as part of ASIC's portfolio responsibilities.

Answer:

4329. The relevant regulation (reg.4D, *Insurance Regulations 2002*) requires brokers to make reasonable inquiries about the matters that enable access to unauthorised foreign insurers in any given instance. Brokers must keep a written record of their inquiries into these matters and their reasons for being satisfied that the circumstances justify their decision. Failure to discharge these obligations can affect the broker's financial services license under Part 7.6 of the *Corporations Act 2001*, for which ASIC has portfolio responsibility.