

EXPOSURE DRAFT

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Inserts for

Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers) (Claims Handling and Settling Services) Regulations 2020: claims handling

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Schedule [x]	Immediately after the commencement of Schedule [X] to the <i>Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2020 Measures)) Act 2020</i> .	

Schedule [x]—Claims handling and settling services

Part 1—Amendments to the Corporations Regulations 2001

Corporations Regulations 2001

1 At the end of subregulation 7.1.04F(2)

Add:

- (g) the provision of a claims handling and settling service in relation to a general insurance product;
- (h) the provision of a claims handling and settling service in relation to an investment life insurance product;
- (i) the provision of a claims handling and settling service in relation to a life risk insurance product.

2 Before regulation 7.1.08

Insert:

7.1.08AA Meaning of *financial product advice*—advice that is not regarded as a necessary part of providing claims handling and settling services

Advice about how to structure or use insurance claim payouts

- (1) For the purposes of paragraph 766B(7B)(b) of the Act, giving a recommendation or statement of opinion, or a report of either of those things, cannot reasonably

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be regarded as a necessary part of providing a claims handling and settling service if the recommendation, statement or report relates to:

- (a) how an amount to be paid to a person in settlement of a claim under an insurance product is to be structured; or
- (b) the management or use of an amount paid, or to be paid, to a person in settlement of a claim under an insurance product.

Advice about other insurance products or financial products

- (2) For the purposes of paragraph 766B(7B)(b) of the Act, giving a recommendation or statement of opinion, or a report of either of those things, cannot reasonably be regarded as a necessary part of providing a claims handling and settling service if the recommendation, statement or report:
 - (a) is given in response to a claim, or potential claim, made under an insurance product; and
 - (b) relates to other insurance products or financial products.

3 Regulation 7.1.33

Repeal the regulation.

4 Paragraph 7.9.62(4)(f)

Repeal the paragraph.

5 In the appropriate position in Chapter 10

Insert:

Part 10.38—Application provisions relating to the Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers) (Claims Handling and Settling Services) Regulations 2020

10.38.01 Application of claims handling and settling services reforms

The amendments made by Schedule [x] to the *Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers) (Claims Handling and Settling Services) Regulations 2020* apply in relation to claims or potential claims in relation to an insurance product made on or after 1 July 2020.

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Part 2—Amendments to the ASIC Supervisory Cost Recovery Levy Regulations 2017

ASIC Supervisory Cost Recovery Levy Regulations 2017

6 At the end of Subdivision 6.3

Add:

72AA Claims handling and settling services providers

- (1) A leviable entity forms part of the *claims handling and settling services providers* sub-sector in a financial year if:
 - (a) the entity holds, at any time in the financial year, an Australian financial services licence; and
 - (b) the licence authorises the holder to provide claims handling and settling services.

Levy component

- (2) The amount of a leviable entity's levy component in respect of the sub-sector for a financial year is the sum of:
 - (a) the minimum levy component for the sub-sector; and
 - (b) the graduated levy component for the entity for the sub-sector.

Note: For the graduated levy component, see section 10.

Entity metric

- (3) The leviable entity's *entity metric* for the sub-sector for the financial year is the number of claims under insurance products in relation to which the entity provides claims handling and settling services in the financial year.
- (4) The *minimum levy component* for the sub-sector is \$500.

7 At the end of Part 5

Add:

76 Application of amendments—Schedule [x] to the *Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers) (Claims Handling and Settling Services) Regulations 2020*

The amendments to this instrument made by Schedule [x] to the *Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers) (Claims Handling and Settling Services) Regulations 2020* apply in relation to the 2021-22 financial year and later financial years.

8 Schedule 1 (after table item 2A)

Insert:

2AA Claims handling and settling services providers section 72AA
