

From: s 47F
To: s 22
Subject: AFCA's Fact Sheet - Add-on Insurance
Date: Friday, 14 February 2025 4:54:01 PM
Attachments: [image003.png](#)
[Email to Members and Paid Representatives.pdf](#)
[Add-on Insurance webpage.pdf](#)
[Final Fact sheet - Add on insurance - 13012025 update.pdf](#)

Some people who received this message don't often get email from s 47F @afca.org.au. [Learn why this is important](#)

Dear s 22 and s 22 ,

Attached for information are final versions of the following documents:

- AFCA's updated Add on insurance fact sheet
- Add on insurance standalone AFCA webpage wording
- Email wording to AFCA members and Paid Representatives

We plan to issue the Fact Sheet, update the AFCA website, including by way of a 'Latest News' item, and email members and paid representatives on Monday. Until then the new content in the attached remains confidential.

Please let me know if you have any queries.

Kind regards,

s 47F

s 47F

s 47F

s 47F

www.afca.org.au



AFCA acknowledges the traditional owners of country throughout Australia and their continuing connection to land, culture and community. We pay our respects to elders past, present and future.

IMPORTANT The contents of this email (including any attachments) are confidential and may contain privileged information. Any unauthorised use of the contents is expressly prohibited. If you have received this email in error, please notify us immediately by Telephone: 1800 931 678 (local call) or by email and then destroy the email and any attachments or documents. Our privacy policy is available on our website.

Email to Members

Dear [EDR Manager name],

I am writing to you to provide guidance on the timeframe of reasonable awareness of loss for complaints that relate to the sale of add-on insurance purchased before July 2019.

These types of complaints can be lodged up until **30 June 2025**. To support this, we have published:

- a fact sheet ([here](#)), which replaces any previous versions issued by AFCA on add-on insurance, and
- a new webpage with additional guidance for consumers about add-on insurance complaints ([here](#)).

AFCA is committed to ensuring that all consumers can have access to external dispute resolution if their attempts to resolve the matter directly with their financial firm have not been successful. This timeframe represents a fair opportunity for any consumer who has not yet lodged a complaint to do so.

Irrespective of the lodgment date and consistent with the management of any case lodged at AFCA:

- we will continue the usual practice of referring a complainant back to the financial firm to try and resolve the matter
- if a matter is unresolved, and to the extent a financial firm does not consider AFCA has jurisdiction, it remains up to the financial firm to articulate this in writing. This should reference the relevant Rule(s), a detailed submission and provide any information relevant to support the submission.

Additionally, AFCA's expectation is that financial firms still engage and resolve add-on insurance complaints as if AFCA's jurisdiction applies, and consistent with their internal dispute resolution obligations. If AFCA sees conduct inconsistent with those obligations, we reserve the right to investigate further and/or engage with the relevant regulator(s).

If you have questions or would like to discuss further, please connect with s 47F [redacted] directly on s 47F [redacted] @afca.org.au or s 47F [redacted].

Kind regards,

s 47F [redacted]

s 47F [redacted]

Insurance, Superannuation and Investments & Advice

Email to Paid Representatives

Dear [Paid Representative name],

I am writing to you to provide guidance on the timeframe of reasonable awareness of loss for complaints that relate to the sale of add-on insurance purchased before July 2019.

These types of complaints can be lodged up until **30 June 2025**. To support this, we have published:

- a fact sheet ([here](#)), which replaces any previous versions issued by AFCA on add-on insurance, and
- a new webpage with additional guidance for consumers about add-on insurance complaints ([here](#)).

AFCA is committed to ensuring that all consumers can have access to external dispute resolution, if their attempts to resolve the matter directly with their financial firm have not been successful. This timeframe represents a fair opportunity for any consumer who has not yet lodged a complaint to do so.

If you have questions or would like to discuss further, please connect with s 47F [redacted] directly on s 47F [redacted] [@afca.org.au](mailto:[redacted]@afca.org.au) or s 47F [redacted].

Kind regards,

s 47F [redacted]

s 47F [redacted]

Insurance, Superannuation and Investments & Advice

Add-on Insurance webpage

Headline: Add-On Insurance complaints

Subhead: What you need to know and how AFCA can help

For complaints involving add-on insurance sold before July 2019

You have until **30 June 2025** to lodge your complaint with AFCA if it relates to concerns regarding the sale of an add-on insurance product sold before **July 2019**.

Note: the below information is not intended to cover general service or insurance claim complaints relating to add-on insurance

What is Add-On Insurance?

Add-on insurance is a type of insurance that is often sold alongside other products, like loans, credit cards, or car finance.

Add-on insurance policies can include things like:

- Consumer Credit Insurance (CCI)
- Guaranteed Asset Protection Insurance (GAP Insurance)
- Tyre and Rim Insurance
- Extended Warranty / Mechanical Breakdown Insurance.

Financial firms may offer add-on insurance to consumers along with car loans, novated leases, personal loans, home loans and credit / store cards.

Add-on insurance may be a stand-alone policy paid upfront, paid monthly or financed into a line of credit.

Complaints AFCA sees regarding the sale of add-on insurance

AFCA has a dedicated fact sheet about common issues regarding the sale of add-on insurance and how we handle these complaints. You can access the fact sheet [here](#).

Timeframe for lodging your complaint

As part of AFCA's non-superannuation complaints jurisdiction, we can generally only consider a complaint if it is made within **six years** since the complainant first became aware, or 'should reasonably have become aware', that they suffered the loss they want to complain about.

The sale of add-on insurance and its value has been the subject of significant media, regulator, industry and consumer advocacy campaigns and class actions for many years. These products were also the subject of recommendations by the Financial Services Royal Commission in its final report published on 4 February 2019 and subsequent media attention.

The right to lodge a complaint at AFCA however is not open ended. Aged complaints lodged many years after the events complained about result in difficulties for everyone in obtaining and assessing relevant information, documents, and recollections.

Consequently, unless the complainant was already aware of concerns for other reasons, AFCA will generally, and subject to any other jurisdiction considerations, consider complaints regarding the sale of add-on insurance sold before July 2019, provided they are submitted to AFCA by **30 June 2025**.

This timeframe represents a fair opportunity for any consumer who has not yet lodged a complaint to do so.

For complaints lodged after 30 June 2025, AFCA may assess the complaint as outside our time limits if a consumer purchased add-on insurance prior to July 2019, unless they can demonstrate that special circumstances apply.

It is for AFCA to apply its jurisdiction to each case on its merits. AFCA's expectation is that Financial Firms should still engage and resolve add-on insurance complaints as if AFCA's jurisdiction applies, and consistent with their internal dispute obligations.

How to make a complaint about add-on insurance

This information is designed for consumers who wish to make a complaint about add-on insurance. Information for Paid Representatives is noted separately below.

1. First, check if you've been paying for add-on insurance by reviewing your loan paperwork and bank statements for any insurance-related payments.
2. Then, check if you've received any letters from your bank or lender about remediation programs – many financial institutions have offered or are offering refunds for mis-sold add-on insurance that provided little to no value. If you've been offered a refund and you're happy then you don't need to take any further action.
3. If you haven't received a remediation notice or you're not happy with the offer, you can still make a complaint if:
 - You didn't realise you were paying for add-on insurance with your credit card or loan
 - You thought the insurance was compulsory when it was optional
 - You were sold insurance you couldn't claim on (for example, if you didn't meet the employment conditions like minimum working hours).

How to lodge a complaint

Before proceeding, gather all your supporting documentation, including policy documents and account statements, or any other relevant information to support your case. If you don't have these documents, contact your financial firm.

To lodge a complaint about add-on insurance, you should first talk to your financial firm (bank, lender or insurer) directly. They then have 30 days to resolve your complaint with you directly.

If the matter is unresolved after this period, you can escalate it to AFCA online ([here](#)) or by calling 1800 931 678.

Once your complaint is lodged with AFCA, you'll need to provide some key documents. To ensure you remain within the six year time limit, your lodgment with AFCA must be on or before **30 June 2025** if you purchased the insurance before July 2019.

You may still lodge your complaint with AFCA after 30 June 2025 if you purchased the insurance before July 2019. However, AFCA may assess the complaint as outside the six year time limit, unless the complainant can demonstrate that special circumstances apply. We will assess this on a case-by-case basis.

You do not need to be represented

AFCA is a free service to Australian consumers. Our processes are designed so that you can bring a complaint to AFCA without the need for assistance.

As paid representatives are not a requirement to access our services, the fee/s paid to the representative will not be awarded as part of any compensation provided in the outcome of a complaint.

What to expect from AFCA and your financial firm

A dispute resolution specialist will work with you and your financial firm to find a solution. AFCA will help negotiate an agreement between all parties. If no agreement can be reached, an ombudsman will investigate the complaint and make a final decision.

AFCA will work with both parties to help negotiate an agreement and if no agreement can be reached, we will provide a view on the merits of the complaint. If we make a determination that is in the consumer's favour and they accept it, the financial firm is required to comply with the determination and any remedy that we award.

When determining a complaint, AFCA must do what is fair in all the circumstances, and take into account legal principles, good industry practice, applicable industry codes of conduct, and any previous relevant determinations made (although we are not bound by these prior determinations).

Information for Paid Representatives

As outlined [here](#), AFCA expects Paid Representatives to conduct themselves at a higher standard than non-fee charging representatives.

Under the [AFCA Engagement Charter](#), all representatives, including paid representatives, are expected to, amongst other things act fairly and professionally towards AFCA and financial firms.

Consistent with acting fairly, Paid Representatives should only lodge complaints with AFCA:

- after they have gone through a financial firm's IDR process, and
- where the complaint is likely to fall inside AFCA's jurisdiction, including reasonable awareness of loss time limits (or if doing so, provide a detailed submission as to why special circumstances should apply in the individual circumstances).

By not undertaking these steps, Paid Representatives may be engaging in conduct that inefficiently uses our service, diverting resources that could otherwise assist with eligible complaints.

More information

[Fact sheet – Add-on insurance](#)

Frequently asked questions

What outcome can I expect?

If we find that it is fair to set aside the add-on insurance contract, AFCA will aim to provide a remedy that we consider is fair in all the circumstances. This may include:

- a refund of the premium
- a refund of any interest paid on the premium
- financial compensation to account for inflation
- an apology for the treatment you received.

Will I need help lodging my complaint?

Our service is free to the public and easy to use. You do not need to pay someone to help you lodge a complaint with AFCA.

If you need help, please call AFCA on 1800 931 678

You can, however, appoint a representative to contact us on your behalf if you prefer.

There are some specialised businesses that offer to represent complainants for a fee, which we classify as a Paid Representative. As paid representatives are not a requirement to access our services, the fee/s paid to the representative will not be awarded as part of any compensation provided in the outcome of a complaint.

Find out more about the support available.

How long have I got to complain?

For most complaints, we will generally only be able to consider it if you make your complaint:

- within six years after you first became aware, or 'should reasonably have become aware', that you suffered the loss you want to complain about; or
- if you have already complained directly to your financial firm through its internal dispute resolution (IDR) process, then you need to complain to us within two years of getting an IDR response from your financial firm.

If you are not sure whether your complaint is valid, call us and we will talk through the specifics with you.

Fact Sheet

Add-on Insurance

This fact sheet outlines how AFCA deals with complaints about the selling of add-on insurance, including when a contract may be set aside for a refund of premiums. It is not intended to cover general service or insurance claim complaints relating to add-on insurance.

This fact sheet, published on [date], replaces any previous versions issued by AFCA about add-on insurance.

AFCA is committed to providing a service that is accessible to everyone, including giving you the information you need, in a format that works for you.

AFCA is a free service to Australian consumers. Our processes are designed so that you can bring a complaint to AFCA without the need for assistance or representation by a third party.

What is add-on insurance?

Add-on insurance is a type of insurance that is offered to consumers in addition to another product, including:

- Consumer Credit Insurance (CCI)
- Guaranteed Asset Protection Insurance (GAP Insurance)
- Tyre and Rim Insurance
- Extended Warranty / Mechanical Breakdown Insurance.

Financial firms may offer add-on insurance to consumers along with car loans, novated leases, personal loans, home loans and credit / store cards.

Add-on insurance may be a stand-alone policy paid upfront, paid monthly or financed into a line of credit.

Complaints AFCA sees regarding the sale of add-on insurance

Add-on insurance complaints are typically raised about the following types of issues:

- A lack of fair dealing or unfair selling practices (including lack of awareness that the insurance was voluntary)

- Elements of misrepresentation, duress, undue influence or misleading conduct
- Inadequate disclosure of important product terms
- Poor design of the product, including whether the product was of financial value.

More information about these complaints, and how we deal with them is set out in detail below under Issues AFCA will consider for add-on insurance complaints. [\[LINK to heading further down\]](#)

How does AFCA assess whether a complaint is lodged within time?

The right to lodge a complaint at AFCA is not open ended.

Some add-on insurance complaints lodged with AFCA relate to sale events that happened more than six years before the complaint was submitted to AFCA. Under our Rules, AFCA will generally not consider a complaint unless it was submitted within six years of the date the complainant first became aware or should reasonably have become aware that they have suffered a loss.

Jurisdiction is assessed based on each claim within the complaint

The loss is the loss *to which the complaint (or the individual claim within a complaint) relates*. The loss may be associated with multiple claims. In these complaints, the loss can be that a policy had no value, or the complainant was misled at the point of sale about the purpose, use or application of the policy. A complaint can have more than one 'claim'. AFCA will consider jurisdiction for each claim individually. This can result in some aspects of a complaint falling within time and other aspects falling outside the time limits.

Reasonable awareness of loss for add-on insurance complaints

The six year time limit runs from when the complainant first became aware of their loss, or should reasonably have been aware of their loss. The timeframe for reasonable awareness of loss should be assessed against the complainant's circumstances including any impairment, isolation or other disadvantage.

A potential complainant 'should reasonably have been aware' of a loss when:

- they were on notice of facts or concerns that should have prompted them to make further enquiries, and
- those enquiries – had they made them – would have alerted them to the relevant loss.

The sale of add-on insurance and its value has been the subject of significant media, regulator, industry and consumer advocacy campaigns and class actions for many years, as well as reviews by ASIC and the Productivity Commission.

Over the period from 2011 – 2019, ASIC released numerous reports covering its review of the sale of add-on insurance as follows:

- [Report 256](#), October 2011 - Consumer credit insurance: A review of sales practices by authorised deposit-taking institutions
- [Report 361](#), 31 July 2013 - Consumer credit insurance policies: Consumers' claims experiences
- [Report 470](#), February 2016 — Buying add-on insurance in car yards: Why it can be hard to say no
- [Report 471](#), February 2016 — The sale of life insurance through car dealers: Taking consumers for a ride
- [Report 492](#), September 2016 — A market that is failing consumers: The sale of add-on insurance through car dealers
- [Report 622](#), July 2019 - Consumer credit insurance: Poor value products and harmful sales practices.

These products were also the subject of recommendations by the Financial Services Royal Commission (FSRC) in its final report published on 4 February 2019 (the Final Report). Pleasingly, some firms did undertake remediation programs relating to the mis-selling of add-on insurance following these reports, and there has also been class action litigation in the courts.

AFCA has received thousands of complaints relating to the sale of add-on insurance since 2019. These products have had sustained regulatory scrutiny, consumer advocacy and a broader public awareness of issues with the sale of add-on insurance over many years now. AFCA considers the period following the Final Report's release and subsequent media attention is likely to be the point at which a complainant should:

- reasonably have been aware to check for add-on insurance products purchased prior to 2019,
- have reviewed their records and/or have made enquiries with the firm about the documentation relating to add-on insurance including loan contracts, credit card statements or other documentation provided at the point of sale, and
- explored their rights.

AFCA views this as a reasonable benchmark for awareness of loss in add-on insurance complaints. However, this does not apply to other issues covered in the Final Report which may not have had the same high profile regulator and consumer advocacy focus, class actions or public awareness.

Complaints about policies sold pre July 2019: lodged at AFCA before 30 June 2025

AFCA is committed to ensuring that all consumers who claim loss arising from add-on insurance have fair access to external dispute resolution. This applies when their attempts to resolve the matter directly with their financial firm have been unsuccessful.

The right to lodge a complaint at AFCA however is not open ended. Aged complaints lodged many years after the events complained about result in difficulties for everyone in obtaining and assessing relevant information, documents and recollections.

Consequently, unless the complainant was already aware of concerns for other reasons, and subject to any other jurisdiction considerations, AFCA will generally consider complaints regarding the sale of add-on insurance sold before July 2019, provided they are submitted to AFCA by **30 June 2025**.

This timeframe represents a fair opportunity for any consumer to lodge a complaint about point of sale activity for a product purchased more than six years ago.

Complaints about policies sold pre July 2019: lodged at AFCA after 30 June 2025

For complaints lodged after 30 June 2025, AFCA may assess the complaint as outside the six year time limit if a consumer purchased add-on insurance prior to July 2019, unless the complainant can demonstrate that special circumstances apply. We will assess this on a case-by-case basis.

When assessing this, we will consider factors such as:

- reasons for the delay in lodging the complaint
- the degree of disadvantage and the lived experience of the complainant
- the extent of the delay
- the level of prejudice to the financial firm.

It is for AFCA to apply its jurisdiction to each case on its merits. AFCA's expectation is that financial firms should engage in and resolve add-on insurance complaints as if AFCA's jurisdiction applies, and consistent with their internal dispute resolution obligations.

Complaints about policies sold after July 2019

If a complaint is about the more recent sale of a policy, then the six year timeframe generally commences from the date of sale of the insurance policy, unless special circumstances apply.

Issues AFCA will consider for add-on insurance complaints

It's important to note that simply purchasing add-on insurance does not automatically mean misconduct occurred and loss was suffered. When lodging a complaint with AFCA, the complainant (or their representative) must clearly specify the concerns related to the purchase or other matters and provide information in support.

An insurance contract that was fairly and voluntarily entered into by a person cannot generally be set aside for a full premium refund.

However, AFCA can set aside agreements that have been obtained by inappropriate and unfair means. The onus is on the complainant to show there were errors in the sale or other unlawful conduct that caused loss. AFCA will review the available material to determine if any of the following factors are relevant:

- Inadequate disclosure of important product terms
- Elements of misrepresentation, duress, undue influence or misleading conduct
- A lack of fair dealing or unfair selling practices.

If any of these factors are present, this may be grounds to set aside the add-on insurance contract and award in the complainant's favour – see [AFCA's approach to misleading conduct](#).

How will AFCA weigh the importance of signed documents?

Often a financial firm will rely on the fact the complainant signed documents agreeing to purchase the add-on insurance, and / or acknowledged receipt of documents about the sale.

While consumers are generally bound by an agreement they have entered into (and signed), we do not consider that this is always fair in all the circumstances. We will also consider whether the policy holder(s) provided clear, informed consent to purchase the add-on insurance(s).

The FSRC and ASIC in various reports raised concerns about inappropriate and unfair add-on insurance sales practices. Several financial firms have implemented significant remediation programs to address poor product design and inappropriate sales practices. These reports raise questions about how informed complainants' purchasing decisions were.

Taking these matters into account, AFCA will look beyond the mere fact the complainant signed or received documents.

What information does AFCA need?

From complainants

AFCA may ask complainants to provide a range of information, including:

- A detailed account of the discussion at point of sale
- What was considered misleading and / or inappropriate about the sale
- A copy of the loan contract (if the add-on insurance premium was financed by a loan)
- Any documentation provided at the point of sale
- Any documentation received about the add-on insurance after the sale
- Any notes taken during the sale
- A description of the desired outcome
- Premium paid.

From Paid Representatives

AFCA is a free service to Australian consumers. Our processes are designed so that you can bring a complaint to AFCA without the need for assistance or representation by a third party.

Some complainants choose to pay a representative to act on their behalf. Paid Representatives may charge upfront fees and / or a proportion of any successful refund. Even if the complaint outcome is in the consumer's favour, AFCA will generally not require the financial firm to fund the fees charged by the Paid Representative.

Paid Representatives should ensure their submissions to AFCA cover all the requirements relevant to the type of add-on insurance(s) being complained about in their AFCA lodgement.

We encourage Paid Representatives to use the guidance below to help them provide a complaint submission to the financial firm, before lodging a complaint with AFCA. A detailed submission, with relevant supporting information, may help to achieve an early resolution, without the need to lodge a complaint with AFCA.

A submission that does not meet these requirements may mean that AFCA closes the complaint under our Rules.

From financial firms

Each add-on insurance complaint is assessed on its own individual merits. Financial firms should provide their external dispute resolution (EDR) response in line with the *Add-on insurance EDR Response Guide* on our [website](#).

AFCA will decide what additional material may be needed through a 7-21 day information request, if the complaint continues to case management.

If a financial firm does not want certain information to be exchanged or disclosed to a complainant or their representative – see [AFCA's approach to assessing special circumstances](#).

What happens if a party cannot provide adequate information?

It is important that complainants and financial firms provide information and supporting documentation at lodgement or as soon as practicable. Every add-on insurance complaint is assessed on its own individual facts and circumstances.

A separate fact sheet deals with how we consider information – see [How AFCA will assess the information you give us](#).

What outcomes can AFCA provide?

Remedies

If we find that it is fair to set aside the add-on insurance contract, AFCA will aim to provide a remedy that we consider is fair in all the circumstances.

We will consider:

- Whether a breach of obligations by a financial firm caused loss
- The financial benefits a person might have received from the sale of add-on insurance (e.g. tax benefits under a novated lease scenario); and
- Any actions taken by the person to reasonably mitigate their loss.

Our general approach is to return the consumer to the position they would have been in before the add-on insurance product was sold to them. This is because typically, a consumer would have unlikely purchased the product if it was appropriately sold. We do this by requiring the financial firm to refund the premium(s), less any previous premium refund(s) and / or any claims paid. If the premium(s) were funded by a credit product (e.g. a personal loan), we may also require the firm to pay back the interest paid on the premium(s).

If the loan that financed the premiums is still under contract or has been defaulted on, we may require that any refund be offset against the loan or the debt.

Where appropriate, we may also consider adjusting the final compensation amount payable to account for inflation. If we decide to award compensation for this, the amount payable will usually be based on the change in the Australian Bureau of Statistics' consumer price index between when an inappropriate charge was incurred and when the inappropriate charge was refunded.

When will AFCA decide not to investigate?

In some circumstances AFCA may consider that it is not fair to continue an add-on insurance complaint where:

- Add-on insurance was sold online and there is no dispute, or it is apparent, the sales process was not unfair, and appropriate disclosures were made
- No misconduct has been identified by the complainant
- A financial firm no longer has information on record to be able to fairly respond to allegations of mis-selling or misconduct
- Add-on insurance was cancelled over seven years ago and neither party can demonstrate what premiums were charged
- An offer made by the financial firm is equal to what AFCA would award
- The complainant has previously received a remedy from the financial firm (such as through a remediation program or class action proceeding) and there is no additional loss.

These are some common examples where it may be unfair for AFCA to continue the add-on insurance complaint. See section A.8.3 of the AFCA Rules on our website for more information: afca.org.au/rules

Class actions

Several current and past class actions relate to the sale of add-on insurance. If the sale of the add-on insurance meets the class action criteria, we will not be able to investigate unless the policy holder has opted out of the class action by the due date. A separate fact sheet deals with class actions – see [Class actions affecting AFCA complaints fact sheet](#).



**ASIC BRIEFING TO TREASURY
PRODUCTION OF DOCUMENTS TO THE SENATE
AFCA ADD-ON INSURANCE**

**FOI 3900
Document 2**

19 February 2025

KEY POINTS

- In April 2023, AFCA published a Factsheet about how they will manage complaints relating to add-on insurance (**the Factsheet**). The Factsheet conveyed that complaints about add-on insurance sold prior to 4 February 2019 will be excluded from consideration by AFCA after 4 February 2025, unless the consumer can demonstrate special circumstances apply.
- In December 2024, an entity representing consumers with complaints about add-on insurance, raised concerns with ASIC about AFCA's approach set out in the Factsheet. They raised concerns that AFCA's approach is non-compliant with the legislative requirements of the AFCA scheme, including the requirement for the scheme to be appropriately accessible to consumers dissatisfied with AFCA members.
- While ASIC did not consider that using our AFCA oversight powers (for example, a directions power) was an appropriate response to this matter, we took steps to engage with AFCA further about the issues raised with us.
- AFCA subsequently advised ASIC that it intended to make changes to the Factsheet to clarify its approach and extend the timeframe to lodge complaints with AFCA about mis-sold add-on insurance until the end of June 2025. These changes have been [announced](#) by AFCA.

Background

- Under AFCA's rules, unless there are special circumstances, AFCA will generally exclude complaints submitted more than 6 years after the complainant first becomes aware, or should reasonably have become aware, that they have suffered loss.
- In April 2023, AFCA issued the Factsheet. The Factsheet conveyed that AFCA considered consumers should reasonably have become aware that they had suffered loss in the period immediately after the release of the Financial Services Royal Commission Final Report on 4 February 2019, i.e. (six years ago). Under this approach, most complaints lodged from February 2025 onwards concerning add-on insurance sold prior to 4 February 2019 will be excluded from consideration by AFCA unless the consumer can demonstrate special circumstances apply.
- An entity that represents consumers lodging complaints about add-on insurance raised concerns with ASIC about AFCA's approach to add-on insurance, 13 December 2024
- In response to the concerns raised with ASIC, ASIC sought information from AFCA to better understand AFCA's approach to add-on insurance complaints (23 December 2024).
- Following ASIC's request for information, AFCA advised ASIC that it intended to:



**ASIC BRIEFING TO TREASURY
PRODUCTION OF DOCUMENTS TO THE SENATE
AFCA ADD-ON INSURANCE**

19 February 2025

- extend the deadline for lodgement of add-on insurance complaints to 30 June 2025 where no special circumstances apply, and update the Factsheet to reflect this;
 - update the Factsheet to provide further information about how special circumstances for add-on insurance complaints will be assessed; and
 - undertake further activities to enhance stakeholder and public awareness of AFCA's approach to add-on insurance complaints, including publishing AFCA webpage content for consumers, issuing a media release, and engagement by AFCA with consumer groups and financial firms about the Factsheet.
- AFCA has announced the above changes: [Add-on Insurance | Australian Financial Complaints Authority \(AFCA\)](#)
- We also note that Senator Dean Smith wrote to ASIC's Chair (letter dated 10 February 2025) regarding AFCA's approach to the lodgement of complaints about mis-sold add-on insurance. ASIC responded to the Senator in writing, 18 February 2025. In ASIC's response we have offered to meet with the Senator and brief him on the matter.

ASIC's oversight powers

- ASIC's oversight powers of AFCA are set out in the *Corporations Act 2001*. ASIC can issue a direction to AFCA if we consider that AFCA has not done all things reasonably practicable to ensure compliance with the relevant legislative requirements (s1052C). Given the nature of ASIC's oversight powers, they are intended to be used as a last resort only.
- We did not consider that using our directions power was an appropriate response to this matter.
- ASIC is required to approach our oversight responsibilities of AFCA in a way that respects AFCA's operational independence. The explanatory memorandum for the bill that provided ASIC with enhanced oversight powers made it clear that ASIC should not interfere in the decision-making processes of AFCA.



**ASIC BRIEFING TO TREASURY
PRODUCTION OF DOCUMENTS TO THE SENATE
AFCA ADD-ON INSURANCE**

19 February 2025

s 22

A large, solid grey rectangular area that covers the majority of the page below the header and date, likely representing redacted content.

From: s 22
To: s 22
Cc: s 22
Subject: RE: Order for Production of Documents No 774 (ASIC) [SEC=OFFICIAL:Sensitive]
Date: Wednesday, 19 February 2025 5:31:00 PM

Dear s 22,

Acknowledging receipt and thank you for your timeliness.

s 22

Kind regards,

s 22

From: s 22 @asic.gov.au>
Sent: Wednesday, 19 February 2025 4:33 PM
To: s 22 @TREASURY.GOV.AU>
Cc: s 22 @asic.gov.au>; s 22 @asic.gov.au>; s 22 @asic.gov.au>; s 22 @TREASURY.GOV.AU>; s 22 @TREASURY.GOV.AU>
Subject: Order for Production of Documents No 774 (ASIC) [SEC=OFFICIAL:Sensitive]

OFFICIAL: Sensitive

Dear s 22

Please find attached documents which ASIC considers are responsive to the [Order of Production of documents 774](#).

We also attach the following:

- s 22
- A briefing to Treasury about the matter

s 22

We would be happy to discuss this matter further with you and/or any questions you may have in relation to these materials.

Regards

s 22

s 22

Senior Manager – Consumer Reforms
Regulatory Reform & Implementation

Australian Securities and Investments Commission

Level 7, 120 Collins Street, Melbourne, 3000

Tel: s 22 | Mob: s 22

s 22 [@asic.gov.au](mailto:s 22@asic.gov.au)

s 22

ASIC acknowledges the Traditional Owners of the lands and waters on which we live and work. We pay respect to Elders past and present as the custodians of the world's oldest continuing cultures.

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