

Agenda Item 6 (a) – Other Financial Services Royal Commission and Industry Updates

From 1 July 2021, debt management services are considered credit activity under the *National Consumer Credit Protection Act 2009*, meaning providers of these services must hold a credit licence with appropriate authorisations and operate according to transitional arrangements ([ASIC 21-162MR](#)).

Treasury released an [Exposure Draft](#) on 19 July 2021 for regulations prescribing classes of add-on insurance to be exempt from the deferred sales model. The deferred sales model results from recommendation 4.3 of the FSRC and enables consumers to make informed decisions by introducing a pause between the primary and add-on insurance purchases. The regulations will become effective 5 October 2021, and the exempt classes of add-on insurance include compulsory third party insurance for motor vehicles, certain comprehensive insurance and home building, contents and landlord insurance.

[ASIC released](#) a consultation paper on 21 July 2021 (open till 18 August 2021) on proposed updates to its Regulatory Guide 38 *The hawking prohibitions* to reflect the anti-hawking regime commencing on 5 October 2021 resulting from recommendations 3.4 (no hawking of superannuation products) and 4.1 (no hawking of insurance products) of the FSRC.

[ASIC's media release](#) on 5 August 2021 highlights Australia's six largest banks have paid \$1.86 billion in remediation up to 30 June 2021 for fees for no service (\$1.64 billion) or non-compliant advice (\$225 million), including not acting in the client's best interests.

[ASIC's media release](#) on 12 August 2021 recognises the transition for the industry to finalise implementation of extra compliance measures and outlines its approach to regulation of the following reforms commencing in October 2021:

- Reference checking and information sharing arrangements (recommendations 1.6 and 2.7 of the FSRC);
- Breach reporting and the 'notify, investigate and remediate' obligations (recommendations 1.6, 2.8, 2.9 and 7.2 of the FSRC);
- Design and distribution obligations (recommendation of the Financial System Inquiry);
- Hawking (recommendations 3.4 and 4.1 of the FSRC);
- The deferred sales model for add-on insurance products (recommendation 4.3 of the FSRC); and
- ASIC Regulatory Guide 271 *Internal dispute resolution*.