

26 November 2025

Brad Jones
Assistant Governor
Reserve Bank of Australia
8 Chifley Square
Sydney NSW 2000

By email: brian.healey@treasury.gov.au

Dear Mr Jones

Developing a roadmap for better regulation in the financial sector – CALI response

The Council of Australian Life Insurers (**CALI**) is pleased to provide feedback to inform the Government's and Council of Financial Regulators' (**CFR**) focus on supporting better regulation in the financial system.

CALI and our members strongly support a robust regulatory and reporting framework that promotes confidence, stability and a level playing field across financial services. The compliance cost and effort for regulated entities, however, should be commensurate with the level of consumer protection and regulatory intelligence achieved through the imposition of such a framework.

Good regulation should enable cost-effective, operationally efficient and timely delivery of high quality customer outcomes.

Improving data collection and cross regulator data sharing

Data collection and sharing are critical aspects of clear and transparent regulatory oversight, however, duplicative data requests and complexities in data requested can create considerable cost and operational inefficiency for businesses.

The regulatory effort for data requests can be high effort due to a combination of factors. A complex data landscape can be caused by multiple submissions containing similar, yet differently defined data at varying levels of aggregation.

These complexities can also be exacerbated through the interconnectedness of the financial system. For instance, life insurers provide a significant volume and breadth of data to superannuation fund partners to support their regulatory obligations. This significantly

increases the cost and effort related to reporting but is further complicated by different data classifications and taxonomies across industries within the financial services sector.

Whilst some components of life insurers' regulatory submission processes are automated, they still require a high degree of manual effort for many life insurers and encompass pre-reporting data quality remediation, data production and review, final reporting template population and validation, cross-reporting reconciliation, approvals, submission and post-submission query management.

Streamlining regulatory reporting obligations, both within each regulator's requirements and in requirements across regulators, would significantly decrease this inefficiency. Having a common regulatory data model with standardised definitions would provide for consistency and reduced regulatory subject matter expertise in the data production, review, validation and reconciliation practices. Further, simplifying and streamlining the reporting format and levels of aggregation would significantly reduce data risk and improve data quality and integrity in the submissions.

We have identified some of the opportunities referred to above in our response to Attachment A.

Prioritising legislative reform opportunities

CALI has additionally identified a number of law reform opportunities that will improve productivity in the sector, improve customer outcomes and help simplify regulatory oversight of the life insurance sector.

We highlight the following priorities for law reform and provide further detail in Attachment B:

1. Prioritisation and implementation of the full Delivering Better Financial Outcomes (DBFO) package; and
2. Providing a regulatory framework for legacy product rationalisation in life insurance.

We look forward to meeting with you and your CFR colleagues on 2 December to further discuss this important work. If you wish to discuss this submission in the meantime, please do not hesitate to contact me at luke.hyde@cali.org.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Hyde", with a long, sweeping horizontal line extending to the right.

Luke Hyde
General Manager, Policy
Council of Australian Life Insurers

About CALI

CALI is the leading voice of life insurance in Australia. We support Australians to make informed choices about their future and help them live in a healthy, confident and secure way over their lifetime.

Our members' products and services give people peace of mind when making important decisions and provide a financial safety net during life's biggest challenges.

We advocate for national policy settings that expand Australians' access to the life insurance protection that suits them when they need it most.

CALI represents all life insurers and reinsurers in Australia. The Australian life insurance industry is today a \$26.4 billion industry, employing thousands of Australians and paying billions of dollars of benefits each year.

For more information, visit www.cali.org.au

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Attachment A

Questions for industry on data collection and sharing

Questions	Example 1 - Duplicative	Example 2 - Duplicative	Example 3 - Duplicative	Example 4 - Duplicative
1. Can you provide specific examples of recurring data requests from financial regulators that you consider duplicative or unnecessary and the reasoning why? a) Where duplicative, please identify the relevant regulator for each.	<p>Claims payout is reported in:</p> <ul style="list-style-type: none"> - APRA LRS750 (half yearly) - APRA SRS251 (annually & superannuation only) - CALI-KPMG experience investigation (half yearly & Retail only)¹ - APRA IDII (half yearly & IDII only) - ATO IP (IP only, financial year) - APRA SPG250 (quarterly & group risk only) 	<p>Annual premium is reported in:</p> <ul style="list-style-type: none"> - APRA LRS750 - CALI-KPMG - APRA IDII (IDII only) <p>Received premium is reported in:</p> <ul style="list-style-type: none"> - APRA SRS251 (superannuation only, FY) - ATO IP (IP only, FY) 	<p>Number of lives, Claims (count and duration) & Complaints (count, reason and outcome) are reported in:</p> <ul style="list-style-type: none"> - LCCC (FY) - APRA LRS750 (Half yearly) 	<p>Claim related Internal Dispute Resolution (IDR) complaints are reported in:</p> <ul style="list-style-type: none"> - APRA LRS 750 - ASIC IDR (RG271) - AFCA provides dispute data that overlaps with regulatory requests <p>The lack of standardised definitions mean the same complaint may be classified differently for each regulator</p>

¹ This is an industry-led project.

	<p>- ASIC requests similar data through surveillance activities and ad hoc requests</p> <p>Claims reserve is reported in:</p> <p>- APRA LRS200</p> <p>- APRA IDII (IDII only)</p>	<p>Earned premium is reported in:</p> <p>- APRA LRS200</p>		
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Questions	Example 1 – Duplicative	Example 2 – Duplicative	Example 3 – Duplicative	Example 4 – Duplicative
<p>Question 2. For each example, what is the current regulatory burden (quantified if possible, or qualitatively assessed as low, medium or high effort)?</p> <p>a. How much could this burden be reduced through streamlining?</p> <p>b. Please specify how you measured the regulatory burden – for example using number of staff or time taken to complete the request, or alternative compliance cost formula.</p>	<p>Current regulatory burden: ~160 FTE days</p> <p>a. 50 working days</p> <p>b. FTE working days</p>	<p>Current regulatory burden: ~160 FTE days</p> <p>a. 40 working days</p> <p>b. FTE working days</p>	<p>Current regulatory burden: ~40 FTE days</p> <p>a. 4 working days</p> <p>b. FTE working days</p>	<p>Current regulatory burden: ~40 FTE days</p> <p>a. 4 working days</p> <p>b. FTE days</p>

Questions	Brief answer
<p>3. What further opportunities do you see for submitting information once and having it shared across relevant regulators?</p> <p>a. Are there existing systems or sources that could be leveraged to reduce duplication?</p>	<p>Existing systems that could be leveraged:</p> <ul style="list-style-type: none"> • APRA Connect as potential central repository. • Current reporting frameworks that could be harmonised. • Checking before asking for new data - Regulators should verify whether data already exists within CFR agencies before issuing new requests. Often the burden falls on the Financial Firm to prove the data has already been provided.
<p>b. Are there any types of information that should be excluded from a 'share once' principle?</p>	<p>Information that should be excluded from 'share once' principle:</p> <ul style="list-style-type: none"> • Commercially sensitive information • Customer data subject to privacy requirements • Information subject to legal professional privilege • Investigation-specific data

Questions	Answer
<p>4. Which recurring data requests, if not duplicative or unnecessary, should nonetheless be prioritized for streamlining, and why?</p>	<p>We would recommend prioritising the ASIC RG 271 and APRA LRS 750 for alignment of dispute categories and definitional alignment of dispute counts.</p>

a. Please highlight those with the greatest impact on your operations.

Ad hoc data requests

Questions	Answer
<p>5. Can you provide examples of ad hoc data or information requests that you consider duplicative, unnecessary or poorly coordinated with other requests, and the reasoning why? a) Please specify the regulator(s) involved and the context of the request.</p>	<p>Thematic focus areas</p> <p>AFCA and the Life Code Compliance Committee (LCCC) conduct thematic reviews in relation to an area of regulatory focus for ASIC. We understand from public commentary this approach is intentional, that AFCA and LCCC look to align their areas of focus to regulatory priorities but from their own perspectives. This can often mean a duplication of information and data particularly to AFCA and the LCCC who acknowledge they are not regulators and note they do not intend to duplicate the work of ASIC.</p> <p>A notable example is in respect of life insurance claims handling:</p> <p>ASIC has issued notices on life insurers and more recently superannuation funds for group life insurance in connection with surveillance and enforcement activities and a particular focus on delays in claims handling and super administration. Notices typically ask for extensive claims data, internal policies and procedures, complaints data, training information, disclosure, and sample claim files. Data and information are predominantly provided under statutory notice but also sometimes informally under ad hoc requests made by letter or through meetings. Group life insurers also typically assist superannuation funds with data in respect of ASIC notices issued on superannuation funds in respect to claims handling, governance and complaints.</p> <p>AFCA has used its rules to investigate Possible Systemic Issues related to delays in claims handling. Requests are made by letter from AFCA, are generally extensive and request similar data sets and information to ASIC. In terms of data and information, the PSI requests have asked for claims data, complaints data, information about processes</p>

Questions	Answer
	<p>and controls, incident management and breach notification, and training and governance details. The data and information sought overlapped in many instances with ASIC.</p> <p>LCCC used its rules to conduct an Own Motion Inquiry to investigate Life Code Subscribers' application of CBOC (Circumstances Beyond Our Control) being the exemption to the assessment duration timeframes in the Life Code to determine whether it is being appropriately applied and whether there has been delay. The LCCC asked for claims data on when CBOC was exercised, the provision of claims files, required a review of the application of CBOC including asking for findings, remediation approaches, and actions to improve. In 2024-25, the LCCC will conduct an Own Motion Inquiry examining compliance with claims handling timeframes, including where initial decisions are overturned. Overturns is a PSI issue AFCA also investigated in the context of claims handling delays.</p> <p>AFCA Possible Systemic Issue Investigations more generally</p> <p>AFCA is the sole EDR scheme and financial entities are required to be a member of an EDR scheme as a condition of their AFSL. As an AFCA member, members are bound by AFCA's rules and a breach of rules may risk membership cancellation and accordingly, a breach of an entity's AFSL. AFCA has increased its focus on Possible Systemic Issues (PSI) in the last 18 months and 'Influence' (through PSI notification and advocacy) is a key strategic priority for AFCA for the next 3 years.</p> <p>A PSI (systemic issue is defined as a matter that impacts more than one customer) is a low bar and through the use of its rules, AFCA exercises investigative rights and requires the production of documents and information like ASIC (but without the statutory power).</p> <p>With increased focus, multiple PSI requests are being issued by AFCA. In a significant number of instances (not all), the AFCA identified issue has already been identified, remediated, rectified and reported (where required to ASIC) in accordance with internal incident management processes.</p>

Questions	Answer
	<p>Where a matter has been reported to ASIC (so ASIC is already aware of it, AFCA would not be notifying ASIC of an issue it does not know about already), AFCA will still require data and information about the investigation, remediation, and rectification, even though this has already been provided to ASIC as part of the breach reporting process. AFCA put the onus on the entity to establish the issue has been notified to ASIC and request data and information anyway to assess whether there are any 'gaps' they require to be addressed independent of the ASIC process. In some instances, the identified issue was reported and remediated several years ago but AFCA still insist on the provision of the data and information.</p> <p>In such cases, the information and data is provided twice (to ASIC and then later AFCA) only for AFCA to close a matter as a Definite Systemic Issue and notify ASIC in circumstances where ASIC is already aware of it either through breach reporting or its own enforcement investigation. A PSI should be closed in circumstances where a regulator is already aware of it.</p> <p>Sometimes PSIs will request data that is publicly available, an example is LRS 750 and soon, this will include IDR data published by ASIC on an entity-identified basis. In such cases, the entity should not have to provide this information to AFCA.</p> <p>Breach Reporting and Notification Obligations</p> <p>Notification obligations for the same or related issues can overlap. The LCCC has a 30-day significant breach notification which carves out notification where a subscriber will or intends to breach report to ASIC. However, at 30 days, the entity may not have formed a view about reportability and may need to report the matter to the LCCC as a Significant breach and later, ASIC.</p> <p>Similarly, an eligible data breach to the OAIC will usually trigger a reporting obligation under APRA CPS234 to APRA and depending on the nature of the issue, potentially a breach report to ASIC.</p>

Questions	Answer
<p>6. How do ad hoc requests impact your internal processes and resource allocation? a) How could ad hoc requests be made in a less disruptive manner? For example, longer response timeframes.</p>	<p>Given it is unclear when a life insurer will receive an ad hoc request and there is limited coordination between external bodies, ad hoc requests can put enormous pressure on a business. For example, in claims handling it is often the same teams supporting the response to multiple different requests under tight timeframes. Where the data or information is similar but not quite the same (for example the date ranges might be different or the type of data is requested differently) it needs to be approached as an independent request. At the same time, a verification exercise needs to be completed to ensure the disclosure or information is not inconsistent with what has already been disclosed and provided under other requests and to partners for the purposes of their response to regulatory entities. This increases costs and operational inefficiency.</p> <p>Suggestions include:</p> <ul style="list-style-type: none"> • Better coordination between various requesting entities and clear delineation of roles and responsibilities: <ul style="list-style-type: none"> ○ If ASIC is looking at a particular issue, bodies like AFCA and the LCCC should not separately look at the same issue, given it is more appropriate for the conduct regulator. APRA and ASIC coordinating the life insurance industry premium increase review was a very good example of regulator coordination that was clear and helpful to industry. The coordinated approach also ensured that the perspectives of each regulator were addressed in a single submission, which is the preferred approach and resulted in a more efficient and cost-effective process. • Reasonable response times outside of enforcement activities: <ul style="list-style-type: none"> ○ A large number of ad hoc requests are industry inquiries or PSI investigations. In such circumstances, timeframes should be reasonable. Currently, the onus is on the financial services entity to keep requesting extensions because timeframes are too tight. Industry has observed in recent ASIC reviews good prior engagement by ASIC with the industry prior to issuing regulatory requests to check whether timeframes are manageable.

Questions	Answer
	<ul style="list-style-type: none"> • Proactive notification of regulator workplans: <ul style="list-style-type: none"> ○ early engagement on areas of focus, alignment with the RIG, and consultation of forward workplans will enable better resourcing and preparation to support regulatory requests. • Publicly available data, or regulatory reported data, already provided should be used first before requesting the data from the relevant entity: <ul style="list-style-type: none"> ○ Ideally it should be used to inform what further matters the relevant regulator may need. • AFCA PSIs about issues already breach reported to ASIC should be closed immediately: <ul style="list-style-type: none"> ○ AFCA's legal obligation is a notification responsibility only. Where ASIC is already aware of a matter because it has been breach reported or investigated, AFCA should not be issuing a PSI on that matter to an entity. Life insurers would welcome proper engagement by AFCA prior to it issuing a PSI to enable the life insurer to inform AFCA that the matter has either been reported to ASIC or that ASIC is investigating the matter. Alternatively, where AFCA identifies potential patterns through its complaints handling, it should refer these to ASIC and allow the regulator to investigate using its existing powers and data holdings. Alternatively, if AFCA is to maintain an expanded investigative role, it should be formally included in the CFR plus coordination mechanisms with clear boundaries established between its pattern identification role and ASIC's enforcement responsibilities.
<p>7. What suggestions do you have for making ad hoc data requests more efficient or targeted? a) Could certain requests be replaced by existing data sources or reporting channels? Please specify which ones and why.</p>	<p>a) Opportunities to use existing data:</p> <ul style="list-style-type: none"> • Existing data already provided to regulators. • Industry-wide data sources. <p>b) Specific efficiency improvements:</p> <ul style="list-style-type: none"> • Iterative approach (high-level first, then targeted follow-up). • Clear scope definition upfront. • Acceptance of reasonable estimates where appropriate. • Use of sampling rather than complete data sets where suitable.

Questions	Answer
8. Are there mechanisms or feedback loops that could help regulators better coordinate or explain the need for ad hoc requests? a) What would improve transparency and predictability in these interactions?	<p>a) Coordination improvements:</p> <ul style="list-style-type: none">• Forward visibility of planned thematic reviews by regulators and where multiple regulators (including AFCA as the EDR body) are focusing on an issue, related requests from multiple regulators should be coordinated and streamlined. This should include a single coordinator for multi-regulator requests on related topics.• Central tracking of active regulatory requests across agencies.• Formal requirement to check existing data before new requests. <p>b) Transparency enhancements:</p> <ul style="list-style-type: none">• Clear articulation of regulatory purpose.• Industry should receive information on the expected use of data and how the data was used.• It is very helpful to understand whether the request is one-off or likely to recur.• Industry would appreciate feedback on outcomes from data analysis.

Attachment B – Law reform opportunities

Recommendations

CALI has identified a number of law reform opportunities that will significantly improve productivity in the sector and customer outcomes including:

1. Delivery of the full DBFO reform package; and
2. Providing a regulatory framework for legacy product rationalisation in life insurance.

CALI's overarching position on law reform is that Government should seek to leverage existing legislative and regulatory frameworks, wherever possible, to minimise complexity and overlap and to support cost-effective and operationally efficient delivery of financial services.

1. Delivering better financial outcomes

Life insurers should be able to provide simple advice about our own products for customers who ask for it at no additional cost.

We want the Government to prioritise consultation on the remaining reforms in the Delivering Better Financial Outcomes package and passage of the final legislation (second tranche of DBFO). This must include the creation of the new class of adviser and modernisation of the Best Interests Duty to allow an insurer to provide advice only on their own products.

Australians want advice that is simple, accessible, and affordable. CALI research shows:

- 46 per cent of people want advice that's more tailored and helps them decide how much life insurance cover they need and the products that best suit them.
- Nearly half of younger Australians (18-34) say they want financial advice, especially on life insurance, yet just one in ten (11 per cent) receive it.

Without accessible financial advice, younger Australians turn to informal sources such as friends and family (41 per cent), social media (20 per cent), and online forums (34 per cent).

Fewer than 600 financial advisers have a strong focus on writing life insurance and just 185 offer risk advice only.

2. Legacy product rationalisation

Life insurers manage hundreds of legacy products across multiple outdated systems which contribute to increased costs and differing customer experiences. This productivity issue has been exacerbated by significant consolidation in the life insurance industry in the past ten years as banks exited the sector, with the industry now primarily made up by a number of very large-scale life insurers. Unlike general insurance with annual renewals, life policies can span decades and there is no mechanism to amend policy terms outside of an extensive legal process requiring APRA consultation and final approval by the Federal Court.

Current law makes product modernisation virtually impossible in many instances, resulting in:

- Higher costs ultimately borne by customers as life insurers are forced to manage multiple systems and manage the complexity of hundreds of different products.
- Greater complexity in servicing long-standing customers on legacy systems, meaning some customers are not enjoying all of the benefits of technology improvements.
- Increased operational complexity which can result in additional breaches and remediation.
- Inability to update medical definitions as treatments advance.

CALI recommendation

We recommend the creation of a streamlined product modernisation mechanism that can take the following into consideration:

- Product rationalisation enabled within a single statutory fund.
- APRA approval process without a Federal Court process. Alternatively, it could be modelled on the successor transfer regime for superannuation funds which does not require regulator approval.
- Clearer "better off overall" or "no material adverse impact" test for policyholders. Legislative guardrails should be in place to ensure that customers do not lose any significant benefit. In most cases, relatively minor changes to products around the edges would enable products to be moved to current systems and legacy systems to be decommissioned, which would result in significant cost reductions.

Impact

Reduced premiums and a better customer experience. The impact of an effective product modernisation mechanism would reduce the number of legacy products, lead to a significant reduction in operational costs and complexity including reduced compliance costs, give rise to fewer products supported by more modern and resilient systems and lead to more sustainable and competitive insurance offerings. Importantly, it would ensure that all customers enjoy the benefits of all technological advances, which will ultimately ensure a consistent and continually improving experience for all customers.