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Senate Standing Committees on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

By email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

### Senate Economics References Committee Inquiry into Wealth Management Companies

The Insurance Council of Australia (Insurance Council) welcomes the opportunity to provide a submission to the Senate Economics References Committee inquiry into Wealth Management Companies ('the inquiry').<sup>1</sup>

The Insurance Council is the representative body of the general insurance industry in Australia and represents approximately 90 per cent of private sector general insurers. As a foundational component of the Australian economy, the general insurance industry employs approximately 60,000 people and on average pays out \$147 million in claims each working day (\$36.5 billion per year).

We note that the Terms of Reference for the inquiry include considering the implications of the collapse of wealth management companies on the establishment of the Compensation Scheme of Last Resort (CSLR), including with respect to design considerations and the potential implications for future matters.<sup>2</sup>

The Insurance Council supports the role of the CSLR as a scheme of last resort, adding to the regulatory framework for the protection of consumers in Australia. To date, the top ten financial institutions by income, including insurers, have paid an upfront levy of approximately \$241 million.<sup>3</sup>

The Insurance Council opposes further expansion of the CSLR and believes the ongoing sustainability of the scheme would be enhanced through other frameworks that help to mitigate against the collapse of wealth management companies. It is crucial that any underlying issues within sectors are addressed first, as opposed to a focus on the remediation process, to help avoid significant stress and anxiety for consumers.

Our opposition to further expansion includes extending the use of sub-sector cross subsidies. We recommend consideration of Section 1069H(5)(b) of the *Corporations Act 2001* (Cth), which requires the Minister to have regard to:

- (i) the impact that imposing that total amount of special levy may have on the financial sustainability and viability of the specified sub - sector; and
- (ii) the impact that imposing that total amount of special levy across all members of the specified sub - sector may have on the financial system more broadly.<sup>4</sup>

<sup>1</sup> [Senate Economics References Committee inquiry into Wealth Management Companies](#)

<sup>2</sup> [Senate Economics References Committee inquiry into Wealth Management Companies, Terms of Reference](#), (g).

<sup>3</sup> [Compensation Scheme of Last Report \(CSLR\) Impact Report 2024](#), page 16.

<sup>4</sup> [Corporations Act 2001](#), Section 1069H(5)(b)

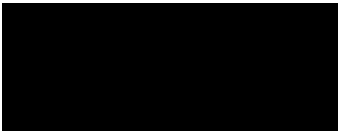


As a result, any application of the ministerial discretion must not inadvertently discourage the sub-sectors that have created the losses to uplift their standards and prevent future consumer harm.

We thank the Committee for the opportunity to make this submission.

If you have any questions or comments in relation to our submission, please contact Alexandra Hordern, General Manager, Regulatory and Consumer Policy, at [REDACTED]

Yours sincerely,



**Andrew Hall**  
Executive Director and CEO