

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Treasury Portfolio**  
Budget Estimates  
2017 - 2018

**Division/Agency:** Australian Securities and Investment Commission  
**Question No:** 101  
**Topic:** Financial Services Council comments about code approval  
**Reference:** Written  
**Senator:** Ketter, Chris

**Question:**

During a hearing of the Senate Inquiry into Consumer Protections in the Banking, Insurance and Financial Services Sector, the FSC was asked whether they would seek approval of the life insurance code of practice. Although that they said they would consider ASIC approval, they said that the approval process would make the code more legalistic and less consumer friendly. Do you agree with this characterisation of this ASIC approval?

**Answer:**

ASIC's published guidance on code approval - Regulatory Guide 183 *Approval of financial sector codes of conduct* – states that one feature of an effective code offering strong consumer protections is that it sets 'standards that elaborate on, exceed or clarify the law' (RG 183.22). This does not mean that a code should be 'legalistic'; in fact, RG183 specifically provides that a code approved by ASIC should be accessible to consumers by being written in 'plain language' (RG 183.55) and that we will reject a code that is not written in plain language (RG 183.129). It is a matter for the FSC as to whether it seeks ASIC approval of the Life Insurance Code of Practice.