

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2015 - 2016

Department/Agency: ASIC

Question: SBT 20

Topic: ASIC - Uber

Reference: Hansard page no. 56 - 21 October 2015

Senator: Williams, John

Question:

Senator WILLIAMS: I want to take you to Uber. I have just been talking to the Taxation Office about it as well. The sharing economy promotes the use of private assets. Uber: private assets for commercial use on a part-time basis. In the USA, this has caused adjustment problems for the insurance industry et cetera. Is ASIC concerned about any prudential implications of the sharing economy and, if so, which ones?

Mr Price: I think generally prudential regulation is a matter that falls to APRA. I suppose we are more interested in digital disruption and new business models as they affect financial products and financial services rather than other types of services such as accommodation or transport and so forth.

Senator WILLIAMS: Would ASIC be concerned if an insurance company offered cover for a product that is reportedly illegal?

Mr Price: If my memory is right, there are some cases where you cannot actually insure for illegal purposes. So it does give rise to some potential areas of interest to us.

Senator WILLIAMS: The Australian tax industry raised this with you on 1 September. Is that correct?

Mr Price: I am not aware of that.

Unidentified speaker: We can take that on notice.

Answer:

We understand that motor vehicle insurance policies typically do not apply where the vehicle is being used for an unlawful purpose.

ASIC has received a report of misconduct about one insurer's public statements that holders of insurance policies would be covered for 'occasional' use of their cars for ride-sharing services such as Uber. One issue that may be considered is whether the insurer's public statements are consistent with the terms of the relevant insurance policy. Of course, this will also depend on the particular legal status of Uber as other ride sharing services in the relevant state or territory jurisdiction.