

Restricting use of the term “Insurance” and “Insurer”

Recommendation	Existing law	Summary of proposed reform	Comments
<p>Additional commitment in response to recommendation 4.2</p> <p>Recommendation 4.2 – Removing the exemptions for funeral expenses policies</p> <p>The law should be amended to:</p> <ul style="list-style-type: none">• remove the exclusion of funeral expenses policies from the definition of “financial product”; and• put beyond doubt that the consumer protection provisions of the ASIC Act apply to funeral expenses policies. <p>As part of the response to Recommendation 4.2, the Government announced it would also restrict the ability of firms to use the terms “insurer” and “insurance” to only those firms that have a legitimate interest in using terminology regarding insurance. The objective of this change is to avoid confusion for consumers as to the nature of the products they are purchasing.</p>	<p>N/A</p>	<p>Civil penalties would apply for using the word “insurance” or “insurer” in the course or proposed course of business when:</p> <ul style="list-style-type: none">• the product or person respectively is not that thing; and• it is likely in all the circumstances that the product or person could be mistakenly believed to be insurance or an insurer. <p>This amendment will be inserted into the Insurance Act 1973, which applies to general insurance.</p>	<p>This replicates the prohibition on the use of the term “bank” in the Banking Act, which is restricted due to the implications around a bank’s capital position.</p>