

AFSL for Insurance Claims Handling and Settling Services

From 1 January 2022, if you provide insurance claims handling and settling services in Australia, you must hold an AFSL (Australian Financial Services Licence) authorising you to provide such services or be authorised by a person who holds a claims handling authorisation (unless exempt).

The Financial Sector Reform (Hayne Royal Commission Response) Bill 2020 passed both houses on 10 December 2020. This Bill included legislation to implement recommendation 4.8 of the Financial Services Royal Commission that makes insurance claims handling a financial service. This has resulted in a new class of financial service 'claims handling and settling service' and the requirement to hold an AFSL in this financial service applies from 1 July 2021.

From 1 January 2021, ASIC is accepting applications and variations for an AFSL with claims handling and settling service authorisations from insurance issuers, some fulfilment providers, claims managers, claimant intermediaries, insurance brokers, financial advisors, agents and MGA's.

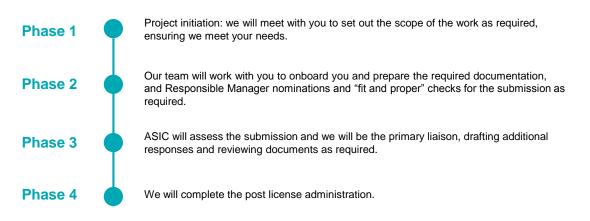
To take advantage of a transitional period, your application must be submitted to ASIC by 7 May 2021 and accepted by ASIC before 30 June 2021. If ASIC has not accepted your application by this date, you must stop providing claims handling and settlement services on 1 July 2021 and not provide such services until you have been granted an AFSL.

Essentially, the new reforms mean that there will be tighter regulation over how claims are handled, including along the value chain. Insurers and others who provide claims handling services will be required to:

- Obtain an AFSL or become an authorised representative of an AFSL with the authorisations to provide 'claims handling and settling service'
- If you hold an AFSL already, apply for a variation to the licence to include "claims handling and settling service".
- · Meet the AFSL requirements for handling and settling claims
- Provide disclosure documents to clients (Financial Services Guide, Cash Settlement Fact Sheet and confirmations)

Grant Thornton can provide end-to-end assistance for your application. We work with experienced and reputable AFSL specialists and do the heavy lifting with an easily accessed data portal for a quick and efficient process.

Read ASIC's Media Release here.



To find out more, contact:

Dhun Karai

Partner, Financial Advisory T +61 2 8297 2623 E dhun.karai@au.gt.com







