

# Attachment C: Draft key functions descriptions



## Insurance Key Functions and RSE licensee Key Functions descriptions

This document provides descriptions of each Insurance Key Function and RSE licensee Key Function referred to in the draft *Financial Accountability Regime Regulator Rules Amendment Instrument No. 1 of 2024* (the draft amendment instrument).

As set out in the draft amendment instrument, information regarding each Insurance Key Function and RSE licensee Key Function will only be included in the register of accountable persons where:

- (a) a general insurer, an authorised non-operating holding company (NOHC) of a general insurer, a life company, a registered NOHC of a life company, a private health insurer or a registrable superannuation entity (RSE) licensee is an accountable entity and undertakes that particular Insurance Key Function or RSE licensee Key Function (as applicable); and
- (b) a person who is determined to be an accountable person in accordance with the *Financial Accountability Regime Act 2023* has actual or effective senior executive responsibility for management or control of the whole of, or a significant or substantial part or aspect of, that particular Insurance Key Function or RSE licensee Key Function (as applicable).

The draft amendment instrument does not require a relevant accountable entity to undertake each Insurance Key Function or RSE licensee Key Function or to assign each Insurance Key Function or RSE licensee Key Function to an accountable person.

**Table 1: Insurance Key Functions**

<b>Column 1</b> <b>Insurance Key Function</b>	<b>Column 2</b> <b>An accountable person has responsibility for the Insurance Key Function in Column 1 if they have actual or effective senior executive responsibility for management or control of the whole of, or a significant or substantial part or aspect of, the applicable key function as described in this Column 2</b>
<b>1. Capital management</b>	Capital management function, including the Internal Capital Adequacy Assessment Process, stress testing, capital buffers and capital instruments.
<b>2. Collections and enforcement (default, debt collections and recovery)</b>	Collections and enforcement policies, procedures and practices for the monitoring, collection and enforcement of debt relating to a financial product or service, credit contract or consumer lease.
<b>3. Conduct risk management</b>	Conduct risk management, including the identification and monitoring of the risk of inappropriate, unethical or unlawful behaviour on the part of the accountable entity's management or employees.

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<b>4. Data management</b>	Data management, including data strategy, data architecture, data management framework and governance, data quality and issue management, and data risk management, including the state of data controls and data privacy.
<b>5. Financial and regulatory reporting</b>	Financial and regulatory reporting function, including the preparation of statutory financial reporting, financial market disclosures (where relevant), and regulatory data collections, to relevant regulators including APRA and ASIC.
<b>6. Hardship processes</b>	Hardship policies, procedures and practices for responding to and managing consumers experiencing financial difficulty (not limited to any specific remediation activity).
<b>7. Insurance risk management</b>	Product design, development and distribution, reserving and pricing functions including framework, strategy, policies, procedures, assessment and any other related aspects.
<b>8. Operational risk management</b>	Operational risk management function, including: <ul style="list-style-type: none"> <li>○ maintaining the operational risk management framework and operational risk management strategy;</li> <li>○ identifying, assessing and managing operational risk and compliance;</li> <li>○ state of operational risk controls;</li> <li>○ evaluation of operational risk profile against board risk appetite;</li> <li>○ business continuity; and</li> <li>○ service provider risk management.</li> </ul>
<b>9. Product design and distribution obligations</b>	The various activities involved in complying with the product design and distribution obligations.  Note: The product design and distribution obligations and the product origination key functions are related but may be distinguished as follows—The product design and distribution obligations involve ongoing monitoring of products and product governance arrangements, throughout the lifecycle of the product; the product origination obligations are concerned with specific obligations at the time the consumer acquires the product.
<b>10. Product origination</b>	Product origination obligations that relate to financial products or credit contracts/consumer leases—including obligations relating to disclosure, contract formation, representations and responsible lending.

<b>Column 1</b> <b>Insurance Key Function</b>	<b>Column 2</b> <b>An accountable person has responsibility for the Insurance Key Function in Column 1 if they have actual or effective senior executive responsibility for management or control of the whole of, or a significant or substantial part or aspect of, the applicable key function as described in this Column 2</b>
<b>11. Recovery and exit planning and resolution planning</b>	<p>Recovery and exit planning function, including governance arrangements, trigger frameworks, recovery and exit options, scenario analysis, assessment of recovery capacity, and communication strategy.</p> <p>Resolution planning function, including assisting APRA in identifying any critical functions, assessing the feasibility of resolution options, and removing barriers to the execution of a resolution plan.</p>
<b>12. Reinsurance management</b>	<p>Reinsurance functions including reinsurance strategy, management and administration.</p>
<b>13. Scam management</b>	<p>The entity's policies, procedures and practices designed to prevent and mitigate consumer loss from scams, and to respond to scams and consumers who have been the subject of scams.</p>
<b>14. Technology management</b>	<p>Technology management, including technology strategy, lifecycle management of technology used, state of technology controls, information security, disaster recovery, technology operations and infrastructure (including management and maintenance of business and technology applications).</p>
<b>15. Training and monitoring of relevant representatives and staff</b>	<p>Training and monitoring of staff and representatives providing financial products or financial services or engaging in credit activities on behalf of a licensee. This includes training on mandatory continuous education on a product, service or activity.</p>
<b>16. Underwriting</b>	<p>Underwriting function including:</p> <ul style="list-style-type: none"> <li>○ establishing, maintaining and developing underwriting manuals, policies and procedures including compliance;</li> <li>○ maintaining underwriting standards consistent with established policy;</li> <li>○ resourcing of the underwriting function; and</li> <li>○ delegation and authorities; and</li> <li>○ budgeting and forecasting.</li> </ul>
<b>17. Whistleblower policy and process</b>	<p>Implementation and monitoring of the entity's whistleblower policy and processes.</p>

**Table 2: RSE licensee Key Functions**

<b>Column 1</b> <b>RSE licensee Key Function</b>	<b>Column 2</b> <b>An accountable person has responsibility for the RSE licensee Key Function in Column 1 if they have actual or effective senior executive responsibility for management or control of the whole of, or a significant or substantial part or aspect of, the applicable key function as described in this Column 2</b>
<b>1. Conduct risk management</b>	Conduct risk management, including the identification and monitoring of the risk of inappropriate, unethical or unlawful behaviour on the part of the accountable entity's management or employees.
<b>2. Data management</b>	Data management, including data strategy, data architecture, data management framework and governance, data quality and issue management, and data risk management, including the state of data controls and data privacy.
<b>3. Financial and regulatory reporting</b>	Financial and regulatory reporting function, including the preparation of statutory financial reporting, financial market disclosures (where relevant), and regulatory data collections, to relevant regulators including APRA and ASIC.
<b>4. Hardship processes</b>	Hardship policies, procedures and practices for responding to and managing consumers experiencing financial difficulty (not limited to any specific remediation activity).
<b>5. Investment management</b>	Investment management function, including: <ul style="list-style-type: none"> <li>○ Management of investment risk exposures to achieve objectives within stated risk appetite and parameters.</li> <li>○ Independent oversight of the investments process of the RSE(s).</li> <li>○ Selection, management and monitoring of investments of the RSE(s).</li> <li>○ Monitoring of investment risk incidents or breaches of the RSE(s) and ensuring appropriate and timely remediation.</li> <li>○ Escalation/reporting of issues relating to the management of investments (current or emerging) of the RSE(s).</li> </ul>

<b>Column 1</b> <b>RSE licensee Key Function</b>	<b>Column 2</b> <b>An accountable person has responsibility for the RSE licensee Key Function in Column 1 if they have actual or effective senior executive responsibility for management or control of the whole of, or a significant or substantial part or aspect of, the applicable key function as described in this Column 2</b>
<b>6. Liquidity management</b>	Liquidity management function, including: <ul style="list-style-type: none"> <li>○ Measurement and management of key sources of liquidity risk of the RSE(s).</li> <li>○ Oversight and management of liquidity risk of the RSE(s).</li> <li>○ Monitoring of current or emerging liquidity risks, liquidity metrics of the RSE(s) and ensuring appropriate and timely remediation.</li> <li>○ Escalation/reporting of liquidity risk issues (current or emerging) of the RSE(s).</li> </ul>
<b>7. Marketing and advertising</b>	Oversight, design and implementation of the entity's marketing and advertising strategy and budget.
<b>8. Member outcomes</b>	Responsibilities for member outcomes, including: <ul style="list-style-type: none"> <li>○ Development, renewal and oversight of strategic objectives and the business plan.</li> <li>○ Management and oversight of the business performance review including identification of member cohorts and the annual outcomes assessment.</li> <li>○ Design of products, advice and services provided to members.</li> <li>○ Delivery and execution of retirement income strategy.</li> <li>○ Establishing the methodology for setting member fees and costs.</li> <li>○ Design of insurance arrangements for members, including insurance fees and costs.</li> <li>○ Establishing and maintaining member complaint framework.</li> <li>○ Developing and delivering member engagement strategy.</li> </ul>

<b>Column 1</b> <b>RSE licensee Key Function</b>	<b>Column 2</b> <b>An accountable person has responsibility for the RSE licensee Key Function in Column 1 if they have actual or effective senior executive responsibility for management or control of the whole of, or a significant or substantial part or aspect of, the applicable key function as described in this Column 2</b>
<b>9. Operational risk management</b>	Operational risk management function, including: <ul style="list-style-type: none"> <li>○ maintaining the operational risk management framework and operational risk management strategy;</li> <li>○ identifying, assessing and managing operational risk and compliance;</li> <li>○ state of operational risk controls;</li> <li>○ evaluation of operational risk profile against board risk appetite;</li> <li>○ business continuity; and</li> <li>○ service provider risk management.</li> </ul>
<b>10. Product design and distribution obligations</b>	The various activities involved in complying with the product design and distribution obligations.  Note: The product design and distribution obligations and the product origination key functions are related but may be distinguished as follows—The product design and distribution obligations involve ongoing monitoring of products and product governance arrangements, throughout the lifecycle of the product; the product origination obligations are concerned with specific obligations at the time the consumer acquires the product.
<b>11. Product origination</b>	Product origination obligations that relate to financial products, including obligations relating to disclosure.
<b>12. Recovery and exit planning and resolution planning</b>	Recovery and exit planning function, including governance arrangements, trigger frameworks, recovery and exit options, scenario analysis, assessment of recovery capacity, and communication strategy.  Resolution planning function, including assisting APRA in identifying any critical functions, assessing the feasibility of resolution options, and removing barriers to the execution of a resolution plan.
<b>13. Scam management</b>	The entity's policies, procedures and practices designed to prevent and mitigate consumer loss from scams, and to respond to scams and consumers who have been the subject of scams.
<b>14. Technology management</b>	Technology management, including technology strategy, lifecycle management of technology used, state of technology controls, information security, disaster recovery, technology operations and infrastructure (including management and maintenance of business and technology applications).

<b>Column 1</b> <b>RSE licensee Key Function</b>	<b>Column 2</b> <b>An accountable person has responsibility for the RSE licensee Key Function in Column 1 if they have actual or effective senior executive responsibility for management or control of the whole of, or a significant or substantial part or aspect of, the applicable key function as described in this Column 2</b>
<b>15. Training and monitoring of relevant representatives and staff</b>	Training and monitoring of staff and representatives providing financial products or financial services. This includes training on mandatory continuous education on a product, service or activity.
<b>16. Whistleblower policy and process</b>	Implementation and monitoring of the entity's whistleblower policy and processes.