AUSTRALIA

Managing General Agents: A Guide to the Global MGA Landscape

DLA PIPER

Introduction

Managing General Agents (MGAs) have become one of the insurance industry's most dynamic growth stories, with the global market now estimated at approximately USD 150 billion of premium. Yet they remain surprisingly difficult to define – the MGA structure is usually not recognised by law, so in different jurisdictions they have to operate within a wide range of broader intermediary and delegated authority frameworks. A structure that is straightforward in one country can require a very different licensing, governance or contractual approach in another.

That complexity is why we created this guide. It covers 26 jurisdictions across the same core topics: licensing, passporting, ownership and control, insurtech, product governance, premium handling and capital requirements.

This guide reflects our understanding of the law and market practice in each jurisdiction as at July 2026. Regulation in this area continues to evolve and individual jurisdictions may have introduced changes since publication. For advice on a specific jurisdiction, please contact that jurisdiction's key contact, or your usual DLA Piper adviser.

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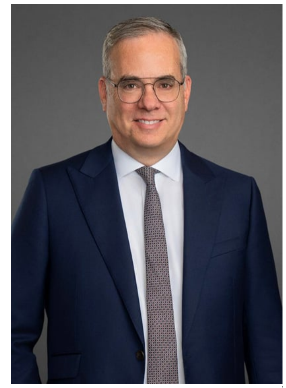

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MGA status and classification

Parameter	Summary
Dedicated MGA category	No
Average authorisation timeline	4-8 months
Passporting	No
Insurtech sandbox	Yes ASIC sandbox
Controller approval	No Fit & proper assessed

Australia doesn't have a dedicated regulatory category for MGAs. Instead, entities performing MGA functions must hold an Australian Financial Services Licence (AFSL) issued by the Australian Securities and Investments Commission (ASIC), or operate as an authorized representative of an AFSL holder (this would likely need to be the relevant insurer/capacity). The type of AFSL authorization required depends on the specific financial services provided, which typically include dealing in insurance products, providing financial product advice and claims handling services. The authorizations also need to reflect the client base (retail or wholesale), with more onerous regulatory obligations applying to licensees with retail clients.

The absence of a specific MGA classification means that MGAs are subject to the same regulatory framework as other insurance intermediaries, including brokers and agents. However, unlike other agents, an MGA's AFSL must authorize it to 'issue' insurance products (so that it can operationalize its delegated binding authority).

Authorization / licensing process and timeframe

An AFSL application is submitted to ASIC and involves demonstrating compliance with organizational competence, financial requirements and risk management obligations. The process (including preparation) typically takes 4-8 months, though timeframes vary depending on the complexity of the application and ASIC's workload. Authorized representative appointments are arranged through the AFSL holder and can be established more quickly.

Passporting / cross-border rights

Australia isn't part of the EEA and has no formal passporting regime. Foreign companies wishing to conduct insurance intermediary activities in Australia must obtain their own AFSL or operate through an authorized representative arrangement with a locally licensed insurer. There are limited exemptions for certain cross-border activities, but these are narrow in scope. However, from April 2027, there will be expanded licensing exemptions for foreign financial service providers in certain circumstances. This includes a 'comparable regulator' exemption which will exempt a foreign company that only provides financial services to wholesale clients and is regulated by a comparable regulator (as determined by the Minister) for the same, or substantially the same, services (subject to meeting certain conditions).

Insurtech considerations

ASIC operates an enhanced regulatory sandbox that allows eligible fintech and regtech businesses to test certain financial services without an AFSL for up to 24 months. While not insurance-specific, this framework is available to insurtech businesses (though does not extend to claims handling services). However, reforms are anticipated, as the Government has announced, following an independent review of the sandbox, that the existing sandbox will be repealed and replaced with a better-functioning sandbox. ASIC also maintains an innovation hub to provide informal guidance to innovative financial services businesses.

Controller / ownership approval requirements

AFSL applicants and holders must satisfy ASIC's fit and proper requirements. Key personnel, including responsible managers and directors, and controllers are assessed for fitness and propriety (with responsible managers also assessed for competence). A change in control of an AFSL holder will trigger notification obligations to ASIC.

Product oversight and governance

Australia's Design and Distribution Obligations (DDO) require issuers of retail financial products to design products that are likely to be consistent with the likely objectives, financial situation and needs of the target market. For an MGA, while this design obligation sits with the insurer, in practice the MGA may be contractually required by the insurer to meet this requirement. Distributors, including MGAs, must take reasonable steps to ensure that products are distributed in accordance with the issuer's target market determination.

Premium handling and client money rules

AFSL holders that handle client money must comply with the client money provisions in the Corporations Act 2001 (including holding client funds in a segregated trust account). However, premiums received by an MGA are typically not client money where the policy is issued before or at the time the premium is received (meaning premium handling is usually governed by the contractual obligations owed to the insurer). MGAs are permitted to receive profit commission from capacity providers. While there is a ban on conflicted remuneration in certain circumstances involving retail clients, the ban does not apply to general insurance products and, for life insurance products, exemptions apply where certain requirements are met (though conflicts of interest must still be appropriately managed, including through disclosure).

Capital and PII requirements

AFSL holders must meet solvency and positive net asset requirements, and any other financial requirements imposed through licence conditions. Professional indemnity insurance (PII) is required where services are provided to retail clients. For licensees with total revenue from financial services provided to retail clients of AUD2 million or less, the amount of cover should be at least AUD2 million for any one claim and in aggregate. Otherwise, the limit of indemnity should be approximately equal to actual or expected revenue from financial services provided to retail clients (up to a maximum limit of AUD20 million).

Key additional considerations

Australia operates a dual-regulatory model, with ASIC responsible for market conduct and the Australian Prudential Regulation Authority (APRA) responsible for prudential supervision of insurers. MGAs must be mindful of both regulatory frameworks, particularly where their activities intersect with APRA-regulated entities. This includes that an MGA is likely to be a 'material service provider' under prudential standard CPS 230 (Operational Risk Management), and therefore subject to significant commercial terms and risk management expectations from the APRA-regulated entity. The growing importance of cyber-risk management requirements should also be noted.

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