



Major Aged Care Reforms & What Brokers Need to Know

Supporting Your Aged Care Clients Under the New Aged Care Act.

OVERVIEW: WHAT'S CHANGING?

The new Aged Care Act took effect on 1 November 2025. This reform is a direct response to the Aged Care Royal Commission and introduces the most substantial shift in governance, regulation, and consumer rights the sector has ever seen.

KEY INTENTIONS OF THE NEW ACT

- Uphold the rights of older people using a new legal “Statement of Rights”
- Strengthen provider accountability and governance
- Elevate care quality and safety standards
- Introduce broader regulatory powers and enforcement tools
- Create a consumer-centred system with easier redress and complaints mechanisms

FEATURES OF THE NEW AGED CARE ACT 2025

A Statement of Rights

- Consumers now have legal rights to dignity, privacy, safety, and choice.
- Breaches of these rights can trigger regulatory action or civil claims.

Stronger Provider Obligations

- A clearer duty of care is placed on aged care providers.
- Expectations for responsiveness, quality delivery, and compliance are significantly heightened.

Expanded Governance Requirements

- Directors and executives must meet fit and proper person tests.
- Boards are explicitly responsible for risk, compliance, and quality outcomes under the Act.
- This elevates D&O liability and increases scrutiny of leadership decisions.

Mandatory Registration of the Workforce

- All personal care workers are required to be registered.
- Includes a code of conduct, mandatory reporting, and screening obligations.
- Affects employment practices, insurance eligibility, and misconduct exposure.

Stronger Regulator Powers

- The Aged Care Quality and Safety Commission gains expanded compliance tools, including civil penalties, performance notices, and injunctions.

Consumer-Centric Complaints and Enforcement

- Residents and their families will have stronger complaint mechanisms, increasing potential for reputational and liability risk.



THERE ARE 3 SIGNIFICANT CHANGES TO THE AGED CARE ACT

1. “Associated Providers” Shared Accountability Across Entities
2. Financial and Prudential Standards
3. Greater Accountability for “Responsible Persons”

THREE SIGNIFICANT CHANGES TO THE AGED CARE ACT

1.

“ASSOCIATED PROVIDERS” SHARED ACCOUNTABILITY ACROSS ENTITIES

According to the available guidance under the new Aged Care Act, an Associated Provider is defined as:

- A separate entity or person that delivers or arranges aged care services on behalf of a registered provider. This includes:
 - Contractors, subcontractors or labour hire firms engaged to provide food, cleaning, allied health, catering, laundry, or other services.
 - Registered providers that deliver services for another registered provider.
 - Providers will be responsible for ensuring Associated Provider staff have been background checked, act in accordance with the same obligations of their own employees and are monitored for delivering expected standards of service and care.
- Registered providers must:
 - *Declare All Associated Providers:*
At the time of registration and renewal, providers are required to declare all associated providers.
 - *Liability for Actions:*
Providers are liable for the actions of their associated providers, even if those entities are unregistered themselves.

Why This Matters

- If any associated provider’s workers breach standards, providers must still assure compliance with screening, Code of Conduct, and Quality Standards under the new Act.
- The Aged Care Quality and Safety Commission (ACQSC) has oversight over registered providers’ associated providers— a breach by the latter may attract regulatory action targeted via the registered provider.
- Simply outsourcing cannot shift responsibility: registered providers remain fully accountable for third-party service.

1.

“ASSOCIATED PROVIDERS” SHARED ACCOUNTABILITY ACROSS ENTITIES (continued)

Insurance Implications for Associated Providers

Risk Area	Implication
D&O & Management Liability	Coverage must encompass directors and officers whose decisions include oversight of associated providers.
Professional Indemnity / PI	Errors or omissions by associated providers can trigger PI claims against registered providers.
Contractual Risk	Brokers must confirm whether subcontractors, cleaning/labour suppliers, or allied health providers are covered under the policy.
Employment Practice Liability	Screening and Code of Conduct failures within associated providers now pose risk for providers under EPL and regulatory action.

Broker Questions regarding Associated Providers

- Have you supplied the full list of all contractors and subcontractors delivering aged care services as required at registration and renewal?
- Do your contracts mandate that associated providers comply with screening, Code of Conduct, incident reporting, and the Quality Standards?
- Have you notified us of all these arrangements— for consideration regarding D&O, PI, and EPL cover?
- Have you implemented systems to monitor, audit and enforce compliance by associated providers?

2.

FINANCIAL AND PRUDENTIAL STANDARDS

The Aged Care Quality and Safety Commission will enforce updated prudential standards alongside the new Act. These include:

- *Financial and Prudential Management Standard:*
The expected financial systems, governance and accountability regime providers must have in place.
- *Investment Standard:*
The expected prudential investment practice for deposits and reserve funds.
- *Liquidity Standard:*
The minimum liquid assets required.

Why This Matters

- Providers must demonstrate they have all three aspects consistent with standards upon registration and for annual renewal with the Commission.

Insurance Implications

Risk Area	Implication
Financial Oversight	Directors have accountability for financial failures
Governance	Management liability for oversight lapses under the new Prudential Standard
Missed Liquidity Target	Potential regulatory penalties or forced operations
Funding and Solvency	Public liability if insolvency affects care delivery / business interruption

Broker Questions to ask regarding Prudential Standards

- Do you have governance systems to monitor compliance with new Prudential Standards?
- Are investment policies documented and compliant with the Standards?
- Has Board reviewed its oversight obligations under the new Standards?
- How confident are you about cash flow projections under stress scenarios (e.g. large amount of refunds in short period)?
- Have you embedded Prudential Standards into your risk framework and compliance plans?

3.

GREATER ACCOUNTABILITY FOR “RESPONSIBLE PERSONS”

Under the Act, individuals in positions of authority – referred to as “Responsible Persons” face greater personal accountability for the quality, safety and governance of care services.

Who is a “Responsible Person”

- Directors (Board members)
- Chief Executive / Senior Executives
- Anyone with significant influence or decision- making authority (e.g. Site Manager)

Key Obligations of a Responsible Person

- *Be fit and proper:*
Under strict criteria including criminal, financial and professional background checks
- *Oversee compliance:*
With care standards, complaints handling and regulatory duties
- *Take reasonable steps to prevent breaches:*
Provider responsibilities such as workforce levels, safety, enterprise risk and governance.

Liability implications

- Civil penalties can be applied personally where a Responsible Person fails in their duties.
- Failures to act may result in individual investigations
- Insurance exclusions may apply if conduct is reckless, criminal or outside of policy definitions
- Brokers should assess adequacy of D&O cover for Responsible Persons

Broker Questions to ask regarding Responsible Persons

- Do you have governance systems to monitor compliance with new Prudential Standards?
- Are investment policies documented and compliant with the Standards?
- Has Board reviewed its oversight obligations under the new Standards?
- How confident are you about cash flow projections under stress scenarios (e.g. large amount of refunds in short period)?

ERM: STRENGTHEN NOW TO AVOID FUTURE FALLOUT

Providers need to prepare now. Strong enterprise risk management (ERM) will be critical for navigating the transition. Brokers can support clients by:



Reviewing the client's current risk register

Are legislative reform and workforce change captured?



Assessing governance structures

Does the Board understand its expanded duties and potential exposures?



Evaluating incident and complaints system

Are they defensible, documented, and improving outcomes?



Ensuring regulatory compliance processes are in place

Including tracking legal changes, workforce standards, and Commission expectations.



Ensuring clients have undertaken a review

Reviewing adequacy and maturity of their risk management framework.

REMINDER: INSURANCE EXPOSURES EMERGING FROM THE NEW ENVIRONMENT

Professional Indemnity

More exposure to claims linked to breaches of rights and service failure.

D&O Liability

Higher legal expectations of board conduct and governance; personal liability risks.

Management Liability

Increased risk of regulatory investigations, employment practices issues, Whistleblower protection.

Public Liability

New expectations on safety and rights may drive increased third-party claims.

KEY QUESTIONS TO ASK AGED CARE CLIENTS ABOUT PREPAREDNESS FOR NEW AGED CARE ACT

Governance & Legal Accountability

- Has your Board undertaken a review of the new governance duties under the Act?
- Are all individuals/entities that influence your operations identified and assessed as potential “associated providers”?

Workforce & Conduct

- Are you ready for mandatory registration of personal care workers?
- Do you have internal procedures to meet the new Code of Conduct and misconduct reporting?

Operational Risk

- Is your incident and complaint handling process aligned with increased scrutiny and legal rights of consumers?
- How do you track risks and escalate quality and safety issues to leadership?

Insurance Adequacy

- Have your D&O and PI policies been reviewed to capture the broader definitions in the Act?
- Are shared service models fully defined to establish if they meet the “associated provider” test?

ERM & Regulatory Readiness

- Have you fully implemented compliance measures since the November 2025 commencement?
- What external advice or legal input have you sought in preparing for compliance?
- Have you reviewed the adequacy and maturity of your risk management framework to respond to these changes and support the organisation’s governance?

ACTION FOR BROKERS

- Continue aged care client reviews – the reforms are now in force and enforcement is active.
- Review insurance programs for governance, PI, and associated provider risks.
- Help clients map influence and control structures to avoid unintended regulatory exposure.
- Consult with Ansvär on policy wording with any questions on cover regarding legal and regulatory reform.
- Have your D&O and PI policies been reviewed to capture the broader definitions in the Act?

FINAL MESSAGE FOR BROKERS

The aged care sector is now operating in a high-risk, high-accountability era. As a trusted advisor, you play a key role in helping providers:

- Understand and mitigate new exposures.
- Strengthen governance and ERM systems.
- Ensure their insurance program supports sustainability and regulatory confidence.

For more information

Ansvar Insurance is here to help. If you'd like more information about the Aged Care reforms and what they mean for your clients, please contact your local Ansvar team or visit the Contact Us page on our website.

Working closely with Aged Care providers and brokers, Ansvar has developed a range of resources and tools to support best practice in risk management. Our award-winning RMA Online tool helps providers assess their risk maturity and identify gaps in governance and risk programs.

You can access RMA Online and our full suite of risk toolkits on the [ERM Resources page](#) of our website.



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