

Insurance Claims Management Services

This fact sheet is for information only. You should get legal advice about your personal situation.

Main ideas

• Claims management services can take the hassle out of insurance claims for a fee.

• Be aware of the risks of using a claims management service before you sign up.

• Free help is available if you want to run the claim yourself.

In this fact sheet:

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• Questions to ask before signing up

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Insurance claims management services can run your claim for a fee

Insurance claims management services are for-profit businesses that can represent you in an insurance claim. They can handle the paperwork and negotiate with the insurer for you but understand the risks and consider alternatives before signing up.

Claims management firms usually charge either:

- a flat fee for their services
- a percentage of any cash settlement offered by the insurance company, or
- a combination of both.

From 1 January 2022, claims management firms must have an Australian Financial Services Licence. These companies must:

- act efficiently, honestly and fairly
- maintain competence in providing services

- be a member of the Australian Financial Complaints Authority (AFCA), a free and independent complaints resolution service. [You can check AFCA's website for a list of members.](#)

Some risks of using a claims management service

It may seem attractive to avoid the claims maze by using a claims management company, but consider these risks:

- If the claims management service is paid a fee based on your cash settlement amount, think about whether a cash settlement is a good option for you:
 - If the insurer does the repairs, they guarantee the work (sometimes for life) and manage the repair process. (But check the policy definition for what a "lifetime" guarantee means.)
 - The repair costs may be uncertain, and so a cash settlement may leave you out of pocket.
 - If you are paid a cash settlement, you will need to organise the repair works yourself, and deal with any problems with your repairers yourself.
- They may unreasonably enlarge or inflate your claim to increase the fee they are paid. This could backfire if the claim drags on for a long time in a protracted dispute with the insurer.
- They act as an intermediary, so there may be delays in them responding to you or the insurer, especially if they have lots of clients after a major event, like a flood or bushfire.
- They may not have lawyers employed to give legal advice on how best to argue your case with the insurer.

Questions to ask before signing up

- Ask about the costs of using the service. Do this before giving your credit card details, signing a contract, or agreeing to use the service over the phone.
- Ask if they are a member of Australian Financial Complaints Authority. [You can search the membership list on the AFCA website.](#)
- Ask about their experience and qualifications.
- Ask them to give you a service contract and read it carefully. Get independent advice if you are unsure about anything.
- Ask them to give you a written scope of the work they are going to do. Do you have to sign a contract before they give you this?
- Ask how they calculate their fee. Is it a percentage of your claim or a flat fee? Ask about how fees are paid if the insurer does the repairs for you, instead of cash settling.
- Ask what happens if your insurance claim is unsuccessful or less successful than expected. How do they calculate their fee if the insurance claim is not fully paid?
- Ask what happens if you want to stop using the service before the claim is settled. Do you still have to pay fees?
- Ask them if they will start court action or complain to AFCA on your behalf. Do they

need to get your permission before they do so? Will they charge you a fee for accessing AFCA (even though AFCA is free to consumers)?

Alternatives to a claims management service – running the claim yourself

Most insurance companies have claims processes that are designed for consumers to make a claim themselves.

If you need help, there are free services that provide information and legal advice in most states.

If you are having trouble with an insurance claim, you can:

- Use the insurer's own complaints service. [Find your insurer's contact details on the AFCA website.](#)
- [Complain to AFCA for free \(online through their website\)](#) or by calling 1800 931 678).

AFCA can investigate your complaint, help you and the insurer negotiate with each other, and ultimately make a decision that is binding on the insurer (if you choose to accept it).

You do not need a lawyer or anyone to represent you, but it is usually a good idea to get some advice from a free legal service. This advice can help you understand what arguments and evidence you should provide to AFCA. (AFCA cannot give you advice – they are independent.) [Read our fact sheet about Insurance Complaints to AFCA.](#)

We also have information about common problems in insurance claims. [Visit our Insurance Law page for more details.](#)

Need more help?

[Visit our Useful Links page for a list of other resources.](#)

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