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## **General Insurance Discussion Paper - Insurance Data Transformation**

Thank you for the opportunity to comment on the general insurance data transformation discussion Paper. The Financial Rights Legal Centre (**Financial Rights**) generally supports the position outlined in the discussion paper and will largely confine our comments to the data dictionary.

### **Other stakeholders could use the collection**

The Objectives outlined in Chapter 2 of the Discussion Paper should acknowledge the value of enabling consumer representatives to assess and highlight significant, systemic and emerging issues. This would recognise the broader significance of the data beyond the agencies' direct work. For example, consumer advocates and representatives routinely assist regulators to identify systemic and significant consumer harms. Access to enhanced data would improve their capacity to do this work

### **Data Dictionary**

#### **3 Insurance Class**

The list could include additional policies:

- Renters Insurance
- Strata building policies

#### **22 Lapse reason**

The list could include additional reasons including:

- Consumer dissatisfaction
- Too expensive
- Insurer refusal to renew

### **30 Claim finalised date**

The definition indicates that the claims finalised date is when all works are completed and service providers are paid. For home claims, it might be useful to also be able to track when repairs commence. The current Data Dictionary tracks when a claim is registered (28), when a decision is made (29), and when a claim is finalised (30). If there is long gap between 29 and 30, being able to see whether it was due to repairs would be useful.

### **34 Gross amount paid**

The gross amount paid should be itemised and include payments made to AFCA as part of dispute process

### **36 Withdraw reason**

The list could include additional reasons including

- An expression of consumer dissatisfaction, frustration or insurer delay

### **37 Decline reason**

We note that the decline reason list includes exclusions but doesn't spell out the different types of exclusions. This should drill down to listing particular categories of exclusions in order to better identify which exclusions are being relied upon and whether there are issues with these.

For example there is an overreliance on maintenance, wear or tear and defect clauses at the moment and collecting this data would assist in identifying other areas where there may be an issue.

Having said this – it is not clear whether “Declined – Other exclusion (PDS) (Specify)” covers this. It is not clear what an “other exclusion” is without the “Exclusions” category specifying the list of exclusions.

Finally, the subsection “Other/unknown” should be separated out to capture the other issues

### **38 Type of third-party service provider appointed**

We recommend including additional 3rd party providers including:

- Hydrologist
- Mould Specialist

The category ‘other’ should explain what it should cover, for example, storage companies, restorers, removalists etc.

We also note that the General Insurance Code includes the term External Expert which is separate to a Service Provider, but could include (although it is not clear) Loss Assessors, Loss Adjusters and Investigators. This does not appear in the Data Dictionary and it isn't clear whether a Loss Adjuster/Assessor covers this.

For Claims Management Service Providers, it is worth collecting information identify which ones operate under the AFS licence of the insurer.

## **8 Temporary Accommodation Benefit Type**

We recommend collecting data regarding how much Temporary Accommodation is offered under different products including length of time or amount of money provided noting that temporary accommodation benefits tend to be stated as a percentage of sum insured, and subject to a cap.

### **21/22 Temporary Accommodation Start/Finish**

Financial Rights work with many clients who need to request multiple extensions or moves because temporary accommodation is usually approved in a piecemeal fashion for short periods despite people needing long term temporary accommodation. This phenomena should be tracked, and it is not clear if this would be under the current proposal.

Requests for extensions to temporary accommodation should be included, as should requests to extend beyond an insureds entitlement. It would be useful to know if the 'finish' date goes past the policy entitlement date.

### **15 Flood cover**

Flood cover is important but it would be good to understand what other natural perils are covered or not covered. For example, Storm, Actions of the Sea, Fire may be common but their definitions vary considerably so that some cover bushfires and others don't, some cover. Some cover wind, lightening, tornado or cyclone and others do not: see our report [Standardising General Insurance Definitions](#) for an explicit breakdown of the differences between natural hazard definitions.

It would be good to also clarify whether policy offers are the same across all States and Territories.

### **19 Mitigation factors**

We are interested to know whether mitigation factors are recorded and their impact (if any) upon premium/risk pricing. This is currently not captured but should, if possible.

### **25 Form of settlement selected**

We would like ASIC/APRA to collect data on why a claim was cash settled. Was it because the policyholder was underinsured? Or is the policyholder planning not to rebuild? Did the mortgage lender refuse to extend finance for the property to be rebuilt? Did the policyholder simply want to organise their own rebuild because the relationship with the insurer had broken down?

### **32 Debris removal**

We are interested in whether the debris removal is a part of a sum insured or not. We understand that there is no standard practice here. Legal fees is another expense that has variable treatment and should be captured.

### **13/10/11 Sum insured**

We are keen to see data about whether consumers update their sum insured levels. Not updating sum insureds leads to underinsurance. Any information regarding increases to sum insured or any consumer-led changes since inception (or the lack thereof) would be useful. We note that some insurers automatically inflate the sum insured each year during renewal. This should be captured as well.

### ***Disclosure***

It would be good to understand what information insurers required insureds to disclose for each product. This is an issue of particular focus for us given the existence of what we term illusory insurance, where people are essentially not insured because of the answers they provided to disclosure questions at inception: see [Automating Insurance Disclosure](#). ASIC APRA could require insurers to provide policy disclosure requirements.

### **Concluding Remarks**

Thank you again for the opportunity to comment. If you have any questions or concerns regarding this submission please do not hesitate to contact Financial Rights on (02) 9212 4216.

Kind Regards,



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### **About Financial Rights**

Financial Rights is a community legal centre that specialises in helping consumers understand and enforce their financial rights, especially low income and otherwise marginalised or vulnerable consumers. We provide free and independent financial counselling, legal advice and representation to individuals about a broad range of financial issues. Financial Rights operates the National Debt Helpline, which helps NSW consumers experiencing financial difficulties. We also operate the Insurance Law Service which provides advice nationally to consumers about insurance claims and debts to insurance companies, and the Mob Strong Debt Help services which assist Aboriginal and Torres Strait Islander Peoples with credit, debt and insurance matters.