



6 February 2024

Joanna Ifield
Senior Manager, Code Compliance and Monitoring
General Insurance Code Governance Committee
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cc. info@codecompliance.org.au

Dear Ms Ifield

CGC 2023-24 Monitoring & Compliance Priorities Consultation

Thank you for the opportunity to provide input into the Code Governance Committee's (CGC) 2024-25 Monitoring & Compliance Priorities Consultation.

The Financial Rights Legal Centre (**Financial Rights**) wishes to raise the following areas where we believe the CGC should prioritise its resources for the 2024-25 work programme.

Insurer response to extreme weather events and their meeting the requirements under the Code

Similar to the input we provided last year, Financial Rights believes that the CGC should maintain its focus on claims handling given the continued number of calls from policyholders to the Insurance Law Service (ILS) seeking advice regarding poor claims handling.

Our submission to the House of Representatives Standing Committee on Economics Inquiry into insurers' responses to 2022 major floods claims (Flood Inquiry) outlines our key issues with claims handling studies including:

- significant delays
- poor communications
- poor quality assessors and other third party providers, assessment processes, and reports;
- poor quality repairs;
- issues with the cash settlement process; and
- temporary accommodation

We commend the CGC for its *Making Better Claims Decisions* report for drilling down into one key issue that has been of concern to Financial Rights – the over-reliance on terms such as wear and tear and maintenance in the claims handling process.

The findings outlined in this report were genuinely insightful and shocking, displaying the strength that the CGC and such an inquiry can play in identifying significant problems in insurer practice, meeting code commitments and outlining potential solutions.

We support the CGC following up on these findings and recommendations including its inquiry into the quality of reports and opinions by external experts. This is particularly important in the context of the current Flood Inquiry and the upcoming General Insurance Code of Practice Review.

We also think the approach taken by the CGC in its thematic reviews could also be applied to some of the other key failures we have identified including:

- what systems are in place and how do insurers currently keep customers informed (clause 1(b)), including:
 - of the progress of their claim (clauses 68, 70, 71, 76-78)
 - of the progress of obtaining investigation reports (clause 74)
 - of the progress of financial hardship requests (clauses 112, 113) and
 - of the progress of complaints (clause 146)
- how insurers are meeting their commitments with respect to vulnerability (Part 9);
- how insurers communicate with insureds on temporary accommodation entitlements and how temporary accommodation is dealt with more generally (Clauses 87, 88 and Part 9);
- how insurers meet commitments to provide information to help consumers understand a scope of works and whether insurers are redacting the details (clause 61); and
- how insurers are implementing the premium comparison commitment under clause 50, and how insurers are meeting clause 49 – particularly 49(c).

The latter recommendation arises out of the need to have some insight into the way insurers are delivering information regarding premium increases – an issue that is central to the consumers that we speak to who have been subject to significant increases to their premium (be they in areas impacted by extreme weather events or not). We are particularly interested in whether any insurers:

- explain why a premium has increased and, if they do, how is this delivered;
- reflect risk mitigation work done to a property in the premium and mention this; and
- whether they proactively warn their customers that they may be underinsured and work with them to ensure that their sum insured is appropriate.

Insurer providing access to information – Part 12.

Last year we recommended that the CGC prioritise examination of the General Insurance code subscribers' adherence to the commitments under Part 12: Your access to information,

especially clause 160 regarding complying with the Principles of the *Privacy Act 1988*. This was in response to Financial Rights' published research into the privacy practices of general insurers.¹

We remain of the view that the issues raised in this research require further investigation and may be particularly timely given – the delay in considering claims handling issues under the General Insurance Code of Practice Review until after the delivery of the Flood Inquiry report and the pause in applying the Consumer Data Right to general insurance until after a strategic review in 2024.

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.

¹ Roger Clarke and Nigel Waters, Privacy practices in the general insurance industry April 2022. April 2022