

5 August 2024

Standing Committee on Economics
PO Box 6021
Parliament House
Canberra ACT 2600
by email: floodinsurance.reps@aph.gov.au

Supplementary Submission to the inquiry into insurers' responses to 2022 major floods

This is a further supplementary submission to our previous two submissions provided to the committee's inquiry into the insurers' responses to 2022 major floods.

In our first supplementary submission we recommended that the committee seek specific improvements to the self-regulated General Insurance Code of Practice to address the issues impacting consumers, particularly vulnerable consumers.

One key element to the Code of Practice is the requirement to have a publicly available family violence policy: Clause 95. To support their subscribers, the Insurance Council of Australia developed a voluntary, non-enforceable *Guide to helping customers affected by family violence* which sets out how insurers can identify and support people affected by family violence. This guide identifies 11 areas that should be addressed by subscribers in a family violence policy.

Providing frontline support to those people experiencing forms of vulnerability including family violence – especially after a flood or other natural disaster – is critically important to ensure that insurers do not exacerbate what is already a traumatic time.

In 2021 Financial Rights conducted research examining whether general insurance code subscribers met not just the letter of the commitment to have a family violence policy but the spirit of the commitment – i.e. the quality of the policies developed and what protections and commitments were being made to customers who may be subject to family violence.¹ The aim of the audit was to examine whether subscribers' family violence policies addressed

¹ Financial Rights, [Family Violence and General Insurance: Desktop audit of family violence policies](#), August 2021

the 11 areas listed in the ICA's Guide to helping customers affected by family violence to be included in a family violence policy.

That 2021 research found that a little over half the subscribers had policies that addressed only half of the requirements under the 11 areas listed in the ICA's Guide to helping customers affected by family violence to be included in a family violence policy.

Financial Rights has subsequently updated this research this month.

Central to this updated inquiry was the question: has our benchmarking, and the voluntary and aspirational nature of the Insurance Council of Australia's Family Violence Guide helped insurers to achieve best practice policies, or at the very least led to insurers improving their family violence policies?

The results of this update are in the attached document: *Family Violence and General Insurance: Updated Desktop audit of family violence policies, August 2024*.

This report shows that the results are mixed, at best.

There have been some welcome improvements. 11 insurers (23%) took steps in the last three years to improve their family violence policies. A handful of these have been significant improvements.

There has also been an increase in use of quick exit buttons that make the experiencing of seeking help safer. And IAG and Allianz (in addition to Suncorp) have added a 'conduct of others' clause to their product offerings. These changes are positive and have the potential to make a real difference to lives of victim survivors.

Despite these positive moves, there has been a disappointing overall lack of movement from general insurers.

Close to two thirds of code subscribers chose not to improve their family violence policies, despite the previous audit having identified that many were failing to meet the standards expected of them.

For those who did improve, no additional insurer introduced a family violence policy that fully addressed all the expectations of the Insurance Council of Australia Guide.

We are particularly disappointed by the insurer who reviewed their policy and slipped backwards.

This means that a consumer experiencing family violence may find themselves seeking help from an insurer who has a minimal policy, or no family violence policy at all.

If we are to wait for general insurers to all voluntarily achieve best practice, then we may have to wait a very long time. And while we wait, some of the most vulnerable consumers in Australia pay the price.

The key recommendation of the 2021 desktop audit was that key elements of the Family Violence Guide should be included in the General Insurance Code in such a way that empowers the Code Governance Committee to assess subscribers meeting the content expectations of a family violence policy and compliance with their commitments made under those policies.

This recommendation stands and is or the more urgent since the aspirational and voluntary nature of the Guide has clearly not led to the systemic improvements required.

Kind Regards,

A handwritten signature in blue ink, consisting of a series of fluid, connected strokes that form a cursive name.

Karen Cox
Chief Executive Officer
Financial Rights Legal Centre