



# **Submission to the Review of the General Insurance Code of Practice**

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# Executive Summary

The Australasian Institute of Chartered Loss Adjusters ('AICLA') welcomes the review of the 2006 General Insurance Code of Practice ('Code').

AICLA believes that the Code has generally promoted better, more informed relations between insurers and their customers, improved consumer confidence in the industry, and provided better mechanisms for the resolution of complaints.

Given the Code has significantly increased the standard of customer service in the selling of insurance, AICLA believes that this Review presents an opportunity to now improve the standard of claims handling services. It also presents an opportunity to remove the inconsistency between the standards the Code sets for the people selling insurance and those who handle claims.

For customers, the way in which claims are handled is the most important aspect of their insurance policy. Customers are entitled to feel confident in the integrity of claims handling processes, and their confidence can flow through to the general insurance industry as a whole.

AICLA is concerned that:

- Some service providers who currently provide loss adjusting services may lack sufficient expertise in insurance product knowledge, insurance-related law and self-regulation including the Code; and
- There is a significant inconsistency in the Code standards for people selling insurance and those who handle claims, particularly service providers.

Customers may miss entitlements under a policy that they may otherwise have been eligible to receive. Inaccurate loss adjusting can undermine the quality and integrity of the claims handling process and the confidence of customers in that process. In the medium-term, it can raise the cost of claims and claims handling which can be reflected higher premiums.

AICLA strongly supports the introduction of higher standards for service providers and for those performing loss adjusting services in particular. AICLA believes higher standards in claims handling will:

- Enhance customer confidence in the integrity of claims handling overall, and the general insurance industry as a whole;
- Improve the quality of decision-making in claims handling; and
- Reduce the potential for complaints and disputes between insurers and their customers, thereby promoting better relations between insurers and their customers.

In this submission, AICLA recommends amendments to the Code which are based on the following principles:

Principle 1: That the standards required of service providers handling claims should be as *high* as the standards required of insurers' own employees that handle claims.

Principle 2: That loss adjusters should be required to meet standards that recognise the importance of the specific role of loss adjusting.

Principle 3: That both service providers and insurers should play a meaningful role in maintaining those higher standards.

AICLA would welcome the opportunity to meet with the Reviewer to discuss its submission.

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# 1 Introduction

## 1.1 *This submission*

The Australasian Institute of Chartered Loss Adjusters ('AICLA') is pleased to present this submission to the Review of the General Insurance Code of Practice ('Review').

AICLA welcomes the Review and appreciates the opportunity to contribute to this cornerstone of self-regulation in the general insurance industry.

In addition to this introduction, this submission contains four parts:

- Loss adjusting Under the Code (Part 2);
- Inconsistent standards under the Code (Part 3);
- Insufficient expertise in loss adjusting (Part 4); and
- Establishing standards in loss adjusting (Part 5).

## 1.2 *Background on Australasian Institute of Chartered Loss Adjusters*

The primary object of AICLA is to advance the profession of loss adjusting for the benefit of its practitioners and the public in general through the continual education of its members and the encouragement of skilled, ethical and sound practice in the profession.

Professionalism of Loss Adjusters is paramount in delivering the highest quality services. Their work has a direct impact on customers, and on customer's experience of the claims handling process. While there are no specific entry requirements to become a Loss Adjuster, most have a background in insurance and/or qualifications in a specialised area such as engineering, law, accounting or science.

For example, in making an assessment of the customer's loss, a Loss Adjuster may:

- Interview the customer and attend the premises of a customer to investigate a loss and its cause;
- Advise the customer on the steps they can take to minimize the loss; and
- Organise the repair or replacement of the customer's damaged property.

To join AICLA, potential members must be working as a Loss Adjuster, must demonstrate that they have achieved or are progressing towards minimum educational standards, must be prepared to abide by the Charter of Objects and Professional Conduct and the General Insurance Code of Practice.

Typically, this means that an AICLA member:

- Has completed a course on Introduction to Loss Adjusting (FSA501) set out in Appendix A;
- Has completed or is in the process of completing Loss Adjusting in Practice (FSA502), Loss Adjusting Law and Regulation (FSA 504) and Property and Casualty Loss Adjustment (FSA506) set out in Appendix A; and
- Maintains and improves their educational standards by meeting AICLA's CPD requirements, set out in Appendix B.

As an alternative to completing the above modules, AICLA members may demonstrate the requisite knowledge through a combination of prior training, work experience and life experience as set out in Appendix C.

Further information on AICLA is available at <http://www.aicla.org>.

## 2 Loss adjusting under the Code

### 2.1 Service Providers under the Code

The Code defines a 'Service Provider' as:

'an investigator, loss assessor/loss adjuster, collection agent, claims manager (including a broker who manages claims for an insurer) or its approved sub-contractors.' [emphasis added]

In this submission, the term 'Service Provider' has the same meaning as under the Code.

### 2.2 Loss Adjusters under the Code

Under the Code 'loss adjuster' (and 'loss assessor') are defined as:

'an individual or company who is not our employee but is contracted by [an insurer] to examine the circumstances of [a customer's] claim, assess the damage or loss, determine whether [the customer's] claim is covered under [their] policy, may assist in obtaining repair/replacement quotes and help settle the claim.'

A person whose primary business is not loss adjusting but who is contracted by an insurer to assess the damage or loss would fall within the definition of a Loss Adjuster under the Code. For example, a builder or a plumber who is engaged by an insurer to assess the loss and also to repair the damage falls within the Code definition of a Loss Adjuster.

For simplicity, in this submission the term 'Loss Adjuster' has the same meaning as "loss assessor' and 'loss adjuster'" under the Code, although AICLA is concerned about the problem of repairers who lack sufficient expertise holding themselves out as 'Loss Adjusters'.

### 2.3 Types of Service Providers involved in loss adjusting

Many insurers engage either Service Providers who are specialised Loss Adjusters or Service Providers who are primarily repairers. Sometimes they will use both these types of Service Providers. In other cases, insurers will directly employ internal loss adjusters (who fall outside the definitions of Service Providers and Loss Adjusters under the Code).

#### 2.3.1 Service Providers that are specialised Loss Adjusters

Specialized Loss Adjusters are impartial professionals who are the 'bridge' between an insurer and an insured. Their objective is to establish an outcome that is fair and reasonable to all parties taking into account knowledge of insurance products, insurance law and the Code.

Specialized Loss Adjusters are there to assist insurers and sometimes insured individuals or businesses at times of loss. They can be engaged by a range of parties for a variety of purposes.

Typically, a specialised Loss Adjuster will be asked to deal with a claim on behalf of an insurer and be engaged to:

- examine the cause of a loss and apply the terms of the insurance policy, insurance-related law and self-regulation including the Code;
- assess the amount of the loss within the specific terms of the insurance policy;
- negotiate a claim settlement that is equitable to the various parties; and/or
- pursue recovery from some other party where the opportunity to do so is available.

### **2.3.2 Repairers and other Service Providers**

Some insurers engage Service Providers *to both assess and rectify* the loss that is covered by an insurance policy. For example, an insurer may engage a builder to *both assess the loss* to a customer's home that is damaged by a storm *and repair the damage*.

Some such Service Providers may have specific technical expertise in a particular area and primarily provide, for example, building, plumbing or electricians services. However they may not have sufficient expertise to accurately assess the loss within the context of insurance law and regulation.

They may also have a conflict of interest between their duty to the insurer and their personal interest. In the above example, the builder may have a personal interest in either understating the loss to enhance their relationship with the insurer or overstating the loss so that they receive more repair work from the insurer. Either way, the potential for a conflict of interest exists.

## 3 Inconsistent standards under the Code

There are several significant inconsistencies in the Code between:

- standards for employees that handle claims and Service Providers that handle claims; and
- standards for people selling insurance and those involved in handling claims.

### 3.1 *Inconsistency between standards for Service Providers and employees*

#### 3.1.1 Standards applicable to Service Providers

In the context of claims handling, Service Providers, including Loss Adjusters are required to 'have and maintain:

- (a) a current licence if required under legislation; and
- (b) membership of a relevant professional body or *sufficient expertise*' (Code s3.6.5)

For the reasons discussed in Part 4 of this submission, AICLA submits that the Code should clarify what expertise is sufficient, in order to raise the standard of service provision, particularly in the field of loss adjusting.

In addition to the above requirement, the Code provides that Service Providers also must:

- 'conduct their services in an honest, efficient, fair and transparent manner' (Code s3.6.1)
- Notify the insurer 'of any complaint they receive against them when acting on [the insurer's] behalf' (Code s3.6.2)
- 'inform [the customer] of the services they have been asked to provider and the identity of the Insurer for whom they are acting' (Code s3.6.3)
- 'not perform functions that do not match their expertise' (Code s3.6.3)
- 'obtain [the insurer's] approval before subcontracting their services' (Code s3.6.10)

#### 3.1.2 Inconsistency between standards for employees and Service Providers

The Code establishes higher standards for employees than for Service Providers handling claims.

In addition to the standards set out above for Service Providers:

- 'Employees [including those that adjust losses] will receive adequate training to carry out their claims handling tasks and functions competently' (Code s3.6.6)
- 'Training of...Employees [including those that adjust losses] will include:
  - (a) principles of general insurance and any relevant consumer protection law;
  - (b) what to do in the event of a claim;
  - (c) product knowledge; and
  - (d) the requirements of this Code.'

### 3.2 *Inconsistency between standards for selling insurance and claims handling*

Neither the Code nor Financial Services Regulation ('FSR') requires those handling claims to meet the same high training standards required of those who sell insurance.

### 3.2.1 Standards under FSR

FSR introduced, by passage of the *Financial Services Reform Act 2001*, a range of measures to regulate the provision or issue of insurance products and the giving of advice on insurance products.

Claims settlement, including loss adjusting, falls outside the scope of FSR.

FSR does not, therefore, place the same standards of training required by 912A of the *Corporations Act 2001* and ASIC Regulatory Guide 146 - Licensing: Training of financial product advisors.

### 3.2.2 Standards under the Code

The Code does not require people who *handle claims* to meet the same high standards of training required of those who *sell insurance*, required by the Code, s912A of the *Corporations Act 2001* and ASIC Regulatory Guide 146 - Licensing: Training of financial product advisors.

In the case of selling insurance, the Code requires insurers to train *both* its Employees and Authorised Representatives in:

- (a) principles of general insurance and any relevant consumer protection law;
- (b) what to do in the event of a claim;
- (c) product knowledge; and
- (d) the requirements of this Code.' (Code s2.4.6).

Specifically, the Code:

- requires the Authorised Representatives of insurers to: 'keep records relating to such training for at least five years and on request shall make those records available for examination by [the Financial Ombudsman Service]' (Code s2.4.7); and
- requires insurers to 'measure the effectiveness of training by monitoring the performance of our Authorised Representatives' (Code s2.4.8(a)); and
- obliges insurers to require Authorised Representatives to complete 'additional or remedial training to address any identified deficiencies' (Code s2.4.8(b)).

## 4 Insufficient expertise in loss adjusting

The Code currently requires Service Providers to have:

- Membership of a relevant professional body; or
- Maintain 'sufficient expertise' relevant to the service they provide to an insurer in the claims handling process (Code s3.6.5).

The Code does not provide specific guidance for Service Providers on what 'sufficient expertise' should comprise or the industry with guidance on how this should be achieved.

AICLA has become concerned that some Service Providers who provide services that bring them within the Code definition of 'Loss Adjuster' but who may:

- Lack sufficient expertise in insurance product knowledge, insurance law and self regulation;
- Perform both an assessing and a repair/replacement function and therefore, potentially, face a conflict of interest between the two roles;
- Hold out that they are 'Loss Adjusters' but lack the sufficient expertise to perform that role; and/or
- Lack the Professional Indemnity insurance appropriate to cover the loss adjusting component of their work.

This can lead to a number of problems which have a direct impact on customers. For example, an inaccurate loss assessment can mean delays of months or years for customers, and can mean that they do not receive their proper entitlements under their insurance policy.

When a person who lacks sufficient expertise is engaged to provide loss adjusting services, then he or she may make a number of errors. AICLA has become aware of instances in which a person who lacks sufficient expertise has made errors in the following areas.

### 4.1 *Inaccurate assessments of the extent and causes of damage*

#### **Example 1**

An insurer engaged a building firm to provide reports on the cause of water damage in properties. Over the period of time that the insurer engaged that building firm, it began to notice that the building firm consistently advised that the water damage was caused by factors that were not covered by the applicable insurance policies.

The insurer became concerned about the pattern of behaviour and ceased its arrangement with the building firm.

Inaccurate assessments of the extent and causes of damage can be due to a number of factors. Anecdotal feedback suggests that in some cases, repairers attempt to encourage insurers to continue to engage them by continually making findings in favour of the insurer.

This highlights the problem that some repairers have conflicts of interest that they fail to manage appropriately. It also illustrates the need to ensure that Service Providers have sufficient expertise in the Code itself, particularly their obligation to conduct their services in an honest, efficient, fair and transparent manner.

## 4.2 ***Incorrect application of the insurance policy and/or insurance law to the facts***

### **Example 2**

*Mr Jones* was in the process of preparing his property for sale, in order that he and his family could move abroad, when his high-gloss floors sustained serious water damage.

He contacted his home insurer, who engaged a tradesman to attend *Mr Jones*' house to inspect the damage. The tradesman advised *Mr Jones* that the damage was not covered under his insurance policy and that he should contact the plumber, or the builder of the house.

Anxious to sell his house, *Mr Jones* contacted his plumber and the builder and attempted to claim against them. Both these parties denied liability.

After seven months of discussions with various insurers, and at a significant cost to *Mr Jones*, it became clear that the damage was covered under the home insurance, and that s46 of the *Insurance Contracts Act 1984* applied to the claim.<sup>1</sup>

In the above example the tradesman lacked sufficient expertise and, as a result, interpreted the insurance policy without regard to the applicable law.

The customer was significantly disadvantaged: it made it more difficult for the customer to sell his house, delayed his plans to move overseas and cost him a great deal of time in resolving the issues raised by various insurers.

### **Example 3**

A builder took out a Contract Works insurance policy to cover losses during the construction of a building, either in the form of material damage to the property being built or damage or loss to a third party property or person.

The builder received a claim under the policy, and then a person who was not a trained loss adjuster assessed the loss and the insurer paid the claim. However, the loss assessment report failed to identify that the insurer may have rights of recovery against two other parties: the electrician and the plumber.

In the above example, it was the insurer that was most directly affected by the lack of information about their rights of recovery against other parties. The lack of 'sufficient expertise' of some repairers providing loss adjusting services is also a problem for insurers because they may give inaccurate estimates of a claim, which can mean that an insurer may not plan appropriately or reserve sufficient capital.

Customers can also be disadvantaged by inadequate or inaccurate advice of this nature. Premiums rise unnecessarily if claims costs are unnecessarily high. Inaccurate loss adjusting can also reduce consumer confidence in the insurance industry and financial services more broadly.

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<sup>1</sup> Section 46 of *Insurance Contracts Act 1984* provides that 'where, at the time when the contract was entered into, the insured was not aware of, and a reasonable person in the circumstances could not be expected to have been aware of, the defect or imperfection, the insurer may not rely on a provision included in the contract that has the effect of limiting or excluding the insurer's liability under the contract by reference to the condition, at a time before the contract was entered into, of the thing.'

## 5 Establishing standards in loss adjusting

### 5.1 Principles for setting standards under the Code

AICLA submits that the Review presents an opportunity to raise the standards that apply to Service Providers, and Loss Adjusters in particular.

AICLA proposes that the standards should be raised consistent with three core principles:

- Principle 1: That the standards required of Service Providers handling claims should be *as high* as the standards required of insurers' own employees that handle claims.
- Principle 2: That Loss Adjusters should be required to meet standards that recognise the importance of the specific role of loss adjusting.
- Principle 3: That both Service Providers and insurers should play a meaningful role in maintaining those higher standards.

### 5.2 Recommendations for raising standards

#### 5.2.1 Standards for all Service Providers

AICLA submits that Service Providers should be required to possess, as appropriate, the same knowledge that employees handling claims are required to obtain through training under Code s3.6.7. This would also raise the standards for Service Providers so that they are closer to the standards required of individuals and firms that sell insurance products.

#### Recommendation 1

That the standards required of Service Providers handling claims should be as high as the standards required of insurers' own employees that handle claims.

This could be achieved through an amendment to the Code to define 'sufficient expertise' of Service Providers under s3.6.5.

'Sufficient expertise' could be usefully defined as 'a demonstrated knowledge, as appropriate, of:

- (a) principles of general insurance and any relevant consumer protection law;
- (b) what to do in the event of a claim;
- (c) product knowledge; and
- (d) the requirements of the Code.'

Naturally, the exact level and nature of knowledge necessary will differ between Service Providers.

#### Benefits of Recommendation 1

If implemented, Recommendation 1 would:

- Enhance customer confidence in the integrity of claims handling and the general insurance industry as a whole;
- Communicate to Service Providers that insurers expect them to meet the same high service standards expected of employees;
- Reduce the potential for complaints and disputes between insurers and their customers;
- Increase compliance with all the Code, as more Service Providers would be aware of their obligations under the Code. This would benefit insurers, as non-compliance of a Service Provider amount to a breach by a Code member under Code s7.4.

## 5.2.2 Standards for Loss Adjusters

AICLA submits that the Code clarify the 'sufficient expertise' required of all those Service Providers caught by the Code definition of Loss Adjusters. AICLA submits that there should be specific standards set for both specialised Loss Adjusters, but also for repairers (such as builders and plumbers) that are engaged to provide loss adjusting services.

### Recommendation 2

That Loss Adjusters should be required to meet standards that recognise the importance of the specific role of loss adjusting.

This could be achieved through an amendment to the Code to provide that, in the context of Loss Adjusters, 'sufficient expertise' requires demonstrated knowledge of:

- (a) general insurance principles and laws, the relationship between ethics and regulatory requirements, regulatory guidelines and complaints resolution procedures (to meet Recommendation 1(a));
- (b) how to collect information to investigate a loss, assess the loss or damage, report findings and negotiate settlements (to meet Recommendation 1(b));
- (c) the relevant class of insurance (for example, property and casualty, liability), relevant technical subjects, policies for that class, including standard cover and deviations (to meet Recommendation 1(c)); and
- (d) the obligations the Code places on Loss Adjusters, particularly the ethical obligations to be honest, efficient, fair and transparent (to meet Recommendation 1(d)).

Such knowledge should be demonstrated through completion of specific training on the Code, *together with either:*

- the completion of training that is specific to loss adjusters (such as the modules Introduction to Loss Adjusting (FSA501) and has completed or is in the process of completing Loss Adjusting in Practice (FSA502), Loss Adjusting Law and Regulation (FSA 504) and Property and Casualty Loss Adjustment (FSA506) set out in Appendix A); or
- prior learning comprising prior training, work experience and/or life experience (such as the recognition of prior learning requirements set out in Appendix C).

### Benefits of Recommendation 2

If implemented, Recommendation 2 would:

- Enhance the professionalism of the claims process and Loss Adjusters, thereby helping to ensure customers the highest standards of service.
- Raise the professionalism of loss adjusting, because those assessing or adjusting losses would:
  - better understand the regulatory environment in which they work, including FSR obligations with respect to product advice and the laws that apply to insurance contracts;
  - develop a better understanding of the mechanics of loss adjusting;
  - better comprehend the nature of the class of insurance and the nature of the insurance contract which respect to which the loss adjustment is made;
  - acquire knowledge of mechanisms for the resolution of complaints and disputes between insurers and their customers;

- ensure that all Loss Adjusters, together with those employed by insurers, have some training on the Code.
- Promote compliance with all the Code's claims handling obligations, such as the ethical obligations on Service Providers to:
  - conduct their services in an honest, efficient, fair and transparent manner;
  - inform [the customer] of the services they have been asked to provide and the identity of the Insurer for whom they are acting; and
  - not perform functions that do not match their expertise (Code s3.6).
- Allow Loss Adjusters the flexibility to comply with their obligations under the Code either by:
  - demonstrating completion of formal training that is specific to loss adjusting; *or*
  - by demonstrating that knowledge has been acquired through prior learning.
- Assist insurers in meeting their duty of utmost good faith.

### 5.2.3 Requiring Service Providers to maintain records

AICLA submits that Service Providers handling claims be required to keep records that demonstrate their knowledge, as Authorised Representatives are currently required to keep training records under Code s2.4.7.

Ideally, Service Providers would maintain and update their knowledge through a Continuing Professional Development programme administered by a professional body such as Australia and New Zealand Institute of Insurance and Finance ('ANZIIF') and AICLA, as set out in Appendix B.

#### Recommendation 3

That Service Providers handling claims should, keep records to *demonstrate that they have the knowledge required of them under the Code* for at least five years and on request shall make those records available for examination by the Financial Ombudsman Service.

#### Benefits of Recommendation 3

If implemented, Recommendation 3 would:

- Place the onus on Service Providers to create and maintain their own records, which would minimise the compliance burden on insurers;
- Improve the confidence of customers in the general insurance industry, by improving the professionalism of all Service Providers handling claims.

### 5.2.4 Maintaining high service standards for Service Providers

AICLA submits that the knowledge of Service Providers handling claims should be monitored by insurers in a similar way to the monitoring of the training of Authorised Representatives under Code s2.4.8.

#### **Recommendation 4**

That insurers should, where appropriate:

- (a) measure the effectiveness of the demonstrated knowledge by monitoring the performance of Service Providers handling claims; and
- (b) require additional or remedial training to address any identified deficiencies in Service Providers handling claims.

#### **Benefits of Recommendation 4**

If implemented, Recommendation 4 would:

- Demonstrate to customers that insurers are committed to improving service standards in the general insurance industry;
- Ensure that the high standards are not only set, but maintained; and
- Improve the oversight of Service Providers by insurers.

#### **5.2.5 Requiring Service Providers to hold insurance**

AICLA submits that Service Providers handling claims should be required to hold insurance relevant to the services they provide the insurer.

#### **Recommendation 5**

That Service Providers should, where appropriate, hold insurance relevant to the services they provide.

#### **Benefits of Recommendation 5**

If implemented, Recommendation 5 would:

- Ensure that Service Providers have effective mechanisms in place for identifying and managing any relevant risks; and
- Improve the confidence of consumers in the claims-handling process.

## 6 Conclusion

AICLA appreciates the opportunity to make a submission to the Review, and believes that it presents, three years into the operation of the Code, a timely opportunity to review some aspects of the Code.

In this submission, AICLA has raised its concerns about repairers providing loss adjusting services without sufficient expertise to do so. It has also identified the inconsistencies between the standards the Code establishes for people selling insurance products and people who handle claims.

AICLA has recommended that the Code be amended to raise the standards that apply to Service Providers.

AICLA submits that this will improve the Code (together with compliance with the Code), so that it better meets its objects of:

- Promoting better, more informed relations between insurers and their customers;
- Improving consumer confidence in the general insurance industry;
- Providing better mechanisms for the resolution of complaints and disputes between insurers and their customers; and
- Committing insurers and the professionals they rely upon to higher standards of customer service.

# Appendix A

## Module Content and Learning Outcomes of Four key Modules

### Australian and New Zealand Institute of Insurance and Finance (2008)

#### FSA501 – Introduction to Loss Adjusting

Explain how the loss adjusting industry has evolved

- Describe the current trends in the loss adjusting industry in Australia and New Zealand
- Identify and explain the typical role and responsibilities of a loss adjuster and the key skills required
- Identify and describe the key parties a loss adjuster may deal with
- Describe the general insurance and legal knowledge a loss adjuster needs to possess
- List the key elements of a loss adjuster's terms of engagement
- Identify and explain the steps in the loss adjusting process.

#### FSA502 – Introduction to Loss Adjusting

Describe the types of instructions received by loss adjusters and from whom

- Define terms of reference and explain how they impact on the loss adjusting assignment
- Identify and explain the steps involved in planning the loss adjusting investigation
- Describe the key techniques used when collecting and analysing evidence
- Identify and explain the steps involved in validating a claim and in establishing quantum
- Define recovery rights and explain how to issue a recovery demand
- Identify the key sources of recovery rights
- Identify and explain the steps involved in reporting findings of the loss adjusting investigation
- Explain the types of guidance provided by loss adjusters and to whom.

#### FSA504 – Loss Adjusting Law and Regulation

Explain why loss adjusters need to know about the law

- Describe the process of researching the law
- Describe the legal system that operates within Australia and New Zealand
- Explain how laws are developed and interpreted
- Outline underlying legal concepts

- Explain and apply relevant laws, regulations, codes and principles.

### **FSA506 – Property and Casualty Loss Adjustment**

Explain the purpose of property cover and the effect a property loss can have and on whom

- Explain the meaning and implications for loss adjusting on insurable interest
- Describe the types of property policies available, the cover provided, and issues relating to property cover
- Explain the role of the loss adjuster in the preparation and assessment of property claims
- Explain why physical measurement or photographic evidence may be necessary to verify a loss
- Outline the process of interviewing an insured
- Describe the types of combustions, the means through which fire spreads, and common causes of ignition
- Explain the significance of evidence of forced entry in a fire loss
- Outline the factors that the adjuster needs to consider when verifying a commercial stock loss
- Explain the insured's and insurer's rights and obligations in regard to loss mitigation
- Explain the role of the loss adjuster in mitigating property loss
- Explain the purpose of casualty cover, the key principles and the effects a casualty loss can have and on whom.

## Appendix B

### AICLA's Continuing Professional Development requirements

All practising members of AICLA are expected to comply with the requirements of continuing professional development as prescribed by AICLA's Board.

Continuing education means keeping up with changes at every available opportunity. To demonstrate compliance with continuing professional development, members must undertake an appropriate continuing education program.

Members are required to accumulate thirty (30) points over the year from 1 July to 30 June. The accumulation of points is on a self-assessment basis which is subject to random audits by the Administrative Officer.

Activity	Description	Points:1 point per hour of activity
1.	<p>Attending Professional Sessions of:</p> <p>a) Australasian Institute of Chartered Loss Adjusters</p> <p>b) Any recognised insurance industry organisation</p> <p>Loading: Attendance necessitating travel in excess of 200kms return receives a loading of 50 percent.</p>	Max 16/event
2.	<p>Passing examination subjects:</p> <p>a) Australian and New Zealand Institute of Insurance and Finance</p> <p>b) Equivalent passes in insurance institutes elsewhere</p> <p>c) Relevant tertiary examination subjects</p>	20/module
3.	AICLA CPD Online ( <a href="http://www.theinstitute.com.au/ANZIIF">www.theinstitute.com.au/ANZIIF</a> )	Max 20 p.a.
4.	Structured and documented company/in-house training	Max 20 p.a.
5.	Preparation and or submission of paper on a relevant subject to a group	Max 10 p.a.
6.	Delivering a loss adjusting paper to a seminar/conference	Max 10 p.a.
7.	Preparing a published Industry Related Article	Max 10 p.a.
8.	Reading industry relevant technical papers and publications	Max 12 p.a.
9.	Viewing or listening to relevant audio tapes, videos or computer-based training programs (excluding AICLA CPD Online in 3 above)	Max 10 p.a.
10.	Writing, Reviewing, Setting and or marking Diploma in Financial Services (Loss Adjusting) assignments and examination papers	Max 15 p.a.

# Appendix C

## Recognition for Prior Learning (RPL)

### About RPL

One of the key objectives of the Australian Qualifications Framework Advisory Board is to facilitate pathways to formal qualifications that are based on, or include, prior learning that has occurred outside formal education and training.

The Australian Qualifications Framework Advisory Board endorsed a set of **National Principles and Operational Guidelines for Recognition of Prior Learning (RPL)**. These guidelines are available from the AQF website [www.aqf.edu.au](http://www.aqf.edu.au).

### AICLA Recognition of Prior Learning

Under RPL, a person's academic qualification and/or work experience can be used to obtain exemptions in respect of individual modules from the ANZIIF Diploma of Financial Services (Loss Adjusting) – the underlying professional qualification for loss adjusters.

Recognition of Prior Learning (RPL) is a process that seeks to formally recognise the skills and knowledge that applicants already have, regardless of how those skills and knowledge were attained. Where it can be shown that those skills match the requirements either of individual units in an existing qualification or of a whole qualification, the applicant may gain recognition for those units or qualification.

RPL recognises skills and knowledge that have been acquired through:

- (a) **Prior training** in what may be a formal academic qualification such as a degree or other professional development activities.
- (b) **Work experience** that has enabled you to build evidence that demonstrates the applicant has the competencies defined in a qualification;
- (c) **Life experience**, such as being a committee member for a local sporting club, which may have built a range of skills defined in a qualification.

### Who Can Apply For RPL?

RPL is open to anyone, but is in general most suited to loss adjusters with considerable industry work experience. The Australia and New Zealand Institute of Insurance and Finance recommends that anyone applying for RPL should have at least 5 years of relevant industry experience (either local or overseas).

### What Evidence is required in support of RPL?

**Assessment may be based upon a range of evidence types, for example:**

- Proof of formal education (for example Certificates, Diplomas, Degrees, and Statements of Results from courses in Australia and overseas)
- Proof of staff or professional development programs and their content

- Proof of continuing professional training
- Work based documents
- Work files
- Third party reports to verify and support evidence
- Observations of the applicant's performance by an assessor