

GENERAL INSURANCE CODE OF PRACTICE INDEPENDENT REVIEW TERMS OF REFERENCE

Background

The General Insurance Code of Practice was introduced in 1994 by the Insurance Council of Australia (ICA) as a voluntary Code and it has been regularly reviewed and updated, most recently in 2020.

It sets out the standards that general insurers must meet when providing services to their customers, such as being open, fair and honest.

The Code is intended to be a positive influence across all aspects of the general insurance industry including product disclosure, claims handling and investigations, relationships with people who are experiencing vulnerability and reporting obligations.

The 2020 General Insurance Code of Practice (2020 Code) is due for a formal independent review this year as part of the regular 3 year cycle for continuously improving the Code. It is the intention of the ICA to apply to ASIC for approval of the new Code under the Corporations Act and having regard to ASIC Regulatory Guide 183.

Guiding principles for the review

The review's overarching principle will be to overall, maintain or enhance consumer protections.

In seeking to achieve the overarching principle, the review will also take into account the guiding principles of:

1. **modernisation** by being progressive and keeping up to date with contemporary developments;
2. **enhancement of the customer experience journey** when interacting with general insurers for example when buying insurance or at claim or complaints time;
3. **accessibility** in terms of clarity, enhanced understanding and simplification without losing meaning;
4. **effectiveness and efficiency** in terms of a positive customer experience and also operationally for general insurers, the Code Governance Committee, consumers and other stakeholders; and
5. **providing consumer value without unnecessarily adding to claims cost pressures** which may also take into account the weighing of broader cost-benefit considerations.

Independent review

In line with our sector's commitment to continuously improve the Code through formal independent reviews at least every three years, the ICA has appointed a three person Review Panel to conduct the review. The Review Panel will comprise of Helen Rowell (Chair), Paul Muir (industry expert) and Gerard Brody (consumer expert).

Scope of the review

The review will focus on the practical operation of the 2020 Code and relevant external developments including:

1. catastrophe response – taking into account the learnings and opportunities for Code improvement arising from the 2022 floods including the findings of both the [Deloitte review](#) and the [Federal Parliamentary Inquiry](#) into the general insurance industry's response to the 2022 floods as well as the COVID-19 pandemic;
2. support for customers and third-party beneficiaries in urgent financial need or experiencing financial hardship especially having regard to a catastrophe context. The review might also take into account any relevant ASIC good practice findings for the general insurance sector, the ACCC's recommendations in its Final Report *Northern Australia Insurance Inquiry* and any relevant Code Governance Committee recommendations;
3. whether the Code or its accompanying guidance for Part 9 of the Code (which deals with supporting vulnerable customers) continues to meet community standards in light of new and emerging best practice approaches for extra care, customers experiencing vulnerability, and the *National Plan to End Violence Against Women and Children 2022-2032*;
4. the interaction of the Code with existing laws and whether advancements or clarifications are needed having regard to the Financial Services Royal Commission reforms such as the new product Design and Distribution obligations, the inclusion of claims handling as a Financial Service, the deferred sales model for add-on insurance and the phasing out of cheques by 2030;
5. identifying the possible Code commitments which might be advanced for designation as an enforceable Code provision as part of any application for Code approval to ASIC.

The Review Panel will also consider if any enhancements are necessary to the Code's underlying governance arrangements to appropriately support the work of the Code Governance Committee. Adjustments may be necessary to advance an application for Code approval to ASIC which will include identification of enforceable Code provisions.

Timing of the review

The review will commence on Tuesday 14 November 2023, with the Review Panel to conduct the review in two phases.

The first phase will focus on consulting on topics that are unrelated to the floods (i.e. topics 2. – 5. and the governance arrangements to support the Code Governance Committee) towards delivering initial findings and recommendations of the first phase of the review in a Report by no later than 30 June 2024.

The second phase will focus on consulting on flood related topics to deliver findings and recommendations (and also confirm whether there might be any adjustments to the review's first phase findings and recommendations) in a Report by no later than 30 June 2025.

Both reports will contain findings and recommendations as to changes that may improve the operation and effectiveness of the Code taking into account the views expressed to the Review Panel during the

consultations and having regard to the guiding principles for the review. However the reports will be framed according to the opinions of the individual members of the Review Panel. Whilst the ICA and its members will appoint the Review Panel and fund the review and the ICA will provide secretariat support, the Review Panel will act independently.

The ICA and its members remain committed to continuously improving the Code and will consider each report to determine what appropriate changes should be made to the Code.

Consultation

The Review Panel will consult key stakeholders, including the general insurance industry – the ICA and its members, ASIC, APRA, the General Insurance Code Governance Committee (CGC), Code Monitoring Team, AFCA and consumer representatives.