



**AUSTRALASIAN INSTITUTE OF
CHARTERED LOSS ADJUSTERS**

ABN 18 074 804 167

Submission to General Insurance Code of Practice Review 2024

Australasian Institute of Chartered Loss Adjusters

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1 Overview

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

AICLA is the peak body representing professional loss adjusters in Australasia. AICLA is primarily concerned with the training and accreditation of loss adjusters / assessors to ensure that consumers and insurers are served with the level of expertise and professionalism that should apply to loss adjusting services.

ASIC regulations concerning claims handling and settlement have been introduced with loss adjusters and assessors who provide reports direct to insurers do not require licensing. We agree with and support this position.

Insurers are free to appoint loss adjusters and assessors provided they are reasonably satisfied that they are qualified by education, training, or expertise.

AICLA considers that the code would be more effective by including minimum training and education standards for loss adjusters and assessors. Currently loss adjusters and assessors are classified in the code as Service Suppliers, which also includes investigators and collection agents. We are concerned that the current code does not identify minimum standards expected of loss adjusters and assessors.

In Asia, where we have significant membership, a number of countries have in recent years introduced or increased the regulation for loss adjusters by way of minimum standards expected. We believe this is prudent and AICLA has supported and continues to promote the adoption of minimum standards in many countries, including Australia.

Insurance claims represent to many consumers a major event and involves significant cash settlements or reinstatement works. Loss adjusters and assessors providing such critical advice to insurers should, we believe, have achieved specified minimum training and education standards.

This would create greater community confidence, less complaints and higher customer satisfaction in the claims process.

2 AICLA and Loss Adjusting

Australasian Institute of Chartered Loss Adjusters (AICLA)

About AICLA

With over 1,100 members globally, mostly throughout Australia, New Zealand, South-East Asia and the Pacific region, AICLA is the professional association for loss adjusters in Australia. 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.¹

Membership of AICLA

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, construction, law, accounting or science.

To join AICLA, potential members must be working as a loss adjuster, must demonstrate that they have achieved minimum loss adjusting educational standards and must be prepared to abide by the Charter of Objects and Professional Conduct. Members of AICLA must within three years of joining advance to Affiliate level by completing a minimum of five units from the nine unit Diploma of Loss Adjusting course. Associates and Fellows who maintain Continuing Professional Development (CPD) accreditation are eligible to use the term “Chartered Loss Adjuster” in recognition of their training and expertise. Membership of AICLA is open to loss adjusters working in specialised loss adjusting companies or working for insurers or claims specialists.

Professional standards AICLA members must meet

Our members agree to adhere to a Charter of Objects² (‘Charter’), which set standards of ethics and conduct. Under the Charter of Objects, an AICLA member must:

- *‘strive continually to improve his/her technical services and keep his/her knowledge and skills relevant to the Profession up-to-date;*
- *‘use the utmost care and diligence in discharging his/her duties to his/her principals and Clients’;*
- *‘at all times try to keep completely free of conflicts of interest and at all times shall recognise the legal and equitable rights of all parties’;*
- *‘agrees to be bound by the Insurance Code of Practice of the country in which the member practises’.*

Education of loss adjusters

An examination system, offered through the Australian & New Zealand Institute of Insurance & Finance (ANZIIF), allows loss adjusters and anyone wishing to enter the profession to ultimately qualify for a Diploma of Loss Adjusting. The Diploma has been developed to meet industry requirements and is accredited under the Australian Qualifications Framework and is internationally recognised.

This examination system is available to anyone and is not restricted to AICLA members.

A member of AICLA:

- Has completed or enrolled in the skills unit LA30001 Introduction to Loss Adjusting; and
- Has completed or is in the process of completing:
 - LA30002 Plan and Implement Loss Investigation,
 - LA30003 Evaluate Collected Information and Report Findings,
 - GE30004 General Insurance Law and Regulation, and
 - CL20001 Analyse Insurance Claims; and
- Maintains and improves their educational standards by meeting CPD requirements of 30 hours each year.

Our members must participate in ongoing training and education, through our Continuing Professional Development³ (CPD) program.

The requirements for all classes of membership are outlined in the AICLA Qualifications and Rights for Classes of Membership⁴.

Role of loss adjusters in the claims process

What role do loss adjusters play in claims handling?

Loss adjusters are there to assist people and organisations at times of loss. Loss adjusters can be engaged by a range of parties for a variety of purposes. They are professionals who are the ‘bridge’ between parties, generally an insurer and an insured and their objective is to establish an outcome that is fair and equitable to all parties.

Typically, a loss adjuster will be engaged to:

- examine the cause of a loss and apply the terms of the insurance policy to the cause;
- assess the amount of the loss within the specific terms of the insurance policy;
- obtain quotations for repair and replacement;
- negotiate a claim settlement that is equitable to the various parties;
- liaise with repairs, builders, contractors and others.
- manage expectations – communication, understanding and empathy;
- pursue recovery from some other party where the opportunity to do so is available; and
- project manage the claim to finality

Do loss adjusters play a role in every claim?

A wide range of claims are handled by loss adjusters and the monetary amount can be a few thousand to multi-million dollar losses. Some claims are assessed by people whose primary business is not loss adjusting, but who are contracted by an insurer to assess the loss and in many cases undertake repairs such as a carpet layer, builder or restorer.

These people are normally trade qualified who are appointed by insurers who hold themselves out as loss adjusters or assessors and have no, or only superficial, claims insurance and consumer law knowledge.

Value of loss adjusters

Value of loss adjusters to consumers

Loss adjusters consider that they improve consumer satisfaction and confidence:

- By having a professionally qualified representative dealing with the claims situation, a policyholder and the Insurer can both have confidence in the outcome.
- Getting a “fair deal” or an equitable outcome in a claim settlement, properly explained to and understood by the claimant is a primary goal of insurers and for policyholders.

Value of loss adjusters to insurers

- Insurance knowledge about the principles and processes in insurance generally and in claims particularly.
- Policy and product knowledge of the policyholders' individual contract and coverage.
- Knowledge of relevant law such as insurance law, consumer law and common law.
- Reserving advice by helping insurers with accurate claims estimating.
- Project Management of claims settlements is often required as many claims may be quite complicated either in terms of the circumstances leading to the claim, or in terms of repairing or otherwise settling the claim.
- Fraud detection is an important skill in the armoury of the loss adjuster which the insurer relies on heavily to contain costs and ensure payments are not made inappropriately.
- Local knowledge of the situation - that often insurers no longer have as their office networks have been reduced across the insurance industry.
- Communication with claimant, insurer and stakeholders is vital to prevent complaints and promote understanding. Negotiation with stakeholders to help achieve a fair outcome.
- Recovery against third parties.

¹ Further information is available at <https://aicla.org/>

² AICLA Charter of Objects, <https://aicla.org/wp-content/uploads/Charter-of-Objects-and-Professional-Conduct-1.pdf>

³ Continuing Professional Development, <https://aicla.org/continuing-professional-development/>

⁴ Qualifications and Rights for Classes of Membership, <https://aicla.org/wp-content/uploads/QRCM-FNS20.pdf>

3 Summary

With regulations now in place requiring those involved in the handling and settlement of claims, AICLA believes that the next step in enhancing the claims process would be the establishment of minimum education and training standards for loss adjusters/assessors dealing with claimants.

The Code requires Service Suppliers be qualified by education, training and experience to provide the service competently and to deal with insureds professionally. AICLA believes this is insufficient and specific education and training standards are needed to ensure that consumers are not left vulnerable to receiving incorrect, unfair or inadequate claims services.

Given the critical role loss adjusters/assessors play in the claims process, we believe they should be separated and defined as a distinct group from other service providers and minimum education and training be specified. These minimum standards for loss adjusters/assessors can be found in the Australian Qualification Framework-Financial Services Training Package (FNS51420).

This training package contains competencies that we believe are vital for the delivery of sound and efficient claims outcomes to consumers. Minimum standards are expected to ensure adjusters and assessors have the basics skills in line with the Code's stated objective that these service providers have the appropriate training to undertake the assessment process.

We believe that the basic requirements for loss adjusters/assessors should be completion of the following:

- Introduction to Loss Adjusting
- Plan and Implement Loss Investigation
- Evaluate Collected Information and Report Findings
- General Insurance Law and Regulation
- Analyse Insurance Claims

Currently the above units of study are available as part of the ANZIIF Diploma of Loss Adjusting and can be conducted/provided by other Registered Training Organisations (RTO). The units are available for anyone to undertake, and they do not need to be a member of AICLA or pay a higher price than AICLA members. The course was developed by ANZIIF in consultation with AICLA and is reviewed regularly and re-accredited every five years in the Australian Qualifications Framework.

Having the training and education skills enshrined in the Code would give the public greater confidence in the claims process.

We also believe that loss adjusters/assessors should undertake training to make them better aware of identifying and dealing with vulnerable claimants.

There is an opportunity to significantly enhance the Code to generate better outcomes for all involved in the claims process by introducing specific education and training standards for loss adjusters and assessors.

AICLA submits that implementation of minimum standards via the COP for loss adjusters/assessors would be a major benefit by improving the quality of claims advice and reporting and give the public greater confidence in the integrity of claims processes and enhance the reputation of the insurance industry overall.