



Association of Insurance Building & Engineering Consultants

22 May 2024

Insurance Council of Australia
PO Box R1832
Royal Exchange NSW Australia 1225

RE: Association of Insurance Building and Engineering Consultants [AiBEC] Submission in Response to the Independent Review of the 2020 General Insurance Code of Practice.

Dear Review Panel,

We kindly submit our submission for your consideration regarding the published Independent Review Initial Consultation Paper: list of consultation questions.

AiBEC, as a representative association for Insurance Building and Engineering Consultants [Experts], considers the question raised in the Consultation Paper prudent for our commentary and your consideration.

3.11 Should the Code prescribe minimum content requirements for external experts' reports (including Scope of Works), or are there other mechanisms that would better address concerns about the quality, consistency and accessibility of expert reports?

Introduction: Who is AiBEC?

AiBEC, Association of Insurance Building and Engineering Consultants, has been established to be a dedicated, industry-specific organisation supporting professional Engineering and Building Consultants in the Insurance Industry.

We aim to raise this sector's professional standing by providing training and professional development opportunities to our members, enabling them to deliver the highest possible level of service to their clients and stakeholders.

Ultimately, we aim to represent this growing sector of the Insurance Industry and have our members recognised as the preferred professional advisors concerning building and engineering insurance claims.

The Reasoning behind the need to form AiBEC in Response to an Insurance Industry Problem!

The General Insurance Code of Governance Committee produced a Thematic Inquiry titled 'Making better claim decisions' July 2023.

[Making better claims decisions – a thematic inquiry \(insurancecode.org.au\)](https://insurancecode.org.au)

This inquiry set out to determine whether the selected participating Insurers [6 of] used complaints to improve business processes, practices and compliance with the General Insurance Code of Practice.

[2023-COP_UPDATE_October_FINAL.pdf \(insurancecouncil.com.au\)](https://insurancecouncil.com.au)

It identified significant flaws and issues relating to the engaged's processes, practices, and quality of training. It relied upon Experts by Insurers when basing decisions on policy determination and exclusions, which are relied heavily upon when assessing the merits of a claim.

The inquiry opined that the current Expert reporting lacked consistency, used incorrect information and facts, and commented on policy responses contrary to the spirit, practices, and compliance with the General Insurance Code of Practice.

Equally, the inquiry identified and recommended that Insurers and their relied-upon Experts improve standards and provide higher-quality input, including the establishment of comprehensive training, to achieve better outcomes consistent with the standards and policies of the Insurance Code of Practice.

As representative agents of Insurers, Experts engaged as Building and Engineering Consultants, specifically servicing and working within the Insurance Industry under the formation of AiBEC, realise that significant professional changes are required to proactively respond to the loss of consumer and industry confidence in experts relied upon by insurers in insurance claim determination.

AiBEC, as an independent regulated professional Association, will drive for regulation to ensure higher-quality input, processes, and practices, including the establishment of specifically targeted insurance related training.

AiBEC will ensure its members via a code of professional conduct **adhere** to the spirit, practices, and compliance with the General Insurance Code of Practice.

Our Submission Response to the Initial Consultation Paper Question

We consider that a revised Code must prescribe a minimum content requirement for all Reports and Scopes of Works specifically utilised within the Insurance Industry.

We support a collaborative and consultative process with all stakeholders within the insurance industry to develop and better current actions and outcomes for the following processes, which Experts are engaged to deliver during the claims process:

- A standardised insurance industry approach and formulation that includes training or guidelines of proximate cause when reporting on causation to enable clear and precise assessment of claims by Experts for Insurers.
- An Insurance Industry and Expert defined set of clear terms and definitions of terminology regarding but not limited to proximate cause, wear and tear, deterioration, building movement, ground movement, settlement, subsidence, rot, gradual, and progressive to describe loss or damage to a building or structure without ambiguity or misinterpretation.
- A regulated, comprehensive training level and expectation, including minimum qualification requirements for all Experts involved in reporting within the Insurance Industry to ensure that all aspects of the Code are met with professionalism, quality and spirit.
- An ongoing training expectation and standard for all Experts would include formal training relating to The General Insurance Code of Practice, Scopes of Work, including dealing with Vulnerable Consumers, and Mental Health as set by the Insurance Council of Australia.



Association of Insurance Building & Engineering Consultants

AiBEC, as a professional body representing Experts nationally, is supportive and ready, under its own volition, to offer consultive advice and assistance to the Insurance Industry in working to better and improve the identified issues relating to Experts' poor performance, expectations and quality of Reports, and Scope of Works used by Insurers.

AiBEC, as a collaborative body of Experts in Building and Engineering Consultants, is best positioned to develop mechanisms for improving current quality and consistency.

Why AiBEC?

AiBEC aims not only to directly respond to The General Insurance Code of Governance Committee's identified flaws and recommendations by forming a professional, regulated, and specific Association but also to better the insurance industry as a whole by providing its members with approved, recognised, and specific insurance training as Expert representatives of Insurers when engaged and acting on their behalf.

AiBEC's objectives include raising the professional standards of Experts working specifically in the insurance industry by facilitating appropriate insurance training, leading to acceptable standards and quality as independent bodies representing Insurers and achieving better outcomes for Consumers.

Equally, by improving the standards, training, and quality that AiBEC will bring, we see further positive effects and benefits within the insurance industry as a whole, including insurers' internal dispute resolution or reaching AFCA stages when reviewing and determining insurance claim response on the basis of Expert Reports produced by AiBEC Building and Engineering Consultants members.

Our View on Training to Better Experts and Approaches for AiBEC

We consider specific insurance training, particularly with AFCA and their publicised common issues and complaint types with Expert Reports, will improve the assessment of the proximate cause of damage in a general insurance claim.

<https://www.afca.org.au/media/1345/download>

AiBEC aims to improve our members' approaches and deliverables in Expert Reporting to improve quality and outcomes for Insurers and Consumers at such disputed stages.

We look forward to being an integral contributor to the updated Code. Should you require further information or qualifications on our submission, including the inception of AiBEC in response to our professional efforts in bettering the insurance expectations of Experts, we welcome such an opportunity in advance.

Kind Regards,

Deniz Bekir – Director AiBEC

Andrew Morse – Director AiBEC

Tony Libke – CEO AiBEC