



InsurtechAustralia
INSURANCE INNOVATION + COLLABORATION

Insurtech Australia – General Insurance Code of Practice Review May 2024

About this Submission

Insurtech Australia (Insurtech, we, us, our) welcomes the opportunity to engage with the Code of Practice Review Panel (Review Panel) to lodge a submission on its consultation questions released on 18 April 2024 (Questions).

This submission was drafted by Insurtech in consultation with our members (each, a Member). In developing this submission, our Members participated in our Regulatory and Compliance Working Group meeting and were asked to provide feedback to be considered in our submission.

About Insurtech Australia

Insurtech is Australia's leading not-for-profit industry association for insurance technology (**insurtech**) and insurance innovation. Our mission is to make Australia a world leader in insurtech and insurance innovation by supporting and growing the Australian insurtech community, including insurtech startups, insurers, hubs, accelerators and investors, and advocating on behalf of our Members.

Overall Feedback

We believe it is important that this review is taking place and value the ability for our members perspectives as implementers and enablers of the Code of Practice. We would note generally that a move to higher prescription by the code and additional compliance requirements beyond the legal requirements further adds to the cost burden of insurance businesses to comply. This creates risk and ultimately passes on a higher cost base to customers negatively impacting insurance affordability.

Contact

Insurtech Australia welcomes the opportunity to further discuss our feedback with the Review Panel. Please contact our CEO Simone Dossetor, simone@insurtechaustralia.org 0458083131



2.1 Financial hardship

We believe that there should be a distinction between short-term financial hardship and entrenched hardship and do consider this needs to be treated differently. The burden should not fall on insurers where financial hardship is entrenched but is the responsibility of the government. We note that responding to hardship of an extended period could be tackled through other mechanisms including offering essential cover products and/ or group arrangements as occurs in Denmark.

s108 of the code that states “The support that we provide does not include support with paying the premiums under an insurance policy we have issued.” We believe this statement should remain as any change would impact the overall affordability of insurance.

2.2 Customer vulnerability

We would comment that the risk in making the definition of vulnerability too broad would miss those that are most in need given that claims can often arise from traumatic events. It would be useful to have a centrally funded support to direct the most vulnerable customers regardless of insurer that would also ensure consistency in how vulnerable customers are treated. We recognise that challenges remain with implementing in a way that ensures privacy and disclosure requirements are met. We believe the focus should be on ensuring mechanisms for fast payment to address most immediate needs for example those affected by flood or bushfire.

We also note that proposed updates to paragraph 92 relating to LGBTISA+ customers could also compromise privacy and disclosure requirement and would be challenging in implement in a compliant manner.

2.3 The Code and the law

We consider that broadly the role of the code is to set out how law and regulation is applied rather than prescribing additional standards that need to be complied with. We would therefore support the code being principles led rather than being an additional layer of obligation that sit on top of the legal framework. Additional prescription creates confusion, duplication and overlap with regulatory responsibilities in the eyes of customers and makes compliance more burdensome and therefore more costly for insurance to manage.



2.4 Retail insurance and wholesale insurance

We believe the code should continue to apply to retail clients only. Small and medium businesses are inherently less vulnerable and have different resources and support available to them.

3.2 Standards for employers and distributors

We would welcome clarifications, definitions, examples here. It is challenging to understand for the uninitiated, even after discussing with legal experts.

We do not consider more prescription around training requirements to be helpful. If more prescription were relevant we believe this should focus on Responsible Managers as they sets the tone for an organisation. We are supportive of the work of ANZIIF to set best practice professional standards framework for Claims handling and Settling services across the industry.

3.4 Buying and cancelling an insurance policy

We consider the code should set the minimum standards but that insurers should have the opportunity to differentiate their product and better meet customer needs through better performance.

3.5 Claims handling

Our general feedback is that the requirements are too prescriptive. We can foresee situations where these obfuscate and confuse genuine claims handling which is delivered honestly, efficiently and fairly. A better approach would be for the insurance business to monitor service levels and articulate a feedback loop between complaints and compliance.

4.2 Helping reduce risks

Insurers are actively looking at ways to reduce risks that avoid the claim occurring for example NRMA Help hub; adoption of Resilient building council self assessment tool; use of telematics for motor vehicles. We believe this should occur on a commercial basis and not be specifically required by the code given the sophistication of multi-factor pricing models.

5.1 Structure of the code

It is noted that the primary audience for the code is insurers. We would note that given the significant challenges many insurers face in terms of customers disrespectful treatment of customer service staff and the consequent mental health impact on those staff it would be useful for consideration also be given to how reciprocal standards could be supported.