



Independent Review: Final Report



Independent Review: Final Report

About this paper

This paper is the second and Final Report for the independent review of the 2020 General Insurance Code of Practice being undertaken over 2023/4.

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1. Background, context and process

The General Insurance Code of Practice was introduced in 1994 by the Insurance Council of Australia (ICA) as a voluntary Code. It has been regularly reviewed and updated. The 2020 General Insurance Code of Practice (2020 Code or Code) is due for formal independent review as part of the regular 3-year continuous improvement cycle (the Code Review).

The Code sets out the standards—such as honesty, openness and fairness—that general insurers commit to meeting when serving their customers. It seeks to influence industry practices across all aspects of general insurance, including product disclosure, reporting obligations, claims handling and investigations and relationships with people experiencing vulnerability.

The Code covers general insurance products such as home contents, building, car, pet and travel insurance and commercial insurance for business (not otherwise excluded). It does not cover statutory scheme insurance such as workers compensation, medical indemnity, motor vehicle injury, and domestic builders insurance or domestic builders warranty and indemnity. It also does not cover reinsurance, life or health insurance.

This Code Review was undertaken by an independent three-person panel (the Review Panel) with backgrounds in financial sector regulation, consumer advocacy and the insurance industry. They are former Australian Prudential Regulation Authority (APRA) Deputy Chair Helen Rowell (Panel Chair), consumer expert Gerard Brody, and industry expert Paul Muir.

The Terms of Reference for the Code Review set out the guiding principles for the Code Review. The overarching principle is to maintain and enhance consumer protections, while also seeking to observe guiding principles of modernisation, enhancing customer experience, accessibility, effectiveness and efficiency, and providing consumer value without unnecessarily adding to claims cost pressures.

The Terms of Reference for the Code Review (set out at Appendix 3) highlight a focus on relevant external developments, including changing expectations and practices related to catastrophe response, financial hardship, and vulnerable customers, and the interaction of the Code with the law in light of legislative changes since the 2020 Code was implemented.

The Code Review commenced on Tuesday 14 November 2023 and has been conducted in two phases to enable insights and recommendations from the current House of Representatives Standing Committee on Economics Inquiry into insurers' response to 2022 major flood claims (Flood Inquiry) to be considered.¹

A Consultation Paper, with a list of questions for stakeholders, was released in early April 2024, with submissions requested by Friday 31 May 2024 but accepted into June 2024. Overall, 23 submissions were received representing 33 organisations and individuals. The Review Panel again thanks the organisations and individuals that made submissions for their time and effort in responding to the consultation.

The Initial Report and Recommendations (Initial Report) was released in September 2024 and provided observations and recommendations following extensive engagement with stakeholders, including the general insurance industry, Australian Securities and Investments Commission (ASIC), APRA, Australian Financial Complaints Authority (AFCA), the Code Governance Committee (CGC), relevant industry bodies and consumer representatives.

¹ House of Representatives Standing Committee on Economics, [Inquiry into insurers' response to 2022 major flood claims](#).
Review of the 2020 General Insurance Code of Practice

In preparing its Initial Report, the Review Panel considered the information and views submitted to it, including the information and suggestions set out in submissions, but the Initial Report reflected the views of the Review Panel. The ICA and its members have appointed the Review Panel and are funding the review, however the Review Panel is acting independently of the ICA.

The second phase of the Code Review has considered the information, insights and recommendations from the final report of the Flood Inquiry (Flood Inquiry Report) that was released in October 2024. The scope of the Flood Inquiry differed from that of the Code Review. However, in areas where the scope of both overlap, there is considerable alignment and consistency between the Flood Inquiry findings and recommendations and those set out in our Initial Report. Further detail on a comparison of relevant recommendations of the Code Review and Flood Inquiry is set out at Appendix 1.

2. Summary of key themes and findings

The **Independent Review of the 2020 General Insurance Code of Practice** aligns its recommendations with the guiding principles outlined in the Code Review's Terms of Reference of modernisation, customer experience enhancement, accessibility, effectiveness and efficiency, and consumer value. Key insights are:

1. Modernisation:

The Code Review emphasises aligning the Code with contemporary challenges like climate change adaptation, cost-of-living pressures, and disaster resilience. It incorporates principles from international standards like ISO 22458 on consumer vulnerability and adopts a flexible, principles-based approach to ensure responsiveness to evolving consumer needs. Further, aligning the Code to the law has proven to be problematic due to complexities of general insurance regulation. The Review seeks to simplify some of this complexity through recommending removal of some links to financial services law and providing the full benefit of the Code to individuals and small business, who would otherwise be excluded.

2. Enhancement of Customer Experience:

Improvements to claims and complaints handling include clearer communication, faster responses for those with urgent financial needs, and flexible payment options for excesses. The Code Review also calls for enhanced training in trauma-informed practices and customer vulnerability, fostering a more empathetic and responsive customer journey.

The introduction of more inclusive language and processes, such as addressing barriers faced by diverse consumer groups (e.g., LGBTIQ+ and First Nations customers), aims to improve accessibility and respect throughout the customer interaction.

3. Accessibility:

Simplification of language and processes ensures consumers can easily understand and navigate their rights and responsibilities under the Code. Specific recommendations include prominently displaying financial hardship information and providing it in community languages and via multiple channels like websites and mobile apps.

4. Effectiveness and Efficiency:

Operationally, the Code Review suggests enhanced monitoring systems for compliance and clear standards for third-party agents (e.g., debt collectors). Proactive measures such as streamlined identification processes and targeted communication about financial hardship are proposed to improve outcomes for insurers and customers.

5. Consumer Value:

The Code Review balances customer support enhancements with cost considerations by proposing non-prescriptive solutions. For example, insurers are encouraged to provide flexible premium payment options and early interventions without imposing rigid standards that could drive up costs. Tailored solutions aim to deliver tangible benefits to consumers while maintaining affordability.

The Code Review's recommendations collectively aim to modernise the Code, foster trust, and ensure it delivers meaningful, cost-effective benefits to consumers and the insurance industry alike.

3. Next steps

The Review Panel views it as important that the changes to the Code, and consideration of the Flood Inquiry Report recommendations, are progressed expeditiously by the ICA. The Review Panel therefore sees little merit in undertaking a second phase of consultation and does not consider that any additions or adjustments to the Code Review's first phase findings and recommendations in the Initial Report are needed. **The release of this Final Report therefore concludes the Code Review**, and the recommendations set out in the Initial Report are the Review Panel's final recommendations. These **Final Recommendations are at Appendix 2**, and the context for the recommendations is set out in the Initial Report.

The ICA and its members have indicated that they remain committed to continuously improving the Code. Hence, there will be a process whereby the ICA and its members consider the Code Review recommendations and report to determine what changes should be made to the Code and prepare a revised draft of the Code. There will be consultation with stakeholders as part of that process. The revised Code will then be submitted to ASIC for approval and ASIC may undertake further consultation. Once the Code is approved, there will be an appropriate transitional period before the revised Code takes effect, to provide time for general insurers to train staff and update their systems, processes and procedures. **The Review Panel's view is that the ICA should aim to submit a revised Code for ASIC approval within six months, and target publication of the final (revised) Code by the end of 2025 with an effective date of 1 July 2026, to allow time for implementation.**

The Code Review covered all of the Code and so had a different, and broader, scope to the Flood Inquiry. **The Review Panel strongly encourages the ICA to consider all the Review Panel's recommendations**, together with those of the Flood Inquiry Report, with a view to substantially strengthening minimum standards of industry practice across all aspects of insurer and consumer engagement. This is particularly needed to ensure:

- a broad, inclusive and flexible approach to financial hardship and vulnerable customers;
- clear, timely, meaningful and accessible information and communication with consumers and other stakeholders;
- better resourcing of claims handling and complaints, especially following catastrophe events;
- appropriate trauma-informed training, and strengthened monitoring and oversight, of insurers' employees and third-party agents and service providers; and
- additional transparency of insurer performance and consumer outcomes.

The Review Panel also encourages the ICA and insurers to take steps to improve industry practices in the areas covered by the various recommendations ahead of the formal adoption of the revised Code. Providing transparency for stakeholders on where this has occurred would provide confidence that the industry is genuinely committed to improving outcomes for its customers and responding to the issues that have been raised through the Code Review and Flood Inquiry.

Finally, I would like to sincerely thank my fellow Review Panel members, Gerard Brody and Paul Muir, for their support and significant contribution to the Code Review over the last year. It has been an absolute pleasure to work with them, and I have truly valued their insights and experience throughout.

Helen Rowell
Panel Chair
Independent Review of the 2020 General Insurance Code of Practice

Appendices

Appendix 1 – Comparison of relevant Code Review and Flood Inquiry recommendations

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| <p>3. Paragraph 65 regarding the fast-tracking of urgent claims, including making an advance payment to help ease an urgent financial need, should be extended to small business insureds.</p> <p>47. All parts of the Code should apply to small business.</p> | <p>84. The Committee recommends that insurers explore offering innovative insurance products that have the potential to improve the operation of the insurance market, including:</p> <ul style="list-style-type: none"> • More flexible insurance products for small business, including partial coverage for small businesses in high-risk areas; and cashflow assistance or other temporary benefits that might help a small business survive the immediate aftermath of a natural disaster. • Parametric insurance, particularly in high-risk areas and/or for consumers facing affordability stress | <p>The Flood Inquiry recommendation is broadly consistent with (but broader than) the Code Review recommendation. The Review Panel views the extension of Code provisions to small business as important for the reasons outlined in the Initial Report.</p> |
| <p>21. Paragraph 91 should be amended to require insurers to comply with ISO 22458 “Consumer Vulnerability”.</p> <p>22. Alternatively, the Code should require insurers to demonstrate organisational commitment to improving outcomes for consumers in vulnerable circumstances by following the key principles in ISO 22458, including:</p> | <p>39. The Committee recommends that the General Insurance Code of Practice be amended to require insurers’ identification of vulnerable customers and training of staff be designed so that customer interaction is compliant with ISO 22458 2022-04, the International Organization for Standardization’s document Consumer vulnerability – Requirements and guidelines for the design and delivery of inclusive service</p> | <p>The Review Panel welcomes the Flood Inquiry endorsement of Recommendation 21.</p> |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| <p>a. Requiring insurers to design customer service and claims processes to be inclusive; and</p> <p>b. Requiring insurers to have a range of free, easy-to-access contact channels so that consumers can choose their preferred method of communication for enquiries and complaints</p> | | |
| <p>25. Where risk factors are present, insurers should specifically ask consumers about their circumstances and whether any assistance or extra care is required to help them engage with their insurer.</p> <p>27. Insurers should take appropriate steps to record, with consent, personal information to help support people experiencing vulnerability.</p> | <p>37. The Committee recommends that the Australian Securities and Investments Commission review how insurers are identifying vulnerable policyholders with a view to ensuring vulnerable policyholders are:</p> <ul style="list-style-type: none"> • Consistently being identified when they make a claim. • Being identified in numbers commensurate with their prevalence; and • Provided with appropriate support throughout the claims process. | <p>The Initial Report of the Code Review included several recommendations to promote better identification and support of people experiencing vulnerability through enhancements to the Code. The Flood Inquiry recommendation for ASIC to review insurer practices would help assess compliance with relevant standards but should not delay implementation of changes to the Code that reflect the Code Review recommendations.</p> |
| <p>32. Insurers should ask customers whether they identify as Aboriginal and/or Torres Strait Islander, and seek consent to retain this information, to enable flexible and tailored services.</p> <p>34. Paragraph 103(a) should be updated to clarify that interpreting services includes interpreting for First Nations customers who do not speak English as their first language.</p> | <p>35. The Committee recommends that clauses 103c and 103d of the General Insurance Code of Practice be strengthened to ensure that key information is translated and available on insurers' websites and that clause 103a should specify that this includes translating and interpreting services for Indigenous Australians.</p> | <p>The Review Panel welcomes the Flood Inquiry endorsement of Recommendation 34.</p> |
| <p>42. The Code should include an over-arching obligation for education and training</p> | <p>40. The Committee recommends that insurers improve staff training to ensure staff adopt a</p> | <p>The Code Review and Flood Inquiry recommendations related to improving trauma-</p> |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| <p>requirements for all Code Subscriber employees, Distributors and Service Suppliers.</p> <p>43. The requirements should stipulate that education and training must include:</p> <ul style="list-style-type: none"> • The Code; • The products and services provided by the Code Subscriber; • Dealing with customers experiencing vulnerability, including trauma-based training (also see recommendation 26); • Complaint management, including more advanced training for Employees in specialised internal dispute resolution or external dispute resolution roles. | <p>trauma-informed approach when communicating with policyholders. This should include:</p> <ul style="list-style-type: none"> • Explicit reference to trauma-informed policies and training in the General Insurance Code of Practice • Priority should be given to the recruitment of staff with experience from natural disasters. • Recording, with consent, personal information to better assist people experiencing vulnerability • Clear communication, via insurer websites and other forms of communication (such as mobile applications), the types of additional supports that the insurer makes available to consumers experiencing vulnerability. | <p>based training are broadly consistent. The Review Panel's view is that extension of this training to agents and service providers that may deal with customers on behalf of insurers is important.</p> |
| <p>53. The Code should require that insurers must have effective systems to monitor the conduct of all claim service suppliers who are appointed by the insurer or who act on their behalf.</p> | <p>21. The Committee recommends that the Insurance Council of Australia in conjunction with the Australian Securities and Investments Commission develop guidelines on how insurers can apply tighter internal controls on the oversight of building contractors, including guidelines on community expectations for industry to improve their oversight practices</p> <p>22. The Committee recommends the Australian Government consider appropriate regulatory or other mechanisms to reduce the instances of third-party builders and other contractors making changes to properties without the policyholder's consent, including the practice of gaining entry, removing property (strip-outs) or conducting repairs without the policyholder's</p> | <p>The Code Review recommendations and Flood Inquiry recommendations seek to strengthen oversight by insurers of suppliers and contractors acting on their behalf. The Review Panel is strongly of the view that minimum obligations in this regard, as set out in the Initial Report of the Code Review, should be mandated in the Code.</p> |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| | knowledge or consent. Solutions should take into account the unique circumstances and challenges created by catastrophic flood events. | |
| <p>56. Paragraph 48 should be strengthened to require insurers to ensure that sum insured calculators are accurate and up to date.</p> | <p>25. The Committee recommends that the General Insurance Code of Practice be amended to require that insurers inform policyholders when they suspect the policyholder's sum insured does not cover the full rebuild costs according to their calculations, both at sign-on and renewal. The insurer should encourage the consumer to review their sum insured amount and ask them to confirm with a response.</p> <p>The Committee further recommends that the General Insurance Code of Practice be strengthened to require insurers to ensure that sum insured calculators are accurate and up to date, consistent with Recommendation 56 of the Independent Review of the General Insurance Code of Practice. The calculators should include updated information on rebuild costs, including cost increases relating to rebuilding to current building standards, and increases in labour and materials costs.</p> | <p>The Review Panel welcomes the Flood Inquiry's endorsement of recommendation 56. Recommendation 25 of the Flood Inquiry includes additional suggestions for the ICA to consider that would assist policyholders in ensuring that the amount of their sum insured is appropriate.</p> |
| <p>57. Unanticipated additional costs (debris removal and architectural fees) should not be included in the sum insured for repair/rebuild but provided as benefits over and above the sum insured. Further, insurers</p> | <p>19. The Committee recommends... That the cost of covering temporary accommodation should be a separate</p> | <p>The Flood Inquiry recommendation is consistent with the intent of the Code Review recommendation that the sum insured primarily reflect the cost of repair/rebuild of the insured property, that other fees and costs related to the</p> |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| <p>should be required to clearly communicate to consumers what is included as part of the sum insured and what may be paid by the insurer in addition to that amount.</p> | <p>entitlement and not be funded out of the sum insured amount.</p> | <p>claim are additional and it is clear to the policyholder what is included as part of the sum insured and what would be paid by the insurer in addition.</p> |
| <p>62. Insurers should commit to providing a single contact point, including contact details so claimants have a primary contact point through the claims process.</p> <p>55. Insurers should be required to respect consumer communication preferences, so that for example where a consumer makes an application online, then communication should be online unless the customer provides a specific request to be contacted via another method.</p> | <p>34. The Committee recommends the General Insurance Code of Practice be amended to require that insurers use the ‘single point of contact’ claims management approach to the extent possible when responding to major xxxiv natural disasters and ensure policyholders are informed of who their assigned case manager is as soon as practicable. The Committee further recommends that insurers be required to accommodate the preferred communication channel nominated by a policyholder during the claim processing period</p> | <p>The Code Review and Flood Inquiry recommendations in relation to single points of contact for claims and respecting customer communication preferences are broadly consistent.</p> |
| <p>63. Where the insurer has not made a decision on the claim within 12 months, and the delay is not due to the consumer or other reasons beyond the control of the insurer (such as a complaint having been lodged with AFCA), the Code should require the claim to be accepted.</p> | <p>57. The Committee recommends that the General Insurance Code of Practice (the Code) be reformed to implement Recommendation 63 of the Independent Review of the 2020 General Insurance Code of Practice, that is: where the insurer has not made a decision on a claim within 12 months, and the delay is not due to the consumer or other reasons beyond the control of the insurer, the Code should require the claim to be accepted.</p> <p>The Committee further recommends that Australian Securities and Investments Commission consider using its powers in</p> | <p>The Review Panel welcomes the Flood Inquiry endorsement of Recommendation 63. The Review Panel supports enforcement of Code obligations by the Code Governance Committee (CGC) and notes ASIC's responsibility for enforcing the obligation that services be provided efficiently, honestly, and fairly, which can incorporate consideration of compliance with the Code.</p> |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| | <p>relation to claims management to enforce this obligation.</p> <ul style="list-style-type: none"> • This would not be triggered where a claim has been lodged with the Australian Financial Complaints Authority. • This would be triggered where internal dispute resolution has commenced but is not resolved. If the insurer has not made a decision by 12 months, the claim must be paid. | |
| <p>61. Insurers should be required to inform consumers about claimable items and the consumer’s right to make a complaint at the point of claim.</p> <p>66. Paragraph 70 (Claim progress reports) should be updated to require insurers to provide meaningful progress updates every 20 business days. This paragraph should also be clarified to enable insurers to provide updates via SMS or in-app alerts, where this is the customer’s communication preference.</p> <p>67. Paragraph 71 should be updated to require insurers to respond to routine inquiries within 3 business days.</p> <p>80. Paragraph 81 should be updated to require insurers to communicate in plain English and to:</p> <ul style="list-style-type: none"> • State clearly aspects of the claim which are accepted, and which are denied; • Provide reasons that enable consumers to understand the outcome of the claim; and | <p>30. The Committee recommends that the General Insurance Code of Practice be amended to require that insurers, in the immediate aftermath of a natural disaster, provide policyholders with updated information about:</p> <ul style="list-style-type: none"> • What policyholders can expect from making a claim and the claims process, • Realistic time estimates for each step of the claims process, and • Customers’ rights to challenge decisions or raise concerns about the insurers’ conduct. <p>This guidance should take the form of a comprehensible and standardised diagram or flowchart.</p> <p>Following major flood events, insurers should also build into their systems pathways for policyholders to receive quick responses to commonly asked questions.</p> | <p>The Code Review and Flood Inquiry made several recommendations related to enhancing communication by insurers with policyholders. The Review Panel encourages the ICA to consider all the related recommendations in relation to policyholder communication and seek to strengthen the Code where needed, so that all insurers improve their communication practices. This is particularly relevant in the aftermath of a natural disaster, however submissions to the Code Review Panel indicate it is a broader industry issue to be addressed.</p> |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| <ul style="list-style-type: none"> Appropriately reference policy terms and attach any expert reports relied upon. | <p>31. The Committee recommends the General Insurance Code of Practice be amended to require insurers to contact customers within 5 business days of the insurer becoming aware of a material change in the expected timing of any stage outlined in the guidance provided under Recommendation 30.</p> <p>33. The Committee recommends that the General Insurance Code of Practice be amended to require insurers to provide all policyholders with access to real-time information about their claim's progress and key documentation on their claim. This could be through a mobile application or other platform</p> | |
| <p>64. Insurers should report to the CGC the number of claims that take longer than 12 months to resolve, and the CGC should report on these numbers transparently by individual insurer.</p> <p>97. The CGC should produce leader board information at an individual insurer level when undertaking thematic reviews, to provide additional transparency on both better compliance practices and where improvement is needed.</p> | <p>44. The Committee recommends that insurers improve their processes to facilitate the escalation of cases that remain unresolved after 12 months to a more experienced case manager.</p> <p>56. The Committee recommends that for each declared event, insurers be required to report the number of unresolved cases after 12 months to the Australian Securities and Investments Commission and the overarching strategy for resolving these cases. This report should include the total number of outstanding claims and the most common reasons for the delay.</p> | <p>The Code Review and Flood Inquiry made several recommendations to address delays in finalising claims, particularly those that take longer than 12 months. The Review Panel encourages the ICA to consider all the related recommendations and seek to strengthen the Code, and take other steps as needed, to reduce delays in deciding and finalising claims. This should include additional data being collected and reported by the CGC and/or ASIC to provide further transparency on insurer performance on claims handling (and other areas).</p> |
| <p>69. The Code should require temporary accommodation benefits to extend until the property is fully repaired or rebuilt, up to a</p> | <p>19. The Committee recommends that insurers amend their home insurance policies to provide fully paid temporary accommodation until</p> | <p>The Code Review recommendation in relation to temporary accommodation sought to balance the need to provide more certainty for</p> |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| <p>cap of 12 months. Insurers should also be required to contact customers at least three months before the benefits are set to conclude and advise whether any extension of the benefits is available if the repair or rebuild is not completed.</p> | <p>the insurer has closed the claim, unless the extension of the time required can be demonstrated to be a result of behaviour on the part of the policyholder that is unreasonably causing delay;</p> <p>That final cash settlements include a provision for temporary accommodation that takes account of the Scope of Works; progress on the project to date; and a reasonable uplift; and</p> <p>That the cost of covering temporary accommodation should be a separate entitlement and not be funded out of the sum insured amount.</p> <p>20. The Committee recommends the Insurance Council of Australia amend the General Insurance Code of Practice to include an appropriate mechanism for ensuring policyholders that are being provided with temporary accommodation as part of their claim have at least 3 months' notice of any proposed substantive changes to the policyholders' living situation or the insurers' payments for the accommodation.</p> | <p>policyholders requiring temporary accommodation after an event (expressed strongly in submissions) with the costs to consumers of insurers providing extended temporary accommodation benefits. The Flood Inquiry has considered similar issues and made similar recommendations. The Review Panel encourages the ICA to consider all the related recommendations as it proposes changes to the Code to address the issues that have been raised in both reports.</p> |
| <p>70. The Code should require the insurer to explore all options to arrange rebuild or repair themselves and provide clarity about under what limited circumstances it will offer cash settlement when it is reasonable to do so.</p> <p>71. Before offering a cash settlement, the Code should require insurers to consider a consumer's individual circumstances to</p> | <p>9. The Committee recommends the Insurance Council of Australia in consultation with the Australian Securities and Investments Commission provide guidance to insurers about providing greater detail and clarity to policyholders on their rights and risks when an offer is made for a final cash settlement, including the risks policyholders should be</p> | <p>The Code Review and Flood Inquiry made several recommendations related to enhancing the experience of policyholders in relation to cash settlements. The Review Panel encourages the ICA to consider all the related recommendations and seek to strengthen the Code where needed, so that insurers improve their practices in this complex area.</p> |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| <p>determine whether they are likely to be able to carry out the repairs.</p> <p>72. Cash settlement offers should:</p> <ul style="list-style-type: none"> • Provide for actionable quotes, and be based on the cost to the consumer to undertake the rebuild or repair; • Demonstrate how the cash settlement offer reflects unforeseen risks and variations and compensate for the transfer of risk to the consumer; • Include all policy benefits that are otherwise applicable <p>73. If a consumer opts for a cash settlement for a property claim, they should have a 12-month period to request a review if the settlement amount turns out to be insufficient due to unforeseen circumstances at the time of settlement.</p> | <p>aware of for the project management of repairs. This would align with elements of recommendation 71 of the Independent Review of the General Insurance Code of Practice’s Initial Report, and the Committee recommends that this recommendation be implemented in full.</p> <p>10. The Committee recommends that the General Insurance Code of Practice provide that final cash settlements:</p> <ul style="list-style-type: none"> • Be provided in a template form that is standardised across all insurers. The template should include a clear itemisation of all key elements of the total sum. The template be designed with input from peak consumer organisations and the Australian Securities and Investments Commission. • Should include actionable, comprehensive, and transparent quotes. • Should clearly identify compensation for unforeseen risks and project management risk. <p>11. The Committee recommends that the General Insurance Code of Practice be amended to include a minimum 30 day ‘cooling off period’ with respect to cash settlements.</p> <p>12. The Committee recommends that the General Insurance Code of Practice be amended to require insurers, when offering a final cash settlement, to:</p> | <p>In relation to the Code Review recommendation on cash settlement offers, and how these might appropriately compensate for the transfer of risk to the consumer, the Review Panel considered the need to strike an appropriate balance between ensuring the amount of a cash settlement was adequate and the impact this may have on premiums for policyholders. These considerations are also relevant to Flood Inquiry Recommendation 13.</p> <p>Code Review recommendation 70 addresses exploring all options to arrange rebuild or repair, and this may be relevant in considering Flood Inquiry recommendation 26.</p> |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| | <ul style="list-style-type: none"> • Advise the consumer to obtain legal advice in relation to a final cash settlement; • Advise the consumer of their rights to reopen a final cash settlement under the General Insurance Code of Practice and any rights they may have in respect of common law; • Refer the consumer to community legal advisers and financial counsellors in the local area. <p>13. The Committee recommends that the General Insurance Code of Practice be amended to require insurers when offering final cash settlements to include a reasonable uplift/contingency sum to reasonably compensate policyholders for the risks they take on in project managing the repairs to their property.</p> <p>14. The Committee recommends the General Insurance Code of Practice be amended to allow policyholders to have a 12-month period to seek a review of a final cash settlement where there is a change in the facts upon which the original determination was made.</p> <p>26. The Committee recommends that the General Insurance Code of Practice be amended to require that insurers adopt a more flexible approach in relation to rebuilds and that, in particular, a like-for-like replacement not be required and that consumers be permitted to</p> | |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| | swap out size/scope for resilience and efficiency in “sum insured” repairs and rebuilds. | |
| <p>74. The Code should require Scopes of Work to be clear, standardised, and provide a full description of work and costs.</p> | <p>18. The Committee recommends that there should be insurer and regulator oversight of Scopes of Work through the following mechanisms:</p> <ul style="list-style-type: none"> • Stronger Code provisions in relation to quality of Scopes of Work (as per Recommendation 74 of the Independent Review of the General Insurance Code of Practice). • Random vetting of Scopes of Work quality by the Australian Securities and Investments Commission. | <p>The Review Panel welcomes the Flood Inquiry’s endorsement of recommendation 74.</p> |
| <p>75. The Code should state the purpose of the appointment of experts, being to provide independent, detailed, and professional assessments of the cause and extent of damage and loss.</p> <p>76. The Code should require insurers to ensure the expertise, professionalism and independence of experts appointed by them and apply the other provisions recommended in relation to service providers as outlined above.</p> <p>77. The Code should set out minimum standards for experts:</p> <ul style="list-style-type: none"> • Expert reports should include clear facts and evidence in plain English to support expert opinions. | <p>6. The Committee recommends that the Australian Securities and Investments Commission produce regulatory guidance clarifying that insurers cannot rely solely on hydrology and expert reports to deny a claim where the report has not properly linked the damage observed with the cause of the damage, consistent with Recommendations 75 - 78 of the Independent Review of the General Insurance Code of Practice (the Code).</p> <p>That the Code provisions in relation to the appointment of experts be strengthened to ensure that:</p> <ul style="list-style-type: none"> • The purpose of the Code includes the intent that experts are to provide independent, | <p>The recommendations of the Code Review and the Flood Inquiry in relation to the use and reliance by insurers on experts are broadly consistent. The Review Panel encourages the ICA to consider all the related recommendations and seek to strengthen the Code where needed, so insurers improve their practices in this important area.</p> <p>The Review Panel also notes Recommendation 3 of the Flood Inquiry in relation to maintenance, which overlaps with one of the points in Code Review recommendation 77. The Flood Inquiry recommends that the Code distinguish between aspects of properties where maintenance is observable and regular</p> |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
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| <ul style="list-style-type: none"> Expert reports should be clear regarding when the cause or extent of loss is not able to be definitively determined. When expert opinions address 'wear and tear' exemptions and 'reasonable maintenance' requirements, they should clearly explain how the consumer's failure to maintain the property significantly contributed to the resulting loss or damage. Expert reports should be in a standardised format to improve consumer accessibility and understanding. <p>Insurers should ensure experts respectfully and constructively engage with consumers when collecting information for their assessments.</p> <p>78. The Code should mandate compliance with ICA Standard "Use of Expert Reports: Industry Best Practice Standard"</p> | <p>detailed, clear, comprehensible and professional assessments of the cause and extent of loss.</p> <ul style="list-style-type: none"> Insurers be required to ensure the expertise, professionalism and independence of experts appointed by them. Expert reports are in a standardised format to improve consumer accessibility and understanding. Clauses 161 and 162 of the Code require the insurer to provide policyholders with any expert reports including, but not limited to, any reports that insurers have relied upon to deny a claim in whole or in part. | <p>upkeep is reasonably within the remit of the householder, and where that is not the case, which has merit. However, as the Flood Inquiry notes, implementation of this recommendation would require balancing the impact on premiums with providing more consistency and certainty for policyholders similarly impacted by an event.</p> <p>Flood Inquiry recommendation 8 also includes some useful suggestions to consider for inclusion in the Code (or addressing through other mechanisms) to improve the quality of, and inappropriate reliance on, expert reports.</p> |
| <p>82. Part 11 (on complaints) should include commitments for insurers to adequately resource and train complaint resolution teams, including considering surge capacity that may be needed following an event.</p> | <p>38. The Committee recommends that insurers devote additional resources to providing vulnerable customers with assistance. Insurers should evaluate the effectiveness of this assistance after each declared event.</p> | <p>The Code Review recommended insurers devote sufficient resources to complaint management, while the Flood Inquiry recommended insurers provide additional resources so that vulnerable customers are effectively assisted. The ICA should ensure that the Code requires insurers to adequately resource both claims management and complaints, particularly to ensure effective assistance to customers experiencing vulnerability.</p> |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
|---|--|--|
| 89. The Code should ensure that home and motor insurance policies do not charge more for instalment payments. | 61. The Committee recommends that insurers be required to ensure that people paying premiums monthly do not pay more. | The recommendations of the Code Review and the Flood Inquiry in relation to monthly/instalment premiums are consistent. |
| <p>91. Subject to financial advice law, insurers should be required to provide appropriate information to consumers on options that an insurer has available that would assist them with managing the cost of their insurance.</p> <p>92. Subject to financial advice law, the Code should require insurers to provide transparency about the types of consumer risk-mitigation activities that result in a pricing benefit.</p> | <p>76. The Committee recommends the General Insurance Code of Practice be amended to require that insurers be required to consider relevant property level mitigation measures in any new or renewing insurance policy, and to demonstrate how those measures have been reasonably reflected in the proposed premium.</p> <p>After the Code is registered with the Australian Securities and Investments Commission, the Committee also recommends that the Treasurer issue a ministerial direction for the appropriate regulator to periodically review insurers' compliance with passing on premium reductions.</p> | The Code Review considered issues related to the affordability of insurance and the importance of reflecting risk mitigation actions in premiums. The Flood Inquiry also considered these important, but challenging, issues. The Review Panel encourages the ICA to consider the recommendations in both reports and considers how best to reflect these in both strengthened Code provisions and other mechanisms. |
| 94. The Code Governance Committee should be subject to regular review, including its data collection requirements and operational effectiveness. | 50. The Committee recommends that the Australian Securities and Investments Commission and the General Insurance Code Governance Committee share data so that it is possible to evaluate breaches of the General Insurance Code of Practice in the context of an insurers' overall claims profile. | There are mechanisms in place for information sharing between the CGC and ASIC, for example in relation to breach reporting. The effectiveness of information sharing could be considered as part of the recommended regular reviews of the CGC. |
| 96. The CGC should publish insurer names in regular compliance and data reports. | 48. The Committee recommends that the General Insurance Code Governance Committee publish aggregate data on code breaches by clause, individual insurer, and brand. | The Code Review and Flood Inquiry recommendations in relation to additional transparency in information published by the CGC are broadly consistent. |

| Code Review recommendations | Parliamentary Flood Inquiry recommendations | Review Panel comment |
|---|--|--|
| <p>100. The ICA should seek ASIC approval of its Code, but not seek designation of enforceable code provisions</p> | <p>46. The Committee recommends that the Insurance Council of Australia seek to have the General Insurance Code of Practice approved by the Australian Securities and Investments Commission after implementing any recommendations of the Independent Review of the 2020 General Insurance Code of Practice.</p> | <p>The Code Review and Flood Inquiry recommendations relating to ASIC code approval are consistent.</p> |
| <p>101. The Code should be incorporated into customer contracts so that commitments are contractually enforceable.</p> | <p>47. The Committee recommends that the General Insurance Code of Practice be incorporated as a contractually enforceable clause in insurance Product Disclosure Statements (as is the Banking Code of Practice).</p> | <p>The Code Review and Flood Inquiry recommendations in relation to incorporating the Code into customer contracts are consistent.</p> |

Appendix 2 – List of Final Code Review recommendations

Financial hardship

1. Paragraph 107 should be expanded to require insurers to provide financial hardship support to all customers who require it, including people who need help maintaining premium payments.
2. The Code should define financial hardship broadly to include where someone is unable to pay what they owe, where they expect to be unable to pay upcoming obligations or they are experiencing difficulties meeting obligations.
3. Paragraph 65 regarding the fast-tracking of urgent claims, including making an advance payment to help ease an urgent financial need, should be extended to small business insureds.
4. The Code should provide a comprehensive list of potential support options that insurers may consider offering (expanded as outlined above).
5. The Code should commit insurers to adopting some of the listed options and being transparent about the options that they make available.
6. The Code should clarify that claims cannot be denied solely because of unpaid excesses. The Code should also expand on the options to pay an excess when the claimant is experiencing financial hardship, including deducting the excess from claim payments, waiving the excess entirely or partially, or allowing the excess to be paid in instalments.
7. The Code should adopt a minimum definition for 'urgent financial need' focused on emergency payments to customers to meet an immediate need for essential items.
8. The Code should require insurers to make information about financial hardship support, including the types of support options available and how to access support, visible, easy to find, and prominent through a range of customer service channels (website, apps, renewal notices etc).
9. The Code should require insurers to provide information about financial hardship support on relevant pieces of insurer correspondence, such as notices of non-payment of instalment or notices of cancellation.
10. The Code should allow for requests for hardship support to be made flexibly, including online, via phone and other customer service channels.
11. Paragraph 115 should be amended to require insurers to not request unnecessary documentation or information as part of providing hardship support.
12. The Code should commit insurers to engage with a consumer before the conclusion of hardship support to consider whether assistance has been effective or whether further assistance is required.
13. The Code should require insurers to have in place effective systems that monitor and ensure compliance of third-party agents and collectors with insurers' financial hardship commitments.
14. The Code should specifically require insurers not to utilise their right of subrogation over a tenant where a potential liability has arisen from a landlord or strata policy unless malicious damage was involved.
15. The Code should clarify that Part 10 applies to insurers that provide lenders mortgage insurers. LMI insurers should provide consumers with information about financial hardship support in any communication that seeks recovery.
16. The Code should require insurers to seek recovery from employers where an employee causes loss in the course of employment. The ICA, through the Code or an industry guideline, should articulate standards of proof should there be disputes about the standard of employment and/or link to an event in the course of employment.

17. The Code should require insurers to have quality assurance systems in place regarding the effectiveness of their hardship support. Such systems should be overseen by senior management.

Customer vulnerability

18. In redrafting the Code, language which requires consumers to identify as being in vulnerable circumstances to access support should be avoided.
19. Paragraph 93 should be redrafted to state: *We encourage you to tell us about your circumstances so that we can work with you to arrange the support you might need.*
20. The Code should adopt a broad definition of vulnerability: where someone who, due to their personal circumstances and market practices, is especially susceptible to harm.
21. Paragraph 91 should be amended to require insurers to comply with ISO 22458.
22. Alternatively, the Code should require insurers to demonstrate organisational commitment to improving outcomes for consumers in vulnerable circumstances by following the key principles in ISO 22458, including:
 - a. Requiring insurers to design customer service and claims processes to be inclusive; and
 - b. Requiring insurers to have a range of free, easy-to-access contact channels so that consumers can choose their preferred method of communication for enquiries and complaints.
23. The risk factors 'sexual orientation, gender identity and sex characteristics', 'trauma', 'cognitive impairment', 'bereavement' and 'elder abuse' should be added to paragraph 93.
24. 'Family violence' should be expanded to 'family violence including financial abuse' in paragraph 93.
25. Where risk factors are present, insurers should specifically ask consumers about their circumstances and whether any assistance or extra care is required to help them engage with their insurer.
26. Paragraph 97 be expanded to include trauma-informed policies and training.
27. Insurers should take appropriate steps to record, with consent, personal information to help support people experiencing vulnerability.
28. Insurers should set out clearly on their website and in relevant customer communications the types of additional supports they make available to customers experiencing vulnerability.
29. The Code should require insurers to comply with key requirements of the ICA guide to helping customers affected by family violence.
30. The Code should require insurers to:
 - a. Ensure continuous protection of all insured parties in situations of relationship breakdown, for example by treating joint policies as composite;
 - b. Reinstate policies and provide coverage for claims resulting from deliberate actions by a perpetrator that leave victim-survivors uninsured;
 - c. Ensure policies cover property damage due to family violence within the standard terms; and
 - d. Guarantee fair access to indemnity for all insured parties in the event of cash settlements.
31. Paragraph 100 of the Code should be updated to reference AUSTRAC guidance regarding customer identification.
32. Insurers should ask customers whether they identify as Aboriginal and/or Torres Strait Islander, and seek consent to retain this information, to enable flexible and tailored services.
33. Cultural awareness training should be provided for staff who assist First Nations customers.

34. Paragraph 103(a) should be updated to clarify that interpreting services includes interpreting for First Nations customers who do not speak English as their first language.
35. Insurers should commit to provide additional flexibility and time for customers in remote and regional areas.
36. The Code should require insurers to comply with the ICA Guide on Mental Health.
37. Paragraph 104(d) of the Code should be updated to require insurers to provide sufficient information to enable a person to understand whether a decision to decline cover or provide cover on non-standard terms is reasonable, such as directly providing the relevant actuarial or statistical data (or a summary thereof) on which the decision was based.
38. Paragraph 45 of the Code should be updated to require insurers, in questionnaires and application processes, to only collect information that is necessary to assess and insure the risk presented by the customer.
39. The Code should require insurers, in questionnaires and application processes, to ensure sensitivity and avoid stigmatisation.

The Code and the law

40. Paragraph 21 should be retained and amended to clarify that it operates alongside other Code paragraphs.
41. Paragraph 22 should be clarified to make it clear that it does not limit the general obligation in paragraph 21.
42. The Code should include an overarching obligation for education and training requirements for all Code Subscriber Employees, Distributors and Service Suppliers.
43. The requirements should stipulate that education and training must include:
 - the Code;
 - the products and services provided by the Code Subscriber;
 - dealing with customers experiencing vulnerability, including trauma-based training (also see recommendation 26); and
 - complaint management, including more advanced training for Employees in specialised internal dispute resolution or external dispute resolution roles.
44. In addition, the Code should require that Distributors and Service Suppliers receive education and training to a standard that is considered relevant to the trade or profession that they operate within and in accordance with the requirements of any relevant industry body.
45. Paragraph 43 should be adapted to help insurers meet Design and Distribution Obligations, including for example through:
 - incorporating inclusive service standards into product design requirements;
 - requiring insurers to regularly obtain customer feedback as part of product reviews; and
 - setting a benchmark for average claims durations which would trigger target market reviews should the benchmark be exceeded.
46. Paragraphs 52, 53 and 54 should be removed as they duplicate the requirements of the *Australian Securities and Investments Commission Act 2001 for Deferred sales for add-on insurance products*.
47. All parts of the Code should apply to small business.
48. The definition of small business should be aligned to the definition in the AFCA Rules.
49. The Code should be:
 - decoupled from the legislated definitions of retail client, wholesale client and general insurance products; and

- apply to individuals and small business and not be limited to the nature of general insurance products other than statutory insurances (Code paragraph 10)

Other parts of the Code

50. The definition of Distributor should be sufficiently wide to include any person acting on behalf of the insurer to distribute general insurance products.
51. The Code should require that insurers have effective systems to monitor the conduct of all Distributors who act on their behalf.
52. A single Code definition be adopted for all claim services provided by a third-party supplier acting on behalf of, or appointed by, an insurer.
53. The Code should require that insurers must have effective systems to monitor the conduct of all claim service suppliers who are appointed by the insurer or who act on their behalf.
54. Paragraph 44 of the Code should be strengthened to require insurers to prevent pressure-selling through robust frameworks, systems, processes, training, and monitoring.
55. Insurers should be required to respect consumer communication preferences, so that for example where a consumer makes an application online, then communication should be online unless the customer provides a specific request to be contacted via another method.
56. Paragraph 48 should be strengthened to require insurers to ensure that sum insured calculators are accurate and up to date.
57. Unanticipated additional costs (debris removal and architectural fees) should not be included in the sum insured for repair/rebuild but provided as benefits over and above the sum insured. Further, insurers should be required to clearly communicate to consumers what is included as part of the sum insured and what may be paid by the insurer in addition to that amount.
58. Renewal notices should be provided at least 28 days before renewal, and a further reminder notice provided at least 7 days before renewal.
59. Part 7 of the Code should be amended so that insurers are required to clearly inform a customer about the basis for cancellation of an insurance policy and the customer's right to make a complaint through the insurer's internal dispute resolution process.
60. Paragraph 55 of the Code should be amended so that insurers commit to either returning any refund using the payment mechanism used by the customer when they initially paid for the policy from or asking customers who cancel their policy about their preferred payment mechanism for the policy refund.
61. Insurers should be required to inform consumers about claimable items and the consumer's right to make a complaint at the point of claim.
62. Insurers should commit to providing a single contact point, including contact details, so claimants have a primary contact point through the claims process.
63. Where the insurer has not made a decision on the claim within 12 months, and the delay is not due to the consumer or other reasons beyond the control of the insurer (such as a complaint having been lodged with AFCA), the Code should require the claim to be accepted.
64. Insurers should report to the CGC the number of claims that take longer than 12 months to resolve, and the CGC should report on these numbers transparently by individual insurer.
65. The exceptions in paragraph 78(a) relating to Extraordinary Catastrophes and 78(d) relating to delays in customer communication should be removed.
66. Paragraph 70 should be updated to require insurers to provide meaningful progress updates every 20 business days. This paragraph should also be clarified to enable insurers to provide updates via SMS or in-app alerts, where this is the customer's communication preference.

67. Paragraph 71 should be updated to require insurers to respond to routine inquiries within 3 business days.
68. The exceptions in paragraphs 84 should be removed.
69. The Code should require temporary accommodation benefits to extend until the property is fully repaired or rebuilt, up to a cap of 12 months. Insurers should also be required to contact customers at least three months before the benefits are set to conclude and advise whether any extension of the benefits is available if the repair or rebuild is not completed.
70. The Code should require the insurer to explore all options to arrange rebuild or repair themselves and provide clarity about under what limited circumstances it will offer cash settlement when it is reasonable to do so.
71. Before offering a cash settlement, the Code should require insurers to consider a consumer's individual circumstances to determine whether they are likely to be able to carry out the repairs.
72. Cash settlement offers should:
 - provide for actionable quotes, and be based on the cost to the consumer to undertake the rebuild or repair;
 - demonstrate how the cash settlement offer reflects unforeseen risks and variations and compensate for the transfer of risk to the consumer; and
 - include all policy benefits that are otherwise applicable.
73. If a consumer opts for a cash settlement for a property claim, they should have a 12-month period to request a review if the settlement amount turns out to be insufficient due to unforeseen circumstances at the time of settlement.
74. The Code should require Scopes of Work to be clear, standardised, and provide a full description of work and costs.
75. The Code should state the purpose of the appointment of experts, being to provide independent, detailed, and professional assessments of the cause and extent of damage and loss.
76. The Code should require insurers to ensure the expertise, professionalism and independence of experts appointed by them and apply the other provisions recommended in relation to service providers as outlined above.
77. The Code should set out minimum standards for experts:
 - Expert reports should include clear facts and evidence in plain English to support expert opinions;
 - Expert reports should be clear regarding when the cause or extent of loss is not able to be definitively determined;
 - When expert opinions address 'wear and tear' exemptions and 'reasonable maintenance' requirements, they should clearly explain how the consumer's failure to maintain the property significantly contributed to the resulting loss or damage;
 - Expert reports should be in a standardised format to improve consumer accessibility and understanding; and
 - Insurers should ensure experts respectfully and constructively engage with consumers when collecting information for their assessments.
78. The Code should mandate compliance with ICA Standard 'Use of Expert Reports: Industry Best Practice Standard'.
79. Paragraph 76 should be amended to require the claim decision to be provided in writing.
80. Paragraph 81 should be updated to require insurers to communicate in plain English and to:
 - State clearly aspects of the claim which are accepted, and which are denied;
 - Provide reasons that enable consumers to understand the outcome of the claim; and
 - Appropriately reference policy terms and attach any expert reports relied upon

81. Paragraph 147 should be amended to align with the ASIC internal dispute resolution requirements.
82. Part 11 should include commitments for insurers to adequately resource and train complaint resolution teams, including considering surge capacity that may be needed following an event.
83. The Code should require that insurers provide to consumers personal information that is used by the insurer in assessing applications, including where information is not provided by the consumer.
84. Insurers should be required to publish data ethics principles that set out how they address risks associated with artificial intelligence and discrimination.
85. Insurers and Investigators should treat consumers respectfully, approach investigations with an open mind, and avoid acting in ways that are likely to intimidate or unduly pressure consumers.
86. Insurers should request information only if it is strictly relevant to the claim, avoid multiple requests, and clearly communicate why each item of information is necessary and relevant.
87. Face-to-face interviews should only occur if the information cannot be obtained in a less intrusive way.

Emerging issues

88. The Code should require renewal quotes for home and motor insurance consumers to be not more expensive than those for new customers.
89. The Code should ensure that home and motor insurance policies do not charge more for instalment payments.
90. Paragraph 51 should be expanded to apply to multi-policy, loyalty and other types of discounts and offers, and require insurers to proactively determine consumer eligibility for discounts and pricing offers.
91. Subject to financial advice law, insurers should be required to provide appropriate information to consumers on options that an insurer has available that would assist them with managing the cost of their insurance.
92. Subject to financial advice law, the Code should require insurers to provide transparency about the types of consumer risk-mitigation activities that result in a pricing benefit.

Code structure, enforceability and governance

93. The drafting of the Code should ensure code commitments are clear, so as to promote effective compliance.
94. The Code Governance Committee should be subject to regular review, including its data collection requirements and operational effectiveness.
95. The maximum Community Benefit Payment in paragraph 174(c) should be doubled to \$200,000 and indexed annually.
96. The CGC should publish insurer names in regular compliance and data reports.
97. The CGC should produce leader board information at an individual insurer level when undertaking thematic reviews, to provide additional transparency on both better compliance practices and where improvement is needed.
98. The Code Governance Association should be abolished and arrangements for Code management aligned with that of other financial services codes managed by AFCA. Consumer representative involvement in the annual budget approval process should be maintained.

99. The addition of a small business representative to the CGC should be considered, or an alternative mechanism for ensuring advice on small business matters is available to the CGC.
100. The ICA should seek ASIC approval of its Code, but not seek designation of enforceable code provisions.
101. The Code should be incorporated into customer contracts so that commitments are contractually enforceable.

Appendix 3 – Review Terms of Reference



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.



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