



## General Insurance Code of Practice

### OVERVIEW OF THE 2007-2008 FINANCIAL YEAR

#### Executive Summary:

The Code requires IOS to monitor participating companies' compliance with the Code's service standards and it does this by:

- Conducting on-site reviews of each participating company's compliance; and
- Investigating reports of alleged non-compliance with the Code.

By the end of the reporting period, the Code was adopted by 138 participating companies. A current list of participating companies is attached at Appendix A.

Other key outcomes for the period include:

- The general insurance industry faced an extremely challenging year due to the impact of a number of severe weather events.
- Consumers lodged 3,675,105 claims and companies accepted liability for 3,596,799 claims. As a result, the insurance industry paid 98% of claims received.
- Consumers raised 18,978 internal disputes with participating companies, across commercial and personal lines of insurance business.
- Participating companies resolved 19,044 internal disputes, with 7,115 internal disputes, or 37%, resolved in favour of consumers.

## Introduction:

The Code requires IOS to "*prepare annual public reports containing aggregate industry data and consolidated analysis on Code compliance*". As a consequence, the observations contained in the following report are based on the:

- Statistical data provided by participating companies attached at Appendix B; and
- Outcomes of IOS reviews of participating companies' compliance with the Code and investigations of reports of alleged non-compliance attached at Appendix C.

## Monitoring Code Compliance:

### NON-COMPLIANCE OUTCOMES

IOS conducted compliance reviews of 88 participating companies which revealed that 66 companies had not complied with all requirements of the Code. These results were not unexpected given that half of the companies reviewed were participating in this Code for the first time. IOS also conducted a further 93 investigations in response to reports received of alleged non-compliance with the Code, of which 58 were in response to reports received from IOS staff members or Decision Makers, with the balance from sources external to IOS. It was concluded that in 54 matters, participating companies had not complied with aspects of the Code's service standards.

The majority of these matters involved multiple instances of non-compliance with the Code, and the reasons were varied and included:

- Misunderstanding how a service standard applied to general insurance operations;
- Underestimating the time required to implement the service standards;
- Applying the service standards in practice but failing to document the underlying compliance requirements appropriately or at all; and
- Failing to adhere to established systems and processes.

In total, there were 372 instances of non-compliance with the Code during the reporting period, and following bedding down of Code-compliant processes and systems by new entrants to the Code, a significant improvement in the level of compliance during the 2008-2009 reporting period is expected.

Some of the types of non-compliance found are discussed in further detail below and the specific results are recorded in Appendix C of this report.

### OUR RESPONSE TO NON-COMPLIANCE

Once satisfied that a participating company had failed to comply with the Code's service standards, steps were taken to:

- Identify the cause of each failure.
- Determine the duration of each failure.
- Determine whether similar failures had occurred previously.
- Assess the adequacy of existing compliance arrangements.
- Determine whether there were any consumers disadvantaged as a result of the failure.
- Liaise with the participating company to determine the nature of the action required to address the non-compliance.
- Monitor the participating company's progress to ensure that corrective measures are implemented within agreed timeframes.

In order to determine whether corrective action implemented by a participating company is adequate, it was asked to:

- Describe what action was taken.
  - Provide appropriate documentary material relating to the action implemented.
  - For example by providing extracts from its claims handling manual, its Internal Dispute Resolution register or its training records.
  - Consider and comment on whether non-compliance is isolated or occurring more widely within its business.
- This is an important step because of:
- » Issues relating to whether the matter may amount to a significant breach of the Code (as defined).
  - » Whether there are other consumers that may have been disadvantaged by the non-compliance and the need to address this disadvantage.

- » Whether non-compliance discloses an issue concerning the adequacy of training provided to staff and/or Authorised Representatives, or the procedures employed by Service Providers.

If a company concludes that the matter is isolated, then it is expected to explain how it reached that conclusion.

Similarly, when a participating company asserts that it has complied with the Code's requirements in response to our enquiries, it is asked to:

- Explain the basis of its conclusion that it has complied with the Code's requirements.
- Provide appropriate evidence in support of its conclusions.
- For example, if a company advises that it has met the claims handling standards, it should provide copies of its file notes and/or telephone logs, together with a chronology of its dealings with the consumer, in support of its conclusion.

## SOME EXAMPLES OF NON-COMPLIANCE

While the types of non-compliance covered all areas of the Code, some were prominent:

- **Section 7.2:** 33 instances of non-compliance.  
This requires a participating company to have appropriate systems and processes in place to enable it to monitor its compliance with the Code, and have a governance process in place to report on its Code compliance to its Board of Directors or Executive Management.
- **Section 7.3:** 24 instances of non-compliance.  
This requires a participating company to have a process in place which will enable it to report an identified significant breach of the Code to IOS within 10 business days.
- **Section 6.1.1:** 24 instances of non-compliance.  
This requires a participating company to provide timely complaints handling.

- **Section 5.2:** 22 instances of non-compliance.  
This requires a participating company to either directly or indirectly make readily available to consumers information about general insurance, the required level of home/motor insurance cover, insurance premiums and/or the Code and its operations.
- **Section 6.9:** 17 instances of non-compliance.  
This requires a participating company to respond to a dispute in writing, giving reasons for its decision, and information about how to access external dispute resolution and the timeframe within which this must be done.
- **Section 3.12:** 16 instances of non-compliance.  
This requires a participating company to provide information to a third party about its complaints handling procedures, and the existence of the Australian Financial Counsellors and Credit Reform Association (AFCCRA), in the event a dispute about the repayment of a debt arises.

As noted above, there were various reasons for non-compliance such as:

Participating companies commonly had not documented established practices underlying compliance with a particular Code standard. For example:

- A participating company failed to comply with the Code because while it was aware of, and applied in practice, the claims handling timeframes described in sections 3.1 and 3.2 of the Code, it had not amended its existing claims procedures manual to include these.  
It addressed this issue by amending its claims procedures manual to include the Code's claims handling timeframes and distributing it to claims staff. It also modified its monitoring systems to measure claims handling timeframes against the Code's benchmarks.

- A participating company had failed to document its procedure for reporting on its compliance with the Code to its Managing Director. It explained that as the operation was small, there was direct and regular reporting to the Managing Director who was kept apprised of all developments. It addressed this issue by establishing a documented process for reporting on Code compliance, consisting of quarterly internal audits with results reported formally to the Managing Director.

While the application of the Code's service standards in practice is central to the successful operation of the Code, it is equally important that each participating company has documented its compliance systems and processes. This will enable the participating company to:

- » Monitor its own compliance with the Code's service standards;
- » Identify deficiencies and take appropriate measures to address these; and
- » Ensure that its employees, Authorised Representatives and Service Providers are aware of the Code's service standards, how and when to apply them, and to do so consistently, notwithstanding changes in management and staff within the participating company's insurance and/or compliance operations.

Participating companies either misunderstood how a particular Code standard applied or failed to adhere to documented compliance procedures. For example:

- **Section 6.1.1:** In some instances the participating company was aware of the 15 business day timeframe applicable to an internal review of a complaint or a dispute. However it extended the timeframe, as it needed more time to finalise its review, but it did so without the consumer's consent.

- **Section 3.12:** In a number of instances although a dispute about the repayment of a debt had arisen, the participating company failed to recognise this and did not provide information about its complaints handling procedures to the third party. As a result, the third party was unable to gain access (at that time) to its internal dispute resolution process.

### FINANCIAL HARDSHIP – THIRD PARTIES RECOVERIES

This year IOS investigated multiple instances of non-compliance with the financial hardship third parties recoveries provisions of the Code, involving one participating company.

Our investigations found that the company's recoveries employees and service providers did not adequately understand the operation of the third party recovery financial hardship provisions of the Code. This was particularly evident in relation to the circumstances in which section 3.12(a) of the Code applied, which requires a company to provide a third party with information about its complaints handling procedures when it is unable to reach an agreement with them about the repayment of a debt. In each of these instances, the company failed to apply section 3.12(a) of the Code when a disagreement about the repayment of a debt had arisen. As a result the affected third parties were unable to access its Internal Dispute Resolution (IDR) process at that time.

To address the non-compliance, the company implemented a number of corrective measures to ensure that its recoveries staff and service providers comply with the third party financial hardship provisions of the Code at all times, including:

- A review and update of internal debt recovery training guidelines.
- A review and update of standard recovery letters including those used by service providers.
- Specific training for recoveries staff.
- A review of collection agents' compliance with the Code.

In addition, it was required to conduct an audit of its recoveries files (both internally and externally handled matters) to satisfy that these had been managed in accordance with the Code's requirements.

Given the difficulties that some participating companies encountered with the application of section 3.12 of the Code during this reporting period, it is worthwhile discussing this in more detail and including two case studies to illustrate its operation.

The purpose of section 3.12 is clear – it requires a participating company to make available to a third party its IDR process, in the event that they are unable to reach an agreement about the repayment of the debt. In addition, it requires it to provide information about the AFCCRA to the third party, so that the third party may consider seeking the assistance of a free community-based financial counsellor who may be able to help them with a debt negotiation.

It is important to recognise that section 3.12 is triggered by an inability to reach an agreement with the third party about the repayment of the debt. Its application is independent of both section 3.10 and section 3.11 of the Code and it applies even though the third party is not in financial hardship.

## Case Study One:

A participating company had referred the recovery of a debt to its collection agent. The third party explained that neither she nor her husband was employed and that they were in receipt of benefits, with a young family. The debt exceeded \$6000 but the collection agent reduced this to \$5000 and wrote to the third party asking whether she could repay the debt at the rate of \$50 per month.

The third party sought assistance and her representative wrote to the collection agent asking it to consider waiving the debt, in view of the third party's financial hardship. The third party completed a financial statement, and this was provided to the collection agent.

On reviewing the file, the collection agent decided not to pursue recovery of the debt and closed its file. It advised the representative of its decision and said that a decision to waive the debt could only be made by the company. As a result, the representative wrote to the company asking it to waive the third party's debt given her financial hardship, and refer the matter to its IDR process.

About one month later, the company contacted the representative and advised that it would be referring the debt to the same collection agent for consideration of the debt. The representative wrote to the company and reiterated their request to refer the dispute about the repayment of the debt to the company's IDR process. As there had been no reply, a month later the representative wrote again. Subsequently, the representative contacted IOS for assistance as they had not received a reply from the company.

IOS raised this matter with the company and it conceded that it should have referred the representative's debt waiver request to its IDR process; and that it should not have referred the debt back to its collection agent. Upon reviewing the matter through its IDR process, it decided to waive the third party's debt.

## Case Study Two:

A third party had entered into an agreement with a participating company to repay a debt by way of instalments. At the time the third party agreed to this arrangement he was employed but he did not make any instalment payments. As a result, the company referred the debt to its collection agent who commenced legal proceedings. The third party contacted the collection agent and queried the cost of repairs and was advised that he should lodge a Notice of Defence.

The third party subsequently sought legal advice and his representative wrote to the collection agent advising that while liability for the debt was accepted, the third party did not have any capacity to repay the debt. The representative asked the collection agent to consider waiving the debt given the third party's financial hardship, and noted that the third party would be willing to complete a financial statement if required. The representative also asked that any further legal action against the third party be suspended, until the matter had been considered under the company's IDR process.

A financial statement was subsequently provided to the collection agent, which showed that the third party's expenses exceeded his income. As a result, it referred the matter to the company's IDR process so that consideration could be given to waiving the debt.

The company's claims officer reviewed the file but did not refer the dispute about repayment of the debt to the company's IDR process, and decided there was no financial hardship as the third party was employed and had previously agreed to an instalment arrangement. As a result the collection agent advised the representative that the company was not prepared to enter into any further negotiations and that if full payment of the debt was not received within 10 days, judgment would be entered against the third party without further notice.

The representative wrote to the collection agent and repeated their request to have the dispute about repayment of the debt referred to the company's IDR process. The collection agent in turn referred the matter to the company. However, the company's claims officer did not refer the dispute to the company's IDR process and instructed the collection agent to proceed with the recovery action and obtain default orders from a local court.

The representative sought the assistance of IOS and it raised this matter with the company, which immediately referred the dispute to its IDR process. The company determined that the debt should not be waived because the third party had a future capacity to repay the debt, but it accepted that he had no current capacity to repay the debt. As a result the company agreed to suspend recovery action for a specific period of time, and to review the third party's financial circumstances at the end of that period.

The company also conceded that it had not handled this matter in accordance with section 3.12(a) of the Code. As there had clearly been a failure to reach an agreement about the repayment of the debt, the claims officer should have referred the dispute to the company's IDR process, before the court action proceeded any further. As a result, it arranged for the default orders to be set aside at its expense.

## The Code Statistics:

The Code requires participating companies to provide an annual report to IOS on their compliance with the Code, which includes the provision of various statistics about their products (as defined) on a class by class basis. The statistics are detailed in Appendix B and cover:

- Total new business and renewals in force as at 30 June 2008;
- Total claims;
- Total rejected claims; and
- Internal Dispute Resolution (IDR) statistics.

### TOTAL NEW BUSINESS & RENEWALS – COMMERCIAL AND PERSONAL LINES:

Of the 36,092,906 general insurance policies in force this year, 86.8% consisted of personal insurance policies, and 13.2% consisted of commercial insurance policies.

The data show that *Motor* vehicle policies represent 37% of all personal insurance policies, followed closely by *Home* policies at 36.3%.

The largest proportion of commercial policies is represented by Business policies at 43.9%, followed by *Liability* policies at 19.8%.

For an explanation of what *Motor*, *Home* and *Liability* include, please refer to the explanatory notes in Appendix B.

### CLAIMS AND REJECTED CLAIMS

There has been a 9% increase in total claim numbers to 3,675,105 claims, compared with 3,369,748 claims during the previous reporting period. The increase is mainly due to the impact of several significant weather-related events during this reporting period.

Importantly, the general insurance industry consistently accepts liability for 98% of all claims, whether the claims arise from commercial or personal lines of business.

#### • Commercial Lines:

There were 502,566 commercial claims lodged and 493,693 claims, or 98%, were paid by participating companies.

*Commercial Motor* had the largest number of claims with 219,092, followed by 171,913 claims for *Business policies*.

Less than 1% of *Aviation* and *Commercial Motor* claims were rejected, with the highest rate of rejected claims found in relation to *Builders Warranty* at 45%.

For an explanation of what *Business* includes, please refer to the explanatory notes in Appendix B.

#### • Personal Lines:

There were 3,172,539 claims lodged against personal lines of insurance, and 3,103,106 claims, or 98%, were paid by participating companies.

*Motor* attracted the largest number of claims with 1,600,237, followed by 1,029,971 for *Home*. *Motor* also had the lowest rate of rejected claims at less than 1% and *Consumer Credit* the highest with 17%, followed by *Travel* at 8%.

For an explanation of what *Motor* and *Home* include please refer to the explanatory notes in Appendix B.

# Internal Dispute Resolution (IDR) Statistics

The Code has established standards of service for the handling of complaints and disputes. The standards relate to Internal Dispute Resolution (IDR) and the External Dispute Resolution (EDR) processes. The Code requires a participating company to respond to a complaint and a dispute respectively within 15 business days, and to notify customers of the available EDR options at the conclusion of the IDR process. The Code also requires a company to make available information about its complaints handling procedures when a claim is denied or in response to a complaint and/or dispute.

There has been an 11% increase in internal disputes received by companies, with 18,978 disputes received this year, compared with 17,066 disputes last year. The increase in disputes was not unexpected given the increase in claims. As noted above, the general insurance industry was impacted by several severe-weather events during this year.

In terms of IDR outcomes for this year, companies resolved 19,044 internal disputes with:

- 7,115 disputes, or 37%, resolved by companies in favour of customers, an increase from 34% last year; and
- 11,929 disputes, or 63%, resolved in favour of companies.

#### • **Commercial Lines:**

Participating companies received 1005 internal disputes raised by consumers, arising from commercial lines of business, consistent with the previous reporting period's result. This year companies resolved 987 commercial disputes, and of these 332 (34%) disputes were resolved in favour of commercial customers, and 655 (66%) disputes were resolved in favour of companies.

The largest number of disputes arose in relation to *Business* with 567 disputes, representing 56% of commercial disputes, followed by *Commercial Motor* with 165 (16%) disputes.

For an explanation of what *Business* includes, please refer to the explanatory notes in Appendix B.

#### • **Personal Lines:**

There were 17,973 internal disputes raised by consumers, arising from personal lines of business, an increase of 12% on last year's figure. Participating companies resolved 18,057 disputes this year with:

- 6,783, or 38%, resolved in favour of customers, an increase from 34% last year; and
- 11,274 disputes, or 62%, resolved in favour of companies this year.

Notwithstanding the number of disputes resolved by companies in their favour, IOS received only 2,170 dispute referrals from consumers this year. IOS also reported that 2,038 disputes were finalised this year, with 39% resolved in favour of customers (including settlements), consistent with the proportion of personal lines disputes internally resolved in favour of consumers by companies.

*Motor* generated the largest number of personal lines disputes this year at 8,649, or 48% of total personal lines disputes received this year, noting that *Motor* business accounts for 37% of all personal lines business. *Home* had 5,874 disputes, or 33% of total personal lines disputes received this year, followed by 2,419 (13.5%) disputes for *Travel*.

For an explanation of what *Motor* and *Home* include please refer to the explanatory notes in Appendix B.

#### **EMPLOYEES AND AUTHORISED REPRESENTATIVES:**

Participating companies were asked to identify how many employees and Authorised Representatives they had as at 30 June 2008. However it is difficult to be precise about numbers, as a result the figures provided below can only be regarded as approximate.

Companies reported employing 34,762 individuals within the general insurance industry, but this figure does not fully take into account casual or temporary staff. Companies also utilised the services of 20,914 Authorised Representatives and 1,258 corporate Authorised Representatives throughout Australia, but not all companies were able to identify the number of individual Authorised Representatives employed by a corporate authorised representative.

## In Conclusion

I would like to thank all participating companies for their professionalism and commitment to the Code, and to the Code Secretariat for so successfully performing its compliance monitoring role during what has been another challenging year for the general insurance industry.

It is our firm undertaking to continue to work closely with participating companies to uphold the service standards established by the Code since its introduction in July 2006.

**Sam Parrino,**  
**Insurance Ombudsman**

## Appendix A

# The General Insurance Code of Practice - Participating Companies

Aioi Insurance Co Ltd  
 Allianz Australia Insurance Limited  
 American Home Assurance Company (AIG)  
 Ansvar Insurance limited  
 ARGIS Limited (formerly known as Farmers' Mutual Insurance Limited)  
 Assetinsure Pty Ltd  
 Australian Alliance Insurance Company Limited  
 Australian Associated Motor Insurers Limited  
 Australian International Insurance Limited and Australian Underwriting Services Limited  
 Auto & General Insurance Company Limited  
 Calliden Limited  
 Calliden Insurance Limited (formerly known as Australian Unity General Insurance Limited)  
 Catholic Church Insurance Limited  
 CGU Insurance Limited  
 Chubb Insurance Company of Australia Limited  
 Combined Insurance Company of Australia  
 Commonwealth Insurance Limited  
 Credicorp Insurance Pty Ltd  
 Cumis Insurance Society Inc  
 Defence Service Homes Insurance Scheme  
 Elders Insurance Limited  
 FM Insurance Company Limited  
 Fortron Insurance Group Limited  
 Genworth Financial Mortgage Insurance Pty Ltd  
 Gerling Australia Insurance Company Pty Ltd  
 GIO General Limited  
 Great Lakes Re-insurance (UK) PLC  
 Guild Insurance Limited  
 Hallmark General Insurance Company Limited  
 HBF Insurance Pty Ltd  
 ING General Insurance Pty Ltd  
 Insurance Australia Limited  
 Insurance Manufacturers of Australia Pty Limited  
 Lawcover Insurance Pty Limited  
 Lloyd's Australia Limited (see below for Coverholders and External Claims Administrators)  
 Lumley General Insurance  
 Medical Insurance Australia Pty Ltd  
 Mitsui Sumitomo Insurance Co Ltd

MTA Insurance Limited  
 Mutual Community General Insurance Proprietary Limited  
 NTI Limited  
 Nipponkoa Insurance Company Ltd  
 QBE Lenders' Mortgage Insurance Limited  
 QBE Insurance (Australia) Limited  
 RAA Insurance Limited  
 RAC Insurance Pty Limited  
 RACQ Insurance Limited  
 RACT Insurance Pty Ltd  
 Sompo Japan Insurance Inc  
 St Andrew's Insurance (Australia) Pty Ltd  
 Suncorp Metway Insurance Limited  
 Sunderland Marine Mutual Insurance Company Limited  
 Swann Insurance (Aust) Pty Ltd  
 Territory Insurance Office  
 The Tokio Marine & Nichido Fire Insurance Co Ltd  
 Vero Insurance Limited  
 Virginia Surety Company Inc  
 Wesfarmers Federation Insurance Limited  
 Westpac General Insurance Ltd  
 Westport Insurance Corporation  
 XL Insurance Co. Ltd  
 Youi Pty Ltd  
 Zurich Australian Insurance Ltd  
 Zurich Financial Services Australia Ltd

**Lloyd's Australia Limited: Coverholders and External Claims Administrators**  
 AFA Pty Ltd  
 AIS Insurance Brokers Pty Ltd  
 Altiora Insurance Solutions Pty Ltd  
 AON Risk Services Australia Ltd  
 Asia Mideast Insurance & Reinsurance Pty Ltd  
 ASR Underwriting Agencies Pty Ltd  
 Austbrokers RWA Pty Ltd  
 Austbrokers Sydney Pty Ltd  
 Australian Professional Underwriting Agency Pty Ltd  
 Australis Group (Underwriting) Pty Ltd  
 Axis Underwriting Services Pty Ltd  
 Capita Insurance Services  
 Catlin Australia Pty Ltd  
 Cerberos Brokers Pty Ltd  
 Cerberus Special Risks Pty Ltd  
 CKA Risk Solutions Pty Ltd  
 ClaimsActive Pty Ltd  
 Corporate Services Network Pty Ltd  
 Coverforce Professional Risks Pty Ltd  
 Crawford & Company (Australia) Pty Ltd  
 DA Constable Syndicate Pty Ltd  
 DCS Asia Pacific Pty Ltd  
 DLA Phillips Fox  
 Dolphin Insurance Pty Ltd  
 E Group (Australia) Insurance Services Pty Ltd  
 EBM Insurance Brokers  
 Echelon Claims Services  
 Epsilon Underwriting Agencies Pty Ltd  
 Fenton Green & Co  
 Fitton Insurance (Brokers) Australia Pty Ltd  
 Fleetrisk Technologies Pty Ltd  
 Freeman McMurrick Pty Ltd  
 Gallagher Bassett Services Pty Ltd  
 Genesis Insurance Brokers Australia  
 Gow-Gates Insurance Brokers Pty Ltd  
 Guardian Underwriting Services Pty Ltd  
 Herbert Insurance Group Limited  
 High Street Underwriting Agency Pty Ltd  
 Horsell International Pty Ltd

HW Wood Australia Pty Ltd  
 Indemnity Corporation Pty Ltd  
 Insurance Advisernet Australia Pty Ltd  
 Insure That Pty Ltd  
 International Underwriting Services Pty Ltd  
 Jardine Lloyd Thompson Pty Ltd  
 JMD Ross Insurance Brokers Pty Ltd  
 JUA Underwriting Agency Pty Ltd  
 Logan Livestock Insurance Agency Pty Ltd  
 London Australia Underwriting Pty Ltd  
 Magic Millions Insurance Brokers Pty Ltd  
 Mansions of Australia Ltd  
 Manufactured Homes Insurance Agency Pty Ltd  
 Marsh Pty Ltd  
 Millenium Underwriting Agencies Pty Ltd  
 Miller & Associates Insurance Broking Pty Ltd  
 Miramar Underwriting Agency Pty Ltd  
 Momentum Underwriting Management Australia Pty Ltd  
 National Underwriting Agencies Pty Ltd  
 Newmarket Insurance Brokers Pty Ltd  
 Nova Underwriting Pty Ltd  
 Online Insurance Brokers Pty Ltd  
 Pacific Underwriting Corporation Pty Ltd  
 PAL Australia Pty Ltd  
 PI Direct Insurance Brokers Pty Ltd  
 Proclaim Management Solutions Pty Ltd  
 Professional Risk Underwriting Pty Ltd  
 QBE Placement Solutions Pty Ltd  
 Resource Underwriting Pacific Pty Ltd  
 Richard Oliver Underwriting Managers Pty Ltd  
 Ryno Insurance Services  
 SLE Worldwide Australia Pty Ltd  
 Sportscover Australia Pty Ltd  
 SRS Underwriting Agency Pty Ltd  
 Sterling Insurances Pty Ltd  
 Transcorp Underwriting Agency Pty Ltd  
 Underwriting Agencies of Australia Pty Ltd  
 Universal Underwriting Agencies Pty Ltd

Appendix B

## General Insurance Code of Practice: New Business & Renewals, Claims and Rejected Claims Statistics & Results of Internal Dispute Resolution Monitoring: 1 July 2007 to 30 June 2008

	Total New Business & renewals (in force as at 30/6/08)	Total Claims	Total Rejected Claims	INTERNAL DISPUTES						Total received	Disputes finalised in favour of Code Member	Disputes finalised in favour of Customer	Total resolved disputes
				1. Authorised Representatives	2. Employees	3. Buying Insurance	4. Insurance Claims	5. Responding to Catastrophes and Disasters	6. Other relating to Code				
<b>TOTALS</b>													
<b>Grand Total for Personal &amp; Commercial</b>	<b>36,092,906</b>	<b>3,675,105</b>	<b>78,306</b>	<b>20</b>	<b>630</b>	<b>3,343</b>	<b>14,706</b>	<b>100</b>	<b>179</b>	<b>18,978</b>	<b>11,929</b>	<b>7,115</b>	<b>19,044</b>
<b>Total Personal</b>	<b>31,334,975</b>	<b>3,172,539</b>	<b>69,433</b>	<b>14</b>	<b>619</b>	<b>3,300</b>	<b>13,768</b>	<b>100</b>	<b>172</b>	<b>17,973</b>	<b>11,274</b>	<b>6,783</b>	<b>18,057</b>
<b>Total Commercial</b>	<b>4,757,931</b>	<b>502,566</b>	<b>8,873</b>	<b>6</b>	<b>11</b>	<b>43</b>	<b>938</b>	<b>0</b>	<b>7</b>	<b>1,005</b>	<b>655</b>	<b>332</b>	<b>987</b>
<b>PERSONAL CLASSES</b>													
Total Motor	11,602,411	1,600,237	9,212	6	344	2,077	6,144	5	73	8,649	5,382	3,322	8,704
Total Home	11,363,851	1,029,971	33,672	6	254	1,120	4,312	93	89	5,874	3,992	1,858	5,850
Travel - Personal	3,505,105	189,922	16,208	1	7	39	2,369	0	3	2,419	1,224	1,261	2,485
Consumer Credit	926,455	21,325	3,606	0	0	7	60	0	0	67	46	20	66
Total Sickness &/or Accident	417,185	54,082	622	1	0	3	200	0	0	204	118	76	194
Total Valuables	925,881	42,510	2,090	0	0	3	54	0	4	61	47	17	64
Pleasurecraft	323,925	10,930	172	0	0	3	80	0	0	83	31	44	75
Total Caravan, Mobile Homes &/or Trailers	329,234	14,669	388	0	0	15	80	0	3	98	63	36	99
Other Classes	1,940,928	208,893	3,463	0	14	33	469	2	0	518	371	149	520
<b>Total for Personal</b>	<b>31,334,975</b>	<b>3,172,539</b>	<b>69,433</b>	<b>14</b>	<b>619</b>	<b>3,300</b>	<b>13,768</b>	<b>100</b>	<b>172</b>	<b>17,973</b>	<b>11,274</b>	<b>6,783</b>	<b>18,057</b>
<b>COMMERCIAL CLASSES</b>													
Total Business	2,090,500	171,913	3,673	4	1	10	551	0	1	567	384	179	563
Total Builders Warranty	186,522	2,876	1,310	0	2	1	22	0	0	25	13	13	26
Total Liability	940,609	31,843	749	0	1	3	55	0	0	59	45	10	55
Total Commercial Motor	612,747	219,092	1,913	1	5	5	149	0	5	165	95	64	159
Total Farm	409,733	45,012	388	1	2	4	79	0	0	86	50	30	80
Contractors All Risks	34,981	3,401	121	0	0	0	34	0	0	34	21	13	34
Industrial Special Risks	58,833	18,582	501	0	0	0	31	0	0	31	24	10	34
Total Marine	27,724	4,872	61	0	0	0	7	0	0	7	5	2	7
Total Aviation	9,773	749	6	0	0	0	3	0	0	3	3	0	3
Other Classes	386,509	4,226	151	0	0	20	7	0	1	28	15	11	26
<b>Total for Commercial</b>	<b>4,757,931</b>	<b>502,566</b>	<b>8,873</b>	<b>6</b>	<b>11</b>	<b>43</b>	<b>938</b>	<b>0</b>	<b>7</b>	<b>1,005</b>	<b>655</b>	<b>332</b>	<b>987</b>

**PERSONAL LINES:**

Motor: consists of Motorcycle, Motor Private, Motor Vehicle Comprehensive, Motor Vehicle Third Party Fire & Theft, Motor Vehicle Third Party Property Damage and Third Party Property Damage Fire & Theft.

Home: consists of Home Building, Home Contents, and Home Building & Contents.

Other: consists of Accidental Damage, Asset Protection and/or Extended Warranty, GAP, Extended Motor Vehicle Warranty, Landlord, Legal Liability, Motor Equity, Movables/Household Goods in Transit, Personal Liability, Residential Strata/Body Corporate and Payment Protection.

**COMMERCIAL LINES**

Business: consists of Accidental Damage and/or Fire and Perils, Bloodstock, Business Interruption and/or Loss of Profits, Business Pack, Casualty, Commercial Strata/Body Corporate, Computer and Electronic Breakdown, Construction, Credit Enhancement, Employee Dishonesty, Energy Insurance, Engineering, Fidelity Guarantee, General Property, Glass, Heavy Motor, Land Transit, Machinery Breakdown, Mobile Plant, Money, Motor Trades, Office Package, Sickness and/or Accident, Small Business, Tax Audit Cover, Theft/Burglary, Travel.

Liability: consists of Broadform Liability, Directors and/or Officers Liability, Employment Practices, General Liability, Legal Liability, Personal Liability, Professional Indemnity, Property Liability, Public and/or Products Liability.

Farm: consists of Aquaculture, Country Insurance, Crop, Farm, Farm Motor, Farm and/or Rural Package, Feedlot Cattle and Livestock.

Other: consists of Lenders Mortgage and Miscellaneous products.

## The General Insurance Code of Practice: Non-compliance outcomes – 1 July 2007 to 30 June 2008

Section	Non-compliance results	Description of Code section
<b>2</b>		<b>Buying Insurance</b>
2.1.1	2	Take into account relevant application information.
2.1.2	4	Access to information about application for cover, opportunity to correct errors and release of information.
2.1.5	11	Reasons for declining cover and information about alternatives.
2.3	9	Availability of information about Code and/or insurance products.
2.4.1	2	Sales conduct of Employees and/or Authorised Representatives.
2.4.4	1	Expertise of Employees and/or Authorised Representatives.
2.4.5	3	Providing adequate training to Employees and/or Authorised Representatives.
2.4.6	13	Areas of training for Employees and/or Authorised Representatives.
2.4.7	6	Keeping training records of Employees and/or Authorised Representatives.
<b>3</b>		<b>Insurance Claims</b>
3.1	5	Timeframe for making decision on simple claim and/or notifying customer of decision.
3.2.1	10	Timeframe for initial contact with customer following receipt of claim.
3.2.2	2	Notifying customer of appointment of Service Provider.
3.2.3	9	Keep customer informed of progress of claim.
3.2.4	5	Responding to customer's routine requests for information.
3.2.5	6	Making decision on claim and/or notifying customer of decision.
3.3	1	Agreeing reasonable alternative timeframes with customer.
3.4.1	11	Conduct of claims handling.
3.4.2	2	Taking into account relevant claim information.
3.4.3	3	Access to information about claim, opportunity to correct errors and release of information.
3.4.4	1	Taking immediate action to correct error/mistake.
3.4.5	10	Written reasons and/or information about complaints handling procedures on denial of claim.
3.6.1	15	Conduct of claims handling for Employees and/or Service Providers.
3.6.2	3	Service Providers to notify participating company of complaints.
3.6.3	2	Service Providers to contact customers.
3.6.4	2	Expertise of Employees and/or Service Providers.
3.6.5(a)	14	Current licences if required for Employees and/or Service Providers.
3.6.6	2	Adequate training of Employees.
3.6.7	10	Areas of training for Employees.
3.6.9	1	Measuring effectiveness of training.
3.6.10	2	Service Providers to obtain approval for sub-contracting.

Section	Non-compliance results	Description of Code section
3.7	3	Financial hardship - customer.
3.8	1	Financial hardship - notify financial institutions.
3.10	10	Financial hardship (third parties recoveries) - ACCC & ASIC debt collection guidelines.
3.11	3	Financial hardship (third parties recoveries) - debt repayment options.
3.12	16	Financial hardship (third parties recoveries) - providing information about complaints handling procedures and/or AFCCRA.
3.13	1	Repair workmanship and materials.
<b>4</b>		<b>Responding to Catastrophes and Disasters</b>
4.4	8	Internal processes for responding to catastrophes and disasters.
4.5	2	Information about review of catastrophe/disaster claim and/or complaints handling procedures.
<b>5</b>		<b>Information and Education</b>
5.2	22	Information about general insurance and/or level of cover and/or premiums and/or the Code.
<b>6</b>		<b>Complaints Handling Procedures</b>
6.1.1	24	Conduct of complaints handling.
6.1.2	9	Make available information about complaints handling procedures.
6.1.4	2	Access to information about complaint, opportunity to correct errors and release of information.
6.2	7	Timeframe for response to complaints.
6.3	2	Agreeing reasonable alternative timeframes with customer.
6.4	2	Keeping customer informed of progress of response to complaint.
6.5	3	Provide information about review of response to complaint.
6.6	13	Review of dispute.
6.7	1	Agreeing reasonable alternative timeframes with customer.
6.8	1	Keep informed of progress of review of dispute.
6.9	17	Providing written reasons for decision and/or information about available EDR schemes and/or timeframe for registering dispute with EDR scheme.
<b>7</b>		<b>Code Monitoring and Enforcement</b>
7.2	33	Appropriate systems and processes for monitoring Code compliance and/or reporting on Code compliance to Board of Directors or Executive Management.
7.3	24	Identifying and/or reporting significant breaches of the Code to IOS.
7.4	1	Code breach if Employees, Authorised Representatives or Service Providers fail to comply with the Code.
<b>Total</b>	<b>372</b>	



INSURANCE OMBUDSMAN SERVICE

## Contacting us

On 1 July 2008 IOS merged with the Banking and Financial Services Ombudsman and the Financial Industry Complaints Service to form the Financial Ombudsman Service, with the following contact details:

Telephone 1300 78 08 08

Fax (03) 9613 6399

Web [www.fos.org.au](http://www.fos.org.au)

Email [info@fos.org.au](mailto:info@fos.org.au)

Mail GPO Box 3, Melbourne Vic 3001