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2014 General Insurance Code of Practice: Overview for Community Legal Centres



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29 June 2015



Setting the scene: what is a code of practice?

What's it all about? 2014 General Insurance Code of Practice – how does it help your clients?

Resources: who do you contact if you have concerns or need help?

Setting the scene

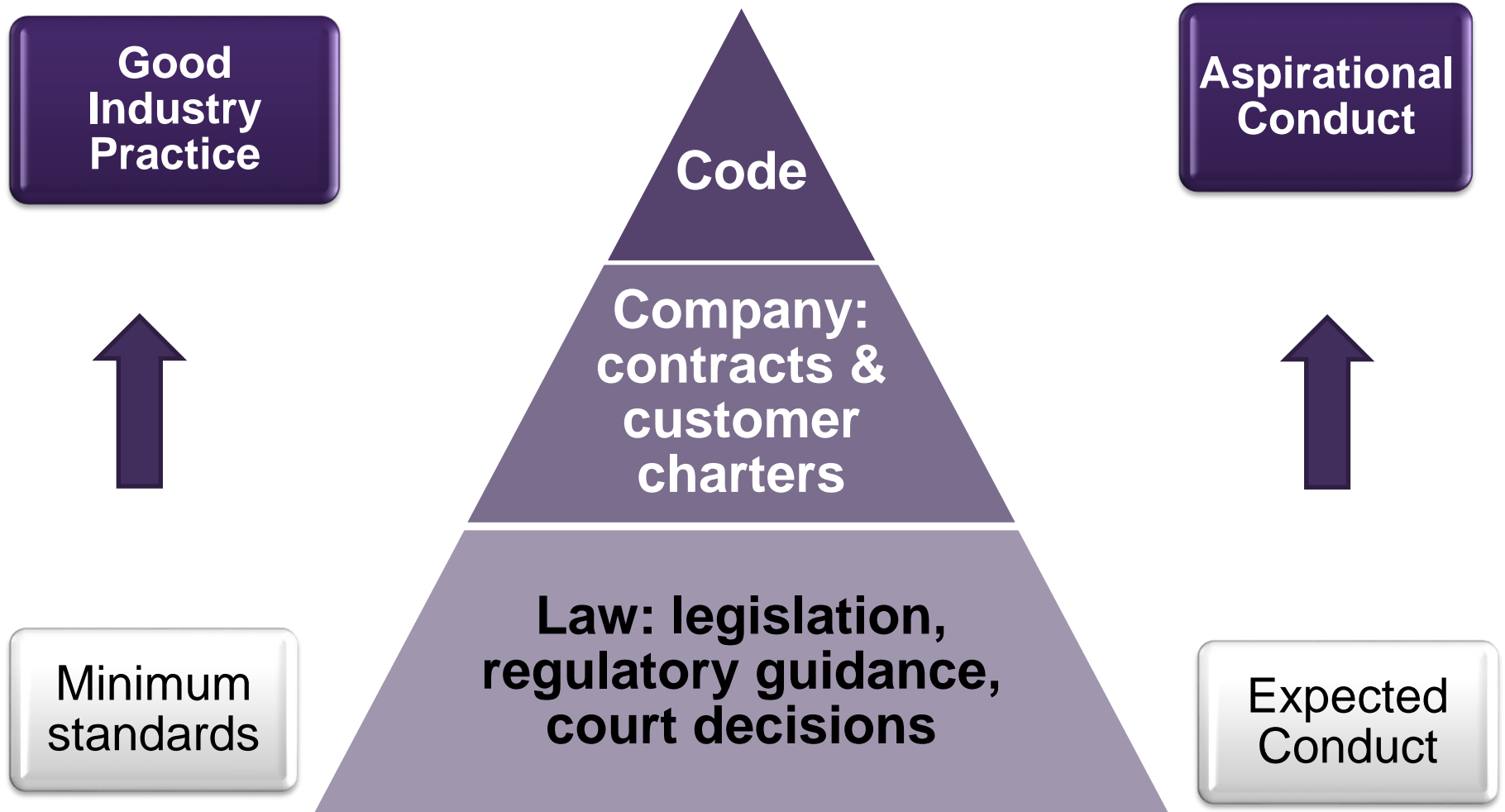
What does a code of practice look like?



- It's not legislation.
- Code subscribers are contractually bound to high standards of conduct for services provided to customers & third parties.
- It complements, enhances, & addresses gaps in, existing laws.
- It's a living document - responds quickly to emerging industry & consumer issues.
- It provides for independent oversight & enforcement of Code subscribers' compliance.

Setting the scene

Where do codes fit in?



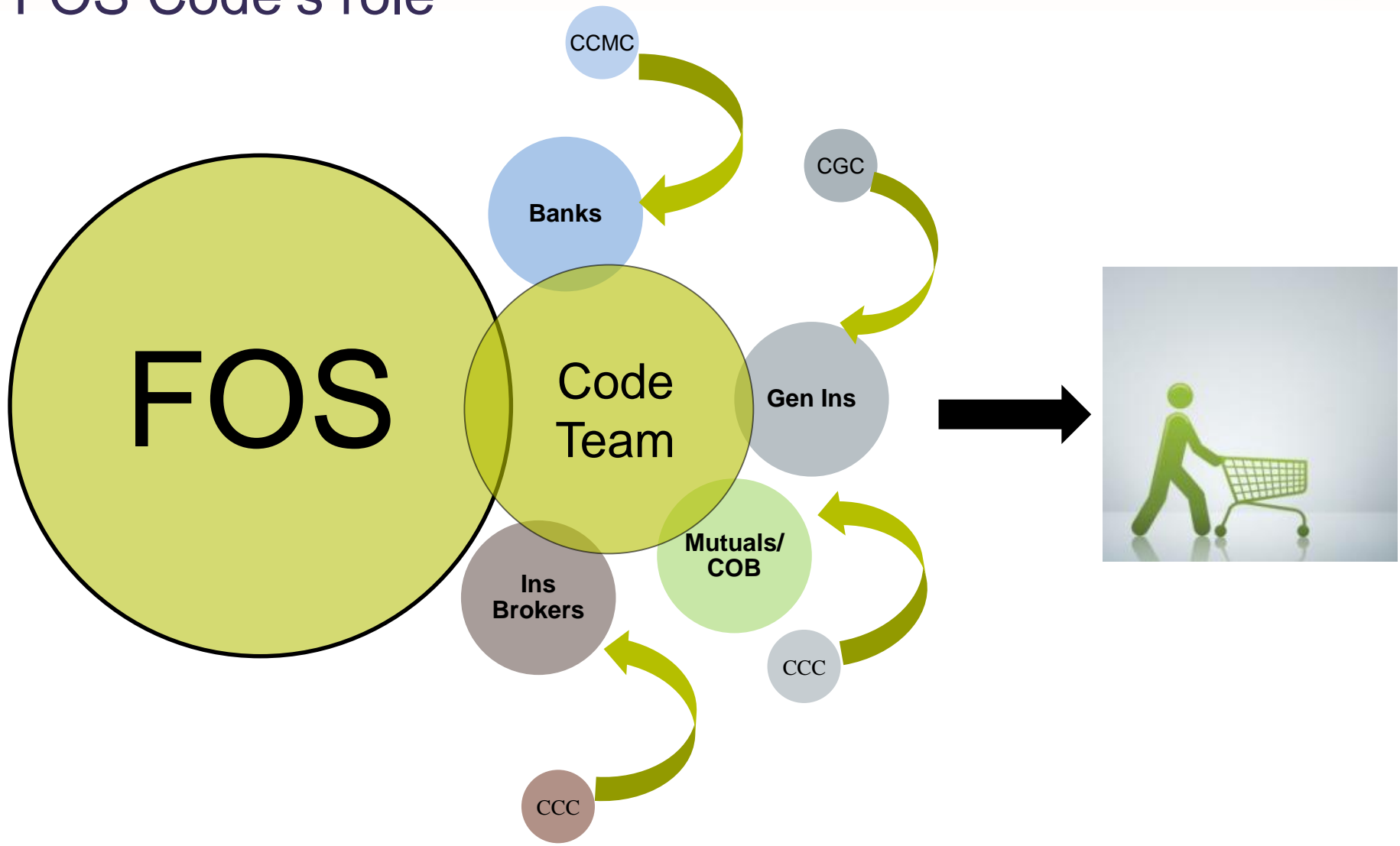
Setting the scene

Why does an industry commit to a code?

- Builds consumer confidence and promotes trust – doing the right thing by them.
- Framework for better, more informed relations between subscribers, customers & third parties.
- Mechanism for continuous improvement within industry.
- Provides a lens when:
 - designing products, building procedures &
 - analysing what went wrong.
- Reduces complaints & improves complaints handling.

Setting the scene

FOS Code's role



What's it all about ?

2014 GI Code: overview

- Applies from 1 July 2015.
- Old 2012 Code applies to conduct pre-1 July 2015.
- 157 subscribers - 49 General Insurers & 108 Lloyd's Australia Limited Coverholders & Claims Administrators.
- Transparent & independent governance framework for effective monitoring & enforcement of compliance.
- Written in plain English.

What's it all about ?

2014 GI Code: objectives

- Commit Code subscribers to high standards of service.
- Promote better, more informed relations between Code Subscribers, customers & third parties.
- Maintain & promote trust & confidence in general insurance industry.
- Provide fair & effective mechanisms for resolution of complaints & disputes between Code Subscribers, customers & third parties.
- Promote continuous improvement of general insurance industry through education & training.

What's it all about ?

2014 GI Code: features

- Focus on consumers of retail general insurance products & services.
- Only some standards apply to wholesale general insurance products & services.
- Applies to customers, prospective customers, third party beneficiaries of policies & third party debtors.
- Enhances & clarifies consumer rights with clearer processes for making claims & complaints.
- Stronger obligations to provide assistance to customers & third parties in financial difficulty.

What's it all about ?

2014 GI Code: focus on retail insurance

...general insurance product...provided/to be provided to, an individual/for use in connection with a Small Business, & is one of the following types of general insurance products:

- motor vehicle (Reg 7.1.11)
- home building (Reg 7.1.12)
- home contents (Reg 7.1.13)
- sickness & accident (Reg 7.1.14)
- consumer credit (Reg 7.1.15)
- travel (Reg 7.1.16), or
- personal & domestic property (Reg 7.1.17).

See Corporations Act 2001 & relevant regulations

What's it all about ?

2014 GI Code: key standards for retail insurance

- Section 4 – Buying Insurance
- Section 5 – Employees & Authorised Representatives
- Section 6 – Service Suppliers
- Section 7 – Claims
- Section 8 – Financial Hardship
- Section 9 – Catastrophes
- Section 10 – Complaints & Disputes
- Section 14 – Access to information

What's it all about ?

2014 GI Code: section 8 financial hardship standards

- Financial hardship means difficulty meeting financial obligations to a Code subscriber.
- If in financial hardship a party may ask a Code subscriber to assess their entitlement to assistance: see s8.3.

Financial hardship standards apply to:

- Customers -- insureds & third party beneficiaries -- owing money to Code subscribers excluding outstanding insurance premiums.
- An individual a Code subscriber is seeking recovery from, for damage/loss caused by them to its customer.

What's it all about ?

2014 GI Code: section 8 financial hardship standards

A Code subscriber advised of financial hardship must:

- Provide an application form for financial hardship assistance: see s8.4.
- Provide contact details for National Financial Counselling Hotline 1800 007 007: see s8.4.
- Only ask for information reasonably necessary to assess financial hardship: see s8.5.
- Inform party of reasons for decision & right to access complaints process, if hardship assistance refused: see s8.6.
- Put recovery action on hold if assistance is requested – discretionary if a further application for assistance made: see s8.7.

What's it all about ?

2014 GI Code: section 8 financial hardship standards

If financial hardship exists a Code subscriber must work with party on repayment plan – see s8.8(a) - including:

- Extending due date for payment
- Paying in instalments
- Paying reduced lump sum amount
- Postponing one/more instalment payments for agreed period, or
- Combination of above options.

Code subscriber must confirm repayment arrangement in writing: see s8.8(a).

What's it all about ?

2014 GI Code: section 8 financial hardship standards

A party may ask for but is not automatically entitled to a release, discharge or waiver of debt/obligation: see s8.8(c).

A Code subscriber must:

- Confirm release, discharge or waiver of debt or obligation in writing: see s8.8(d).
- Provide information about complaints process if unable to agree on debt repayment plan: see s8.8(e).

What's it all about ?

2014 GI Code: section 8 financial hardship standards

- Communications to a party from a Code subscriber's agent about money owed, must identify on whose behalf agent is acting & specify nature of claim: see s8.10.
- Code subscriber & agents including legal firms must comply with ACCC & ASIC debt collection guidelines for collectors & creditors: see s8.12.
- Code subscriber must provide information about complaints process if it cannot agree on amount of debt owing for purposes of a declaration of bankruptcy by party: see s8.13.

What's it all about ?

2014 GI Code: section 8 financial hardship standards

ACCC & ASIC debt collection guidelines for collectors & creditors (guidelines):

- Help collectors & creditors understand how Commonwealth consumer protection laws apply to them.
- Apply to debt collectors including debt collection agencies, debt buy-out services, in-house collection department of business/government agencies, solicitors & others
- Apply to creditors who use external collection agencies to collect debts or sell or assign debts to third parties
- Apply to creditors who are directly involved in debt collection.

What's it all about ?

2014 GI Code: section 8 financial hardship standards

- Guidelines provide practical guidance on a wide range of conduct including:
 - Contact with a debtor.
 - Where a debtor is represented.
 - Privacy obligations to a debtor & third parties.
 - Quantum & liability disputes.
 - Consistent & appropriate correspondence.
 - Providing information & documents.
 - Repayment negotiations.
- If a Code subscriber or its agent fails to comply with guidelines = Code breach.

What's it all about ?

2014 GI Code: section 7 claims handling standards

- Applies to insureds & third party beneficiaries (customers) - may complain about any aspect of claims process: see s7.6 and s10.3.
- Standards apply to Code subscriber's employees and service suppliers: see s13.4.
- Code subscribers can't discourage customers from lodging a claim & must inform them coverage will be fully assessed if asked whether loss is covered: see s7.8.
- Claims handling must be conducted honestly, fairly, transparently & in a timely manner: see s7.2.
- Timeframes apply to various steps in claims process: see for example s7.10, 7.12 – 7.16.

What's it all about ?

2014 GI Code: section 7 claims handling standards

- Claim decision within 4 months of receiving claim unless exceptional circumstances apply (max 1 year): see s7.17 and 7.18.
- If unable to meet timeframe must provide customer with details of complaints process: see s see s7.17 and 7.18.
- Claim denial must be in writing – see s7.19 - including:
 - reasons for decision
 - right to ask for copies of information underlying decision, including service suppliers' & experts' reports & right to access complaints process if request refused, and
 - right to access complaints process if unhappy with decision to decline claim.

What's it all about ?

2014 GI Code: section 10 complaints handling standards

- Standards apply to insureds & third party beneficiaries (customers) & individuals who have caused damage/loss to a Code subscriber's customers: see s10.3 and definitions.
- Must conduct complaints handling fairly, transparently & in a timely manner: see s10.4.
- Complaints handled through a two stage process – no more than 15 business days for each stage and no more than 45 calendar days overall unless agree to extend: see s10.11, 10.12, 10.14 and 10.18.
- Code subscriber to provide final decision in response to a complaint within 45 calendar days & if unable to do so must notify customer of reasons for delay, right to go to FOS & FOS contact details: see s10.10.

What's it all about ?

2014 GI Code: section 10 complaints handling standards

- At end of stage one & end of stage two Code subscriber must confirm outcome in writing with reasons for decision & information about the next step in the process: see s10.13, s10.19.
- Standards for stages one and two do not apply to a complaint if resolved to consumer's satisfaction within 5 business days of receipt of complaint unless:
 - a written response has been requested or
 - complaint is about a declined claim -- including a failure to make a claim decision within 10 business days -- claim value or financial hardship.

See s10.9.

Resources

2014 GI Code: resources

- 2014 General Insurance Code of Practice:
www.codeofpractice.com.au
- Code subscribers: www.codeofpractice.com.au
- ACCC & ASIC Debt collection guideline: for collectors and creditors www.accc.gov.au/publications/debt-collection-guideline-for-collectors-creditors
www.asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/ See RG 96
- Code of Practice Toolkit Flyer:
www.fos.org.au/custom/files/docs/code-of-practice-pocketsized-toolkit-flyer.pdf
- Information about FOS Code team: www.fos.org.au

About Us>Codes Compliance Team

Resources

2014 GI Code: contacts and reporting concerns

Please contact us:

- If you are concerned about an insurer's or their agent's conduct.
- If you have any queries about the 2014 GI Code.

Our contact details are:

Email:

committee@codeofpractice.com.au or
info@codecompliance.org.au

Tel: 1800 367 287 and ask to speak with FOS Code team

Post: FOS Code
C/- Financial Ombudsman Service
PO Box 14240
Melbourne VIC 8001

Take home message

1. 2014 GI Code applies from 1 July 2015
2. New transparent & independent governance framework in place
3. Clearer processes for making claims
4. Enhanced standards for financial hardship and internal complaints handling
5. If you are concerned about an insurer's or their agent's conduct, report it to us

Any questions ?

