

May 4, 2012

Insurance Council board appoints independent Code of Practice reviewer

The board of the Insurance Council of Australia (Insurance Council) has appointed Mr Ian Enright to conduct an independent review of the General Insurance Code of Practice.

Mr Enright, a financial services lawyer with more than 25 years' experience, will head the 12-month review. The Insurance Council will now work with Mr Enright to put in place the consultative arrangements for the Review, with the first meetings expected to take place in mid 2012.

Insurance Council President Rob Scott welcomed Mr Enright's appointment, which he said reinforced the industry's focus on continual improvement of services for its customers and its commitment to act on recommendations from the Natural Disaster Insurance Review (NDIR).

"The Code is the general insurance industry's commitment to be open, fair and honest in the way it deals with its customers," Mr Scott said.

"Mr Enright's appointment means the triennial Code review, which has been brought forward by a year to address government and consumer concerns following the unprecedented series of natural disasters in 2011, is ready to start.

"Mr Enright's specialist knowledge and achievements in the area of finance and insurance make him an outstanding choice as the independent reviewer of the industry's Code of Practice."

The appointment follows extensive consultation with the Federal Government, regulators and consumer groups. Mr Enright will be supported by a two-person reference panel (consisting of a consumer and an industry representative), which will assist him on matters of process and policy and provide a channel for consumer advocates.

"This strengthens the Insurance Council's commitment to ensure customers are at the forefront of the review," Mr Scott said.

Mr Enright said: "During the second half of this year I shall be travelling across Australia to discuss the role of the Code of Practice for the general insurance industry and gain input on areas of the current Code that could be refined, improved, expanded or strengthened.

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“The Insurance Council has already taken definitive steps in updating the Code in light of last year’s catastrophes, and I look forward to contributing to its further development by ensuring consumer, government, and regulator feedback is reflected in any recommendations I see as necessary for change.”

The Code was first developed and introduced by the Insurance Council in 1994, and was comprehensively reviewed in 2006 and 2009.

In late 2011 the Insurance Council Board agreed to changes to the Code that provide clearer timeframes for claims handling, including during declared catastrophes.

Other changes include providing greater certainty for policyholders on the completion of external expert reports, making these reports available to claimants, and allowing for a right to lodge a claim to test the question of policy cover. These changes take effect on July 1.

“The Code is a living document. The 2012 Code revisions build on cumulative changes made in previous years in response to consumer feedback, and further revisions will flow from Mr Enright’s recommendations,” Mr Scott said.

“As well as hearing from consumers and consumer groups, the review of the Code will look at the outcomes of various government inquiries, including the NDIR, the Queensland Floods Commission of Inquiry, and the House of Representatives Standing Committee on Social Policy and Legal Affairs’ investigation into the operation of the insurance industry.”

More details about the Code review will be made available in coming months.

Editors note:

The revised General Insurance Code of Practice can be downloaded at www.codeofpractice.com.au

For further information and updates on the progress of the independent review please visit the Insurance Council’s website <http://www.insurancecouncil.com.au>

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About Ian Enright

Ian Enright has been a financial services lawyer for more than 30 years. His credentials include a Master of Laws at the University of London, followed by six years' practice in the London insurance market.

He has specialised in general insurance, general reinsurance, life insurance, life reinsurance, funds management and securities, and his practice included corporate establishment, regulatory authorisation and conditions, mergers and acquisitions, product design and development, agency and distribution and large and complex claims particularly in general and life reinsurance.

Ian is rated by peer and industry surveys among the best corporate merger and acquisition lawyers in Australia and among the best insurance and reinsurance lawyers in the world.

He is heavily involved in the insurance industry in Australia. He has served as a director of a number of financial services entities and is on the conference committee for the Financial Services Accountants Association.

Ian is a regular speaker at industry forums, and is consulted by the regulators on developments in the law and changes in regulation.

He is the author of *Australian Insurance Law and Regulation* and *Professional Indemnity Insurance Law*, the second edition of which was awarded the 2008 British Insurance Law Association Book Prize as "the most notable contribution to literature in the field of law as it affects insurance".

Ian also designed, developed and led the teaching for the University of New South Wales and University of Technology Sydney insurance course in the Master of Laws Degree in Australia. He is an honorary Professor of Law at the University of Technology Sydney.

He is preparing the new edition of *Sutton on Insurance Law*, alongside Professor Robert Merkin and Michael Kirby.

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The General Insurance Code of Practice 2012 independent review

The Code

The General Insurance Code of Practice (the Code) is the industry's commitment to be open, fair and honest in the way it deals with its customers. The Code was first developed and introduced by the Insurance Council of Australia in 1994, and was comprehensively reviewed in 2006 and 2009.

The Code is designed to raise customer service standards in the Australian insurance industry, and to protect the rights of consumers. These standards apply when selling insurance, dealing with insurance claims, responding to catastrophes and disasters, and handling complaints. The Code also sets out the recourse available to policyholders in disputes.

The Code is binding on Insurance Council member companies, and breaches are treated seriously. Compliance with the Code is actively monitored by the independent Financial Ombudsman Service (FOS), which reports its findings to the Code Compliance Committee. The Code operates in conjunction with the many laws governing the general insurance industry.

The Code applies to all general insurance products except a small number expressly excluded. For example, it applies to home building, home contents, comprehensive motor vehicle insurance, travel insurance, consumer credit, and sickness and accident. It does not apply to workers compensation, marine insurance, medical indemnity insurance, and compulsory third party insurance, including where there is linked driver protection cover. It does not cover reinsurance.

The Review

Within the Code is a requirement for it to be reviewed every three years. Reviews were undertaken in 2006 and 2009. Some significant amendments were made in February 2012 that addressed issues arising from a string of extreme weather events, and these amendments formally commence on July 1, 2012.

Though the next review was not scheduled until mid 2013, the industry decided to bring the review forward 12 months to address government and consumer concerns following the unprecedented series of natural disasters in 2011.

An independent reviewer is appointed at each review to ensure accountability and transparency. Mr Ian Enright has been appointed for the next review, which will commence in mid 2012.

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The General Insurance Code of Practice 2012 independent review (cont.)

His appointment follows extensive consultation with the Federal Government, regulators and consumer groups.

Mr Enright will be assisted by a two-person reference panel, consisting of a consumer and an industry representative, which will assist him on matters of process and policy and provide a channel to the Reviewer for consumer advocates.

During the 12-month review, consultation sessions will be held across the country to ensure the voices of consumers and other stakeholders are heard.

At the conclusion of the review a detailed report will be presented to the Insurance Council by Mr Enright. If appropriate, the report will make recommendations to the Insurance Council Board for a revised Code of Practice.

For further information on the 2012 General Insurance Code of Practice, please contact the Insurance Council on 02 9253 5100.

Media inquiries: 02 9253 5144.