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ICA Board approves revisions to industry Code of Practice

The Board of the Insurance Council of Australia (ICA) has agreed to changes to the General Insurance Code of Practice as part of the industry's commitment to continual improvement of the standard of service for its customers.

The key changes to the Code relate to clear timeframes for claims handling, including during declared catastrophes.

The Code also now provides greater certainty for policyholders on the completion of external expert reports, making external expert reports available to claimants, and for a right to lodge a claim to test the question of policy cover.

The changes to the Code take effect for claims received on or after July 1, 2012, and for insurance contracts written from that date.

Other Code-related decisions include:

- The ICA Board has agreed to bring forward an independent review of the General Insurance Code of Practice from May 2013 to June this year;
- From 2012, the annual report of the Code Compliance Committee¹ will be made public. The reports examine breaches of the Code and list any binding sanctions imposed on ICA member companies.

ICA President Rob Scott said: "These changes to the General Insurance Code of Practice demonstrate the desire of ICA members to continually review their performance and conduct.

"Some of the Code revisions stem from the experiences of the 2011 storm season, while others have been developed over the past two years following extensive consultation with consumer groups and the industry.

"The Code is a living document. The 2012 Code revisions build on cumulative changes made in previous years in response to consumer feedback.

"The next independent review of the Code to commence in mid 2012 will consider the insurance-related outcomes of the government inquiries currently being undertaken. It will also be an opportunity for consumers to raise wider issues that they may have with the Code."

¹ The Committee is independent and consists of a consumer representative, an industry representative and an independent chair jointly appointed by the ICA and the Financial Ombudsman Service. Its role is defined in Section 7 of the Code.

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The revised General Insurance Code of Practice is available for download at:
www.codeofpractice.com.au

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The changes in detail

The key changes to the General Insurance Code of Practice are:

- **Section 2: Inserting “Insurance Council of Australia” in 2.1 (Part 5) (B):**

Refer you to another insurer, Insurance Council of Australia or NIBA for information about alternative insurance options (unless you already have someone acting on your behalf).

- **Section 3: Changes and additions to these clauses and standards:**

3.4 The following standards apply to specified classes of policies.

1. Unless exceptional circumstances apply, where a claim is made under such a policy and further information, assessment or investigation is required:

- a) we will make a decision to accept or deny your claim within 4 months of receipt of your claim; and
- b) if we do not make a decision, we will inform you in writing of your right to:
 - i. access to our internal dispute resolution process, and
 - ii. take any complaint in relation to the handling of your claim to an external dispute resolution scheme, if you so choose.

2. Where exceptional circumstances apply under 3.4.1 we will make a decision to accept or deny your claim within 12 months.

3. If you ask us whether such a policy provides cover for a loss you have suffered, we will:

- a) ask you whether you would like to lodge a claim,
- b) explain that if you do, the question of coverage will be fully assessed, and
- c) not discourage you from lodging a claim even if we are of the view that it is unlikely to be accepted.

4. Where we engage an external expert to provide a report which is necessary to assess your claim, we will instruct them to provide their final report to us within 12 weeks. If the external expert fails to provide a final report within this period, we will inform you of this and keep you informed of progress in obtaining the report.

3.5 (part 5): If we deny your claim, we will:

- a) provide written reasons for our decision to deny your claim;
- b) inform you of your right to:
 - i. ask for copies of information about you that we rely upon in assessing your claim and
 - ii. request a review under 3.5.3 of any decision we take to decline to release such information;
- c) provide information about our complaints handling procedures; and
- d) on request, other than in the circumstances referred to in 3.5.3 above, provide copies of reports from our service providers and external experts which we

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have relied on in assessing your claim. The copies of external experts' reports will be sent to you within 10 business days of your request to us.

- **Section 3.7: Insert “and to deal with customers professionally” in:**

6. Our employees will receive adequate training to carry out their claims handling tasks and functions competently and to deal with customers professionally.

- **Section 3.7: Insert (d) in:**

7. Training of our employees will include:

- a) principles of general insurance and any relevant consumer protection law;
- b) what to do in the event of a claim;
- c) product knowledge;
- d) understanding the consumer situation, particularly in the aftermath of a catastrophe or disaster; and
- e) the requirements of this Code.