

Member e-Forums Day Two

General Insurance

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28 May 2020

Today's agenda

Insurance performance year to date

COVID-19 complaints across AFCA

- > Travel insurance
- > Landlord tenant insurance
- > Business interruption
- > Approach to ride sharing disputes

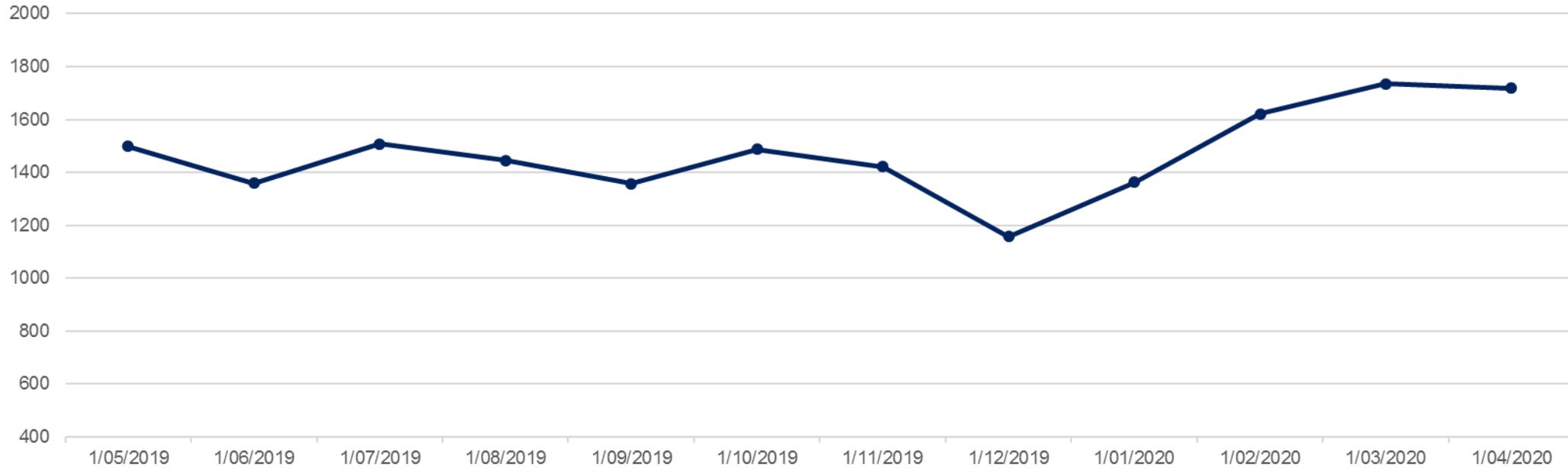
Non – disclosure/misrepresentation

Cash Settlements/proximate cause



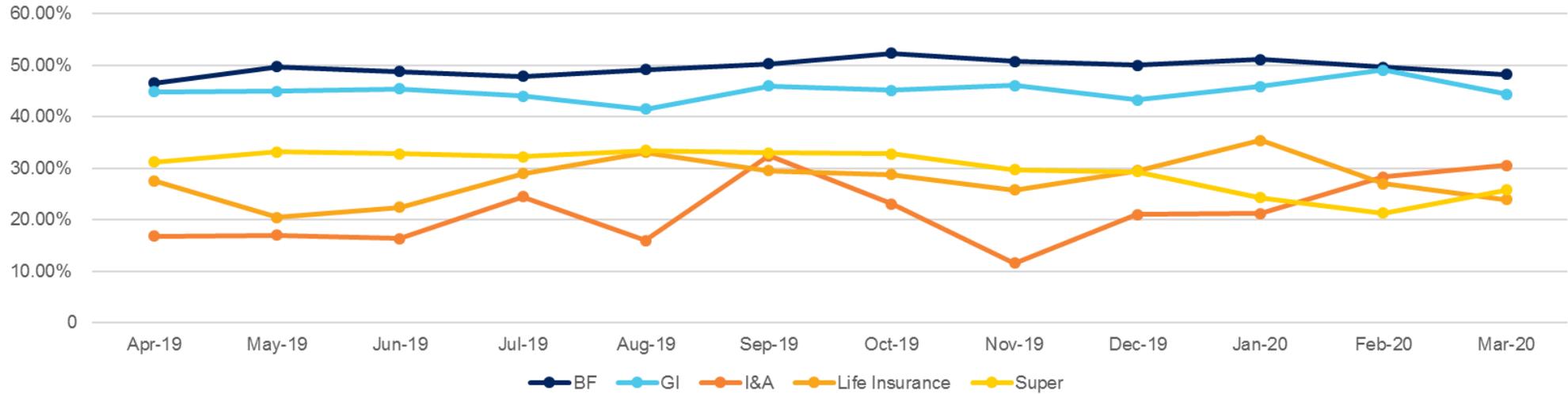
Complaints received

General Insurance product line



	May-19	Jun -19	Jul-19	Aug-19	Sept-19	Oct-19	Nov-19	Dec -19	Jan-20	Feb-20	Mar-20	Apr-20	Total
GI complaints	1,499	1,360	1,508	1,445	1,357	1,487	1,422	1,158	1,362	1,622	1,735	1,718	17,673

Resolution rate at Registration and Referral*



	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
BF	46.50%	49.70%	48.70%	47.80%	49.10%	50.30%	52.30%	50.70%	50.00%	51.10%	49.60%	48.20%
GI	44.80%	45.00%	45.40%	44.00%	41.50%	45.90%	45.10%	46.10%	43.20%	45.80%	49.10%	44.40%
I&A	16.80%	17.00%	16.40%	24.50%	16.00%	32.40%	23.10%	11.60%	21.00%	21.20%	28.30%	30.50%
Life Insurance	27.60%	20.50%	22.40%	29.00%	33.10%	29.50%	28.70%	25.80%	29.50%	35.40%	27.00%	23.90%
Super	31.20%	33.10%	32.80%	32.20%	33.40%	33.00%	32.70%	29.70%	29.30%	24.20%	21.30%	25.80%
Total	43.00%	44.30%	43.50%	43.80%	43.30%	46.40%	47.00%	43.70%	44.40%	45.70%	46.20%	44.40%

Insurance complaints at a glance

2019-20 financial year to date

Complaints received

From 1 July 2019 to 30 April 2020, we received 14,814 general insurance complaints. Compared with the same period last year (12,815), this is a 16% increase.

Based on this 10 months data, the resolution rate at R&R is 45%.



Accepted complaints and non-response rate

General Insurance



	May-19	Jun -19	Jul-19	Aug-19	Sept-19	Oct-19	Nov-19	Dec -19	Jan-20	Feb-20	Mar-20	Apr-20	Total
No response received	61	73	75	93	90	53	70	61	108	59	80	100	923
Response received	701	636	753	734	670	728	677	677	648	573	783	731	8,311
Total accepted complaints	762	709	828	827	760	781	747	738	756	632	863	831	9,234
% of no response	8%	10%	9%	11%	12%	7%	9%	8%	14%	9%	9%	12%	10%

Insurance complaints at a glance

2019-20 financial year to date

Complaints accepted

From 1 July 2019 to 30 April 2020, we accepted 7,763 general insurance complaints. Compared with the same period last year (6,460), this is a 20% increase.

Based on this 10 months data, the non-response rate is 10%.



Complaints closed by status

General Insurance – May 2019 to April 2020



Complaints Closed - Status	Number	Percentage
Closed Registration & Referral	7,698	47%
Closed Case Management Level 1	2,833	17%
Closed Preliminary View	1,954	12%
Closed Decision	1,814	11%
Closed Rules review	1,492	9%
Closed Case Management Level 2	506	3%
Closed Before Referral	179	1%
Total	16,476	

Complaints closed by outcome

General Insurance – May 2019 to April 2020



Outcome	Number	Percentage
Resolved by financial firm	8,265	50%
Negotiation	1,978	12%
Outside Rules	1,472	9%
Discontinued	1,362	8%
Decision in favour of financial firm	1,265	8%
Preliminary assessment in favour of financial firm	986	6%
Decision in Favour of complainant	433	3%
Preliminary assessment in favour of complainant	378	2%
Assessment	183	1%
Conciliation	143	1%
Outside Terms of Reference	11	0%
Total	16,476	

Complaints closed by stream at Case Management 1 and 2 status

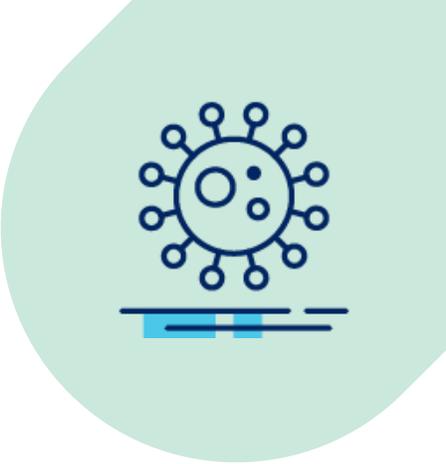


General Insurance – May 2019 to April 2020

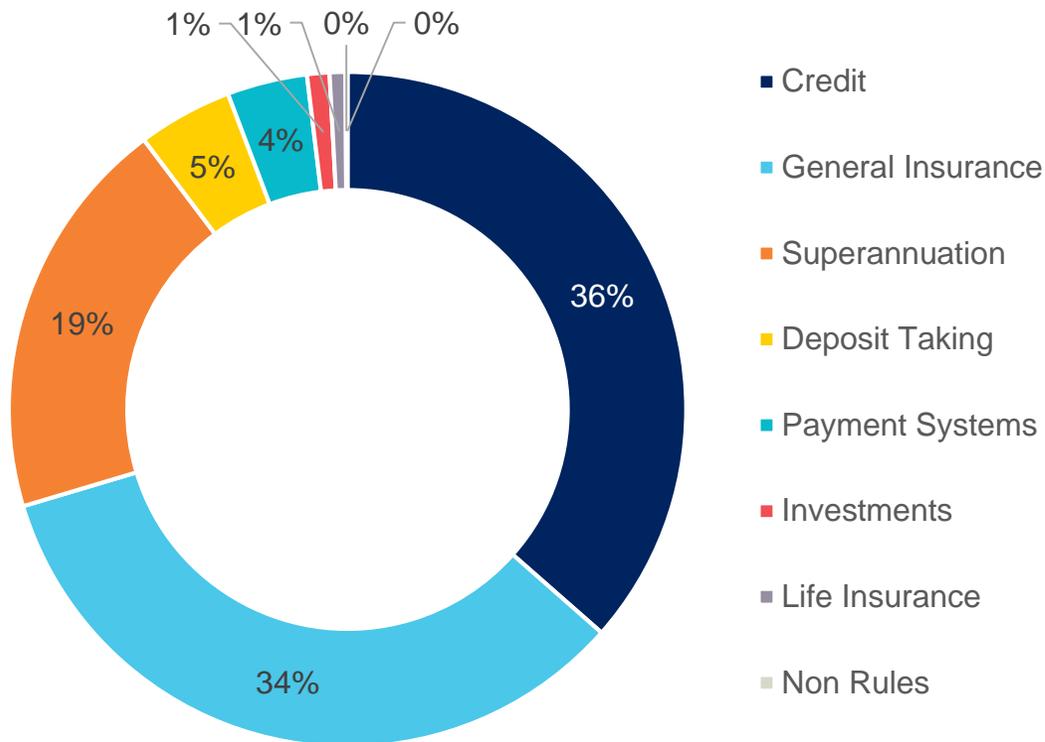
	FastTrack	Standard	Complex	Total
Closed Case Management Level 1	2,165	533	135	2,833
Closed Case Management Level 2		359	147	506
Total	2,165	892	282	3,339

COVID-19

COVID-19 complaints across AFCA

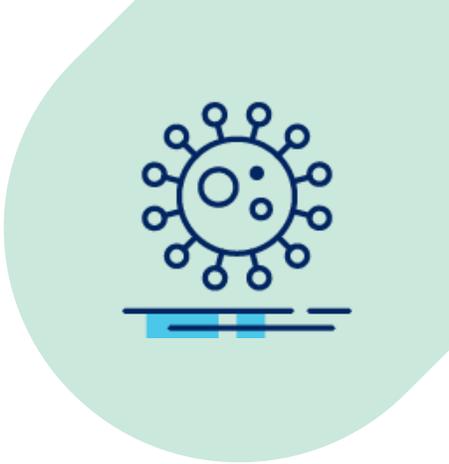


As at 21 May 2020, we received 3,189 COVID-19 complaints



Product line	Number
Credit	1,163
Deposit Taking	144
General Insurance	1,079
Investments	34
Life Insurance	24
Non rules	2
Payment Systems	122
Superannuation	617
Traditional Trustee Services	1

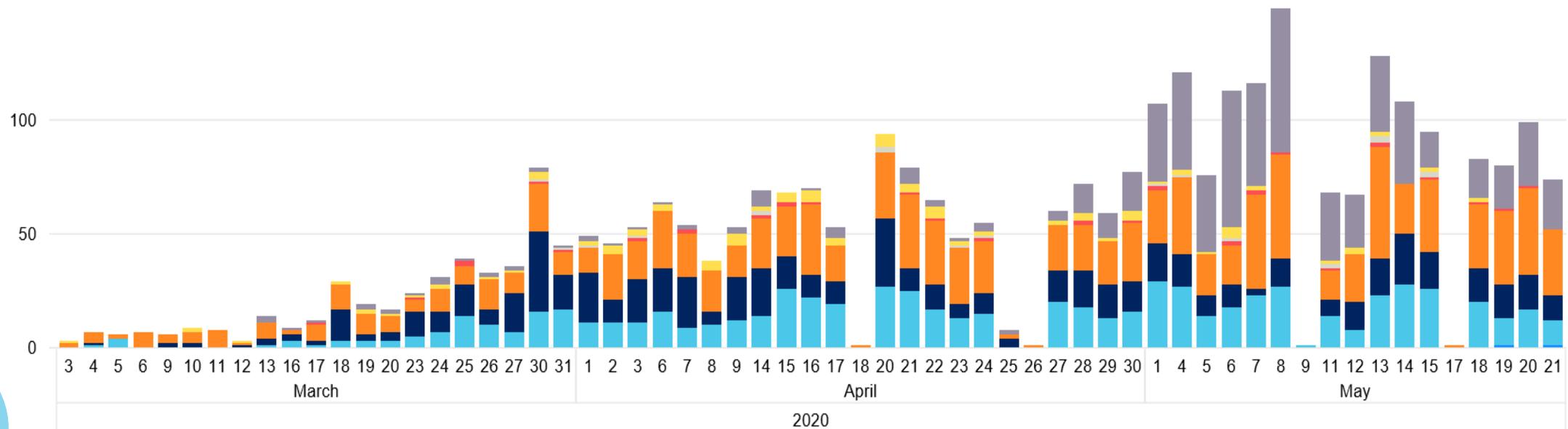
COVID-19: GI Trends



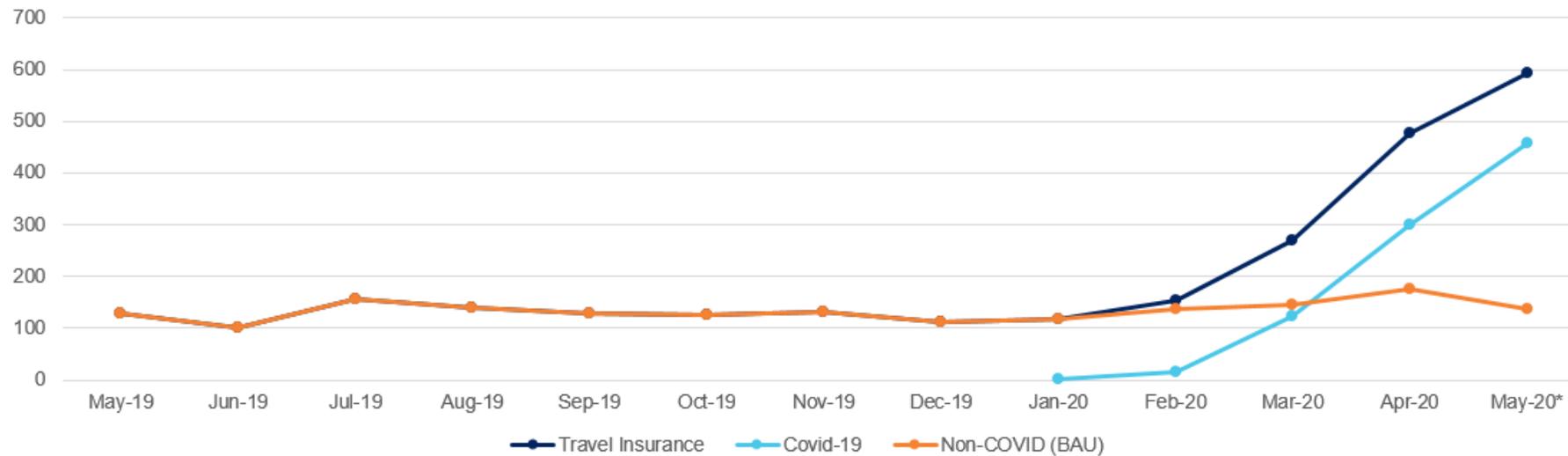
Travel insurance complaints (marked GI) were among the first COVID-19 complaints received by AFCA, and the number received has only grown over time

Daily inflows by product/issue group - based on complaint received date (previous 12 weeks)

(Blank) BF FD GI I&A Life Rules Super



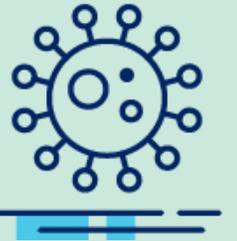
Travel Insurance complaints received



	May-19	Jun -19	Jul-19	Aug-19	Sept-19	Oct-19	Nov-19	Dec -19	Jan-20	Feb-20	Mar-20	Apr-20	May-20*	Total
Travel Insurance	130	102	158	139	130	125	133	112	119	153	269	477	594	2,641
Covid-19									1	16	124	300	457	898
Non-COVID (BAU)	130	102	158	139	130	125	133	112	118	137	145	177	137	1,743

* May-20 data is up to 26 May 2020

COVID-19: General Insurance Insights

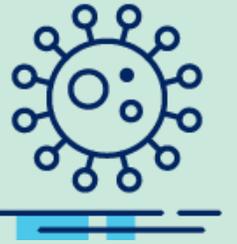


Travel Insurance:

- > Cancellation of travel plans
- > Changes to travel plans
- > High number of complainants directly coming to AFCA first (bypassing IDR)
- > Most denial-of-claims matters are from people seeking advice from the insurer whether to cancel trip/flights and were unhappy with the response
- > Claims insurers didn't warn of possible pandemic exclusions at policy inception or started the pandemic date earlier than WHO declared date
- > Refunds of premiums following cancellation of travel

To assist consumers and industry, AFCA has provided an approach document regarding claim decline and credit/refund complaints

COVID-19: General Insurance Insights



'Delay' related complaints now emerging:

- > Motor Vehicle: parts availability from overseas
- > Home Building/Contents: trades attending properties

Small business/commercial complaints emerging:

- > Hibernating businesses being required to continue paying premiums when they have no cashflow

COVID-19: Landlord / tenant insurance

Landlord Insurance : Rent Default

- > Government announcements re evictions
- > Rent default and S.54 of the Act
- > Waiver/Deferral
- > Rent reduction



COVID-19: Business Interruption

Business Interruption

- > Prevention of Access
- > Quarantine Act 1908 (repealed)
- > Bio Security Act 2015

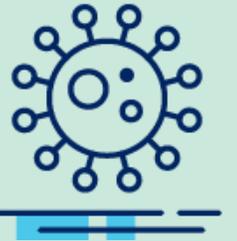


COVID-19: Ridesharing

How do we approach motor insurance claims when the insured person uses the vehicle for ride sharing without disclosing its use?

- > Failure to disclose the change in use during the policy term
- > Failure to disclose ridesharing on inception or renewal of policy

To assist consumers and industry AFCA has prepared an approach document to motor vehicle insurance disclosure and ridesharing



Non-disclosure case studies

General Approach

There is generally a three-step approach to these cases:

- > Has the insurer clearly informed the complainant of their duty of disclosure?
 - Section 22 of the Insurance Contracts Act 1984 (ICA)
- > Has the insured failed to comply with their duty of disclosure?
 - Sections 21, 21A or 21B of the ICA
- > Has the insurer showed the extent of its prejudice?
 - Section 28 of the ICA

***Insurer has the onus of proof**



Case Studies

Case 655054

A case of criminal acts

Case 634952

A case of context and risk

Case 647598

A case of underwriting



Case Studies

Cash settlements

Case no: 629967

Proximate cause

Case no: 675713



Questions

More information

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Thank you

