

Thursday May 7, 2020

Insurance Council fast-tracks new Code of Practice vulnerability and hardship provisions

The Insurance Council of Australia (ICA) today announced changes to the implementation of the new 2020 General Insurance Code of Practice due to the unparalleled impact COVID-19 has had on the industry and its customers.

Insurers will fast-track their support for customers who are experiencing vulnerability, including financial hardship. Insurers will bring forward by six months (to July 1, 2020) or earlier where possible, key consumer provisions in Parts 9 (*Supporting customers experiencing vulnerability*) and 10 (*Financial hardship*) of the new Code.

Insurers will take extra care with vulnerable customers so they can work with them to arrange additional support, including flexible options for customers experiencing financial hardship.

Insurers will fast-track these parts by putting in place temporary or short-term measures to achieve the consumer outcomes intended by these parts, if necessary. In delivering this, members will look to the principles that preface the Code including transparency, fairness, support and integrity.

The Code decisions were taken by the Insurance Council of Australia Board during a teleconference today.

Insurers remain committed to publishing their family violence policy on their websites by July 1, 2020, to enhance awareness and understanding of how insurers will support customers experiencing family violence. Many reports indicate Australia is experiencing a sharp increase in family violence, and governments are increasing funding for financial counselling and family violence support services to meet greater need.

Insurance Council of Australia CEO Rob Whelan said the resources available to insurance companies were stretched due to the impact of COVID-19 and natural disaster recovery. The ICA Board therefore agreed to give signatories more time to fully implement the new Code.

The Board approved deferral of the adoption of the remaining parts of the 2020 Code by six months to July 1, 2021. However, the extended implementation period does not prevent insurers from adopting the Code sooner. The deadline for full technical compliance for Parts 9 and 10 remains January 1, 2021.

Mr Whelan said: "The new Code of Practice is not a quick fix. It is an important step forward for the Australian insurance industry and we want to implement it correctly.

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“Like most businesses, insurers are deeply affected by the pandemic. They need to concentrate on providing urgent services to their customers.

“The industry’s focus is on ensuring their resources are harnessed to help all customers, including those who are experiencing financial hardship, vulnerability and family violence during the COVID-19 pandemic and post-natural disasters.”

At present insurers are focused on handling the impact of COVID-19, on top of more than \$4.6 billion and 242,000 claims from the 2019-2020 natural disaster season. The extension enables Code signatories to focus on essential services for their customers. The 2014 Code of Practice remains in force.

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ABOUT THE INSURANCE COUNCIL OF AUSTRALIA:

The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent about 95 per cent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system. December 2019 Australian Prudential Regulation Authority statistics show that the general insurance industry generates gross written premium of \$50.2 billion a year and has total assets of \$129.7 billion. The industry employs about 60,000 people and on average pays out about \$152.3 million in claims each working day. Industry underwriting profit for the year to June 30, 2019, was \$2.3 billion.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).