



News release

Insurance Council
of Australia

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New insurance Code – better protections & tough new sanctions

In an industry first, the new Code of Practice governing the general insurance sector will provide sanctions of up to \$100,000 for significant breaches of the Code.

Effective tomorrow, the updated Code includes strengthened customer protections in line with community expectations, and has been developed by insurers in consultation with a range of stakeholders including consumer groups.

Features of the new Code include:

- Sanctions for significant Code breaches of up to \$100,000 in the form of Community Benefit Payments
- Independent enforcement through the Code Governance Committee (CGC)
- Cost comparisons between new and previous policies on renewal notices
- Responsibility for quality of repair work undertaken on behalf of insurers
- Streamlined complaints process
- Mandatory standards for claims investigators
- Clear timeframes to respond to claims, complaints and information requests
- Cash settlements better explained

If an insurer is found to have significantly breached the Code one of the sanctions available to the CGC is to impose a penalty in the form of a Community Benefit Payment of up to \$100,000.

The types of insurance covered under the Code include motor vehicle, home building, home contents, sickness and accident, travel insurance, personal and domestic property.

The Code includes provisions for customers experiencing vulnerability, financial hardship and family violence that were put into practice in 2020 and early 2021 as part of insurers' response to COVID-19.

The ICA will run an information campaign in coming months to raise awareness of the new code and intends to apply for ASIC approval of the Code once ASIC updates the appropriate Regulatory Guide.

For further information go to www.insurancecouncil.com.au/COP

Comment attributable to Andrew Hall, CEO Insurance Council of Australia:

Australian households rely on their insurer to help them get back on their feet after a crisis or unexpected event, and so it's essential there's trust between insurers and their customers.

The new Code of Practice for general insurance sets clear obligations for insurers with independent enforcement through the Code Governance Committee, who can impose tougher sanctions for breaches.

It underscores the industry's commitment to openness, fairness and honesty in all dealings with customers.

The new code includes a range of customer-centric provisions, including stronger protections for customers in areas such as cost transparency, support for those experiencing vulnerability and financial hardship and a streamlined complaints process.