



Insurance Council
of Australia



Use of Expert Reports: Industry Best Practice Standard

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Acknowledgment of Country

The Insurance Council of Australia acknowledges the Traditional Owners of country throughout Australia and their continuing connection to land, culture, sea and community. We recognise the tens of thousands of years of continuous custodianship and placemaking by First Nations peoples and their proud role in our shared future. This report was produced on the lands of the Gadigal people of the Eora Nation. We pay our respects to Elders past, present and emerging.

Executive Summary

The Best Practice Standard on the use and commissioning of expert reports is split into three sections to address the key 'pain points' articulated to the ICA and through the hearings of the Parliamentary Inquiry. The best practice standard has been developed using feedback provided by consumer advocates and AFCA.

For the purposes of the Industry Best Practice Standard, an Expert Report is a report produced by an External Expert as defined in the General Insurance Code of Practice, as amended from time to time, and specifically excludes any reports produced for routine matters.

1. Pre-Report Commissioning

a. Relevant Expertise

Prior to an expert report being commissioned, insurers must ensure the expert being briefed is *relevant, qualified, and objective*. This can be done by maintaining a panel of experts whose qualifications are assessed and regularly reviewed, with consideration given to the expert's membership of any relevant industry or qualification bodies, and evidence of engagement in continuous professional development activities if applicable.

- i. Each expert's qualifications should be carefully considered for relevance, for example ensuring a qualified hydrologist is appointed for hydrology matters, rather than a builder.
- ii. Objectivity should be ensured by requiring the expert to warrant that their opinion is objective, and that the report is provided to facilitate claim resolution, noting that the report may not be provided to both parties initially.
- iii. Insurers should understand any vulnerabilities of a customer before an expert is appointed, and should consider the appropriateness/nature of their instructions to any expert in this light. Where possible and appropriate, Insurers should also seek to appoint experts who are appropriately trained and equipped to respond to vulnerable customers, noting that insurers may not have direct contracting arrangements with all experts. At all times, insurers should prioritise the effective handling of the claim, and this may require discretion in balancing specific expertise, the speed with which a particular expert can provide an expert report, and other considerations such as additional training or competencies.

b. Capacity

The insurer should confirm that for each report commissioned the expert has the capacity to provide an expert report to the highest possible standard. This includes confirmation that:

- i. The expert can, where appropriate write in clear and plain language that a person of average education would be able to understand, including the opinion and the reasoning supporting it. It is also important to note the nature of some expert reports being on highly technical matters, sometimes necessitating the use of technical language.

- ii. The insurer has considered the expert's capacity to provide a report within a timely manner to the insurer within the context of the claims environment, so as not to delay processing of the claim. For example, following a natural disaster or catastrophe event, insurers may be required to seek expert reports despite the provision of these potentially delaying claims processing given limited availability of experts, to ensure all eligible claims are paid out and customers receive a fair outcome.
- iii. The insurer has considered feedback received previously on the work of the expert, including the nature of their engagement with customers, to ensure that they are respectful, and engage in constructive interactions while collecting information.

c. Briefing

The insurer should ensure that the expert has been fully briefed on relevant matters relating to the claim. This includes provision of any relevant information provided to the insurer by the customer, such as security or mobile phone camera footage, or eyewitness testimony, as well as any other reports such as completion certificates for maintenance work or building inspections for a recently purchased property. The customer should have the opportunity to provide additional information to the insurer if they feel it would support the expert's understanding of the issues. Where experts are provided with previous expert reports on the same topic for review, these should be provided after the expert has done their own examination of the property. Further, where additional reports are provided and the expert's views diverge, this, and the reasons for the divergence, should be explained in their report.

d. Advice to Customers

The insurer should ensure that the customer is informed about the need to seek an expert report, the intended scope and use of the report, and is provided an opportunity to consider the need to submit any evidence to the insurer or expert in the commissioning process. In some instances, the insurer may consider it appropriate for the customer should also receive a copy of the briefing to the expert for transparency, although this will need to be considered in the context of claims processing timelines.

e. Exclusions

As part of the briefing, the insurer should make it clear to the expert exactly what they want the expert to provide an opinion on by including specific questions. Insurers should also ensure experts understand that they are not to provide a view about the application of policy terms. Insurers should instruct experts that any findings must be based on evidence in responding to the instructions and questions which may support an Insurer's decision to accept or decline a claim. Where an expert believes there is a need to further investigate issues outside the briefing to provide a comprehensive report, they should state as such in their report.

2. The Report Itself

a. Format

Insurers should ensure that reports:

- i. are written in factual, neutral, accessible language and in plain English;
- ii. are formatted to ensure that relevant supporting information relied upon is set out, along with the relevant issues, the reasoning, the evidence relied upon, and the conclusions;
- iii. consider all relevant matters in relation to the event and the loss (for example, if the issue is about ground movement, have they considered the soil profile, floor levels, leaks and so on);
- iv. do not consider any irrelevant or incorrect information;
- v. do not have any inconsistencies or contradictions between commentary and findings;
- vi. rely only on facts or assumptions that are clearly substantiated;
- vii. provide clear and cogent reasoning supporting the opinion;
- viii. are clear on whether an opinion is tentative or firm;
- ix. base any findings on the damage or questions they have been asked to report on and where there are multiple causes, to what extent each cause contributed to the loss;
- x. provide a statement of objectivity from the expert; and
- xi. provide the details of the expert's qualifications.

3. Use of the Report

a. Consideration of the report

The expert report should be considered by claims managers alongside all other information provided to the insurer by the customer throughout the claims process, and any other relevant information. The report should be critically examined and any concerns about the contents of the report raised with the expert.

b. Provision of the report to the customer

Expert reports should be provided to the customer on request of the customer, or with any claims decision where that report is being relied upon to either partially or fully deny a claim. In the instance of a report being provided with a preliminary claims decision, should the customer wish to provide additional information that may provide context to, or evidence contrary to that used in the expert report, the insurer should accept that information and consider it prior to making a final claims decision. When providing the report to a customer, the insurer should explain which parts of the report have been relied on for the claims decision and why.

c. Treatment of opinions outside the expert's scope

Insurers should disregard any claims, statements, or opinions made in the expert report that are outside of the scope of the report or the expert's expertise. For example, if an expert expresses an opinion about whether the claim should be accepted or denied, or if a hydrologist expresses an opinion which would be more suited to the expertise of a builder.

d. Further Expert Reports

Where an expert has provided a tentative opinion only, and the matter opined on goes directly to whether the claim will be accepted in full or in part, the insurer should decide whether an additional expert report would be beneficial. When commissioning an additional report, the Insurer should explain to the consumer why the additional report is required, and what will be assessed in the additional report.



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The Insurance Council of Australia is the representative body for the general insurance industry of Australia. Our members represent approximately 90 per cent of total premium income written by private sector general insurers, spanning both insurers and reinsurers. General insurance has a critical role in the economy, insulating individuals and businesses from the financial impact of loss or damage to their insured assets.

Our work with our members, consumer groups and all levels of government serves to support consumers and communities when they need it most.

We believe an insurable Australia is a resilient Australia – and it's our purpose to be the voice for a resilient Australia.