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21 July 2026

CONSULTATION ON REDRAFTED GENERAL INSURANCE CODE OF PRACTICE

Thank you for the opportunity to comment on the redrafted General Insurance Code of Practice ('the Code'). This submission seeks to represent the voices and experiences of Victorian consumers who have sought assistance through our frontline legal and financial counselling helplines as well as the following Victorian organisations who have endorsed this submission:

- Eastern Community Legal Centre[1]
- Allied Justice[2]

We also refer to and endorse the submissions made by our colleagues at Financial Rights Legal Centre and Disaster Legal Help Victoria.

About Consumer Action Law Centre

Consumer Action Law Centre (Consumer Action) is an independent, not-for profit consumer organisation with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets. We work for a just marketplace, where people have power and business plays fair. We make life easier for people experiencing vulnerability and disadvantage in Australia, through financial counselling, legal advice, legal representation, policy work and campaigns. Based in Melbourne, our direct services assist Victorians and our advocacy supports a just marketplace for all Australians.

[1] ECLC is a multidisciplinary legal service that works to prevent problems, progress fair outcomes and support the wellbeing and resilience of communities and community members in Melbourne's East. The Centre has a long history of supporting communities affected by climate-related disasters and extreme weather events. Since the 2009 Black Saturday bushfires, and later the 2021 and 2024 major storm events, ECLC has provided free legal assistance, community education, information, and referral services to support disaster-impacted communities across Melbourne's east. ECLC's climate and disaster work has expanded significantly as climate impacts intensify. The Centre now works across the full prevention continuum—response, recovery, preparedness, and resilience-building—with a strong focus on communities experiencing disadvantage who face disproportionate climate impacts.: Eastern Community Legal Centre (ECLC)

[2] Allied Justice is an organisation providing free legal advice, information and community legal education to people who live, work or study in the Grampians region of Victoria: Allied Justice

Insurance is an important financial shock absorber, providing security and support when people experience some of the most significant disruptions in their lives. It helps individuals, households and communities recover from disasters, accidents and loss without falling into hardship. But it can only perform this role effectively when policies are affordable and accessible, and claims are handled fairly and promptly.

Consumers experience failures in the insurance system through prolonged delays, poor communication, limited access to information required to make decisions, disputed expert evidence, unstable temporary accommodation and rising affordability pressures. These failures prolong hardship, delay recovery and leave consumers uncertain whether they can return home, remain insured or move forward with their lives.

These are not new problems. Successive government, regulator and industry reviews and inquiries have identified the same drivers of consumer harm and called for stronger protections and accountability. The effectiveness of the Code should be judged by whether it meaningfully reduces those harms and improves consumer outcomes in practice. The Code must do more than set expectations. It must provide enforceable protections that reduce consumer harm, improve recovery outcomes and hold insurers accountable for their actions.

We are pleased to see the introduction of a number of important changes in the redrafted Code, including improved access to information, stronger cash settlement protections, automatic acceptance for certain long-running claims and the proposal to make the Code contractually enforceable. If implemented effectively, these changes have the potential to materially improve consumer outcomes.

However, contractual enforceability will only improve consumer outcomes if the protections most critical to preventing consumer harm and enabling consumers to engage safely and effectively with insurance services are contained within the Code itself. We are concerned that a number of important consumer protections continue to sit in non-binding guidance rather than enforceable Code obligations.

While the redraft represents meaningful progress, it does not yet fully address many of the issues most closely associated with consumer harm. As a result, important gaps remain in several areas critical to consumer recovery, participation and outcomes. Without further strengthening, many of the problems identified by consumers, advocates and inquiries are likely to persist, particularly in disaster-affected communities.

We call for the Code to:

- Strengthen protections for consumers experiencing vulnerability and recovering from loss events.
- Reduce consumer harm caused by delayed claims, poor communication and inadequate transparency.
- Improve consumer access to information needed to understand, assess and challenge insurer decisions.
- Strengthen accountability for claims handling, third-party conduct and complaints management.
- Improve pricing transparency and access to support for consumers experiencing affordability pressures.
- Deliver clear, enforceable consumer rights that improve consumer outcomes in practice.

This Code review is a defining est of the insurance industry's commitment to rebuilding consumer trust.[3] It presents an opportunity to truly deliver on its social licence by strengthening consumer protections and accountability. A stronger Code must underpin the industry's public commitments.[4] It must deliver enforceable protections that prevent consumer harm, improve recovery outcomes and ensure consumers receive fair treatment when they need insurance most. A summary of recommendations is available at **Appendix 1**.

Stephanie Tonkin | CEO
Consumer Action Law Centre

Use of Artificial Intelligence

Artificial intelligence (AI) tools were used to assist with administrative and editorial tasks in the preparation of this submission, including formatting, document organisation, proofreading and language refinement. The analysis, recommendations, legal and policy positions, and substantive content of the submission were developed, reviewed and approved by Consumer Action Law Centre staff.

[3] CHOICE - Trust in insurers hits all-time low
[4] Action plan - Insurance Council of Australia

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Case Study – provided by Allied Justice

This detailed case study illustrates several key issues identified through the General Insurance Code Review, including prolonged claims handling, vulnerability, disputed expert evidence and the need for enforceable consumer protections.

See Appendix 2 for full case study

Quotes and case studies from community groups – provided by Eastern Community Legal Centre (ECLC)

The quotes and insights provided by ECLC draw on the experiences of consumers in Millgrove, Healesville and other communities across the Yarra Ranges. They provide valuable insight into the lived experience of consumers navigating insurance affordability, access and claims-related challenges in disaster-prone communities across eastern Victoria.

See Appendix 3 for full case studies and quotes

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Consumer vulnerability – we can all be vulnerable, especially when we need to engage with our Insurer

Vulnerability should be defined by circumstances, not categories

Consumers often engage with their insurer during periods of significant stress, disruption and uncertainty. Following a loss event, consumers may be dealing with damage to their home, displacement, financial hardship, trauma, family violence, illness, disability, bereavement or other circumstances that affect their ability to navigate complex insurance processes and advocate for their interests.

We support the introduction of a definition of vulnerability that recognises the circumstances that can affect a consumer's ability to engage with insurance and increase the risk of poor outcomes without appropriate support from insurers.[5] However, the continued emphasis on concepts such as "capability" and "resilience" risks framing vulnerability as a characteristic of the consumer, rather than a consequence of their circumstances.

The experience of Victorian communities following the 2022 floods demonstrates why vulnerability should be understood as a consequence of circumstances, not a characteristic of the individual. The floods affected 81 per cent of Victorian local government areas[6] of Victorian local government areas and caused widespread displacement, housing insecurity, financial hardship, trauma and prolonged disruption to daily life. Consumers were often required to make significant decisions about repairs, rebuilding, relocation and insurance claims while coping with the ongoing impacts of disaster, lengthy recovery processes and disruption to their homes, livelihoods and support networks.[7]

The Code should recognise that vulnerability often arises from circumstances created or compounded by a loss event. Insurers should be required to adapt their processes and support to those circumstances so that fair outcomes do not depend on a consumer's resilience, confidence or ability to navigate complexity and advocate for themselves.

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[5] Insurance Council of Australia, *General Insurance Code of Practice – Consultation draft* (2026), paragraph 141 (definition of Vulnerability), p36.
[6] Legislative Council Environment and Planning Committee, *Inquiry into the 2022 flood event in Victoria – Final Report* (July 2024), Findings 2, pxxvii.
[7] House of Representatives Standing Committee on Economics, *Flood failure to future fairness: Report on the inquiry into insurers' responses to 2022 major floods claims* (October 2024) [para 2.18].

Fair outcomes should not depend on a consumer's capacity to cope, persist or self-advocate. Insurers must be required to adapt their processes and support to the circumstances consumers are facing.

Claims handling can create or exacerbate vulnerability

Vulnerability is not static. Poor claims handling practices can create or exacerbate vulnerability by increasing financial, practical and emotional pressures on consumers at a time when they are already dealing with loss and uncertainty.

Financial hardship illustrates this interaction. While financial hardship may contribute to vulnerability at the outset of a claim, it can also arise or worsen during the claims process as a result of delays, displacement, loss of income and the costs associated with recovery. As financial pressures increase, consumers may face additional barriers to engaging with claims and complaints processes and pursuing fair outcomes.

Recent reporting from General Insurance Code Governance Committee highlights a disconnect between reported compliance outcomes and consumer experience. While reported vulnerability-related breaches declined in 2024–25, complaints relating to vulnerability increased by 70 per cent and complaints relating to financial hardship increased by 119 per cent.[8]

These trends suggest that vulnerability and financial hardship continue to be poorly identified or responded to in practice, despite improvements to insurer frameworks.

Key protections remain outside the Code

Consumer Action welcomes the stronger recognition of family violence, financial abuse, mental health, financial hardship, support needs and trauma-informed engagement in the Code.

However, many of the protections most critical to achieving fair outcomes for consumers experiencing vulnerability remain in the Vulnerability Guidance rather than the Code itself. Guidance is not enforceable by consumers. Where protections are moved from the Code into guidance, accountability is weakened and consumers lose the ability to rely on those protections.

We are concerned that the redraft removes the current Code's requirement for insurers to work with consumers to find a suitable, sensitive and compassionate way to proceed. The principles in cl97 of the current Code are important because they focus on adapting insurer practices to a consumer's circumstances, rather than simply identifying vulnerability. Fundamental protections that support effective participation, access to support and fair outcomes should be included as clear and enforceable obligations in the Code, rather than relying solely on the Vulnerability Guidance.

This is particularly important for consumers who face additional barriers.

[8] General Insurance Code Governance Committee, *Industry Data and Compliance Report 2024–25* (2025), p5

First Nations consumers

While the Vulnerability Guidance recognises that First Nations consumers may face cultural, communication and geographic barriers when engaging with insurers, the Code does not require insurers to identify or respond to those barriers. As a result, important protections for First Nations consumers are left largely to non-binding guidance rather than enforceable Code obligations.

Consumer Action's work with the Victorian Aboriginal Legal Service, together with the findings of *Money Yarns, Stronger Futures*, demonstrates that culturally safe engagement is fundamental to achieving fair outcomes for First Nations consumers. The report highlights that First Nations consumers continue to experience harm when systems, services and regulatory approaches do not adequately respond to their needs and emphasises that cultural safety is foundational to identifying and delivering solutions that work for First Nations people.[9]

The report also identifies barriers that can affect a First Nations consumer's ability to engage effectively with services, including communications and processes that are difficult to understand or navigate, information that is not provided in accessible or culturally appropriate ways, and experiences of not feeling listened to, respected or understood by service providers. It emphasises the importance of culturally safe service delivery that supports trust, respect and meaningful participation, and is informed by genuine engagement with First Nations people in the design of services and reforms.[10]

In an insurance context, these barriers can affect a consumer's ability to understand policy information, make or progress a claim, respond to insurer requests, assess settlement offers, access support, participate in complaints processes and exercise their rights. Where barriers are not recognised and addressed, consumers may be less able to engage effectively with insurance services and obtain fair outcomes.

Culturally safe engagement should not be confined to guidance material. The Code should require insurers to take reasonable steps to identify and respond to cultural, communication, language and geographic barriers that may affect a First Nations consumer's ability to engage with insurance services, and to support effective participation throughout claims, complaints, financial hardship and vulnerability processes.

RECOMMENDATION 1.

The Code should require insurers to identify cultural, communication, language and geographic barriers that may affect a First Nations consumer's ability to engage with insurance services and to take appropriate action to address those barriers.

This should include requirements to:

- identify barriers that may affect a consumer's ability to understand information, participate in claims and complaints processes, access support or exercise their rights;

[9] Consumer Action Law Centre and Victorian Aboriginal Legal Service, *Money Yarns, Stronger Futures: The consumer, credit and debt issues of First Nations consumers in Victoria* (2024), pp 11
[10] *Ibid,* 20–21,

- adapt communications, information and processes where those barriers affect effective participation;
- provide information in clear, accessible and culturally appropriate formats;
- facilitate access to interpreters, support persons or authorised representatives where needed;
- ensure staff engaging with consumers receive appropriate training and guidance to support culturally safe engagement with First Nations consumers; and
- support effective participation by First Nations consumers throughout claims, complaints, financial hardship and vulnerability processes.

RECOMMENDATION 2.

The Vulnerability Guidance should be strengthened to provide more detailed guidance on culturally safe engagement with First Nations consumers, including guidance on identifying barriers, adapting insurer processes and communications, and engaging with First Nations organisations and communities when developing and reviewing relevant policies, practices and training.

Consumers subject to family and domestic violence

Consumers experiencing family and domestic violence often face significant barriers to engaging safely with financial services. Financial abuse can undermine economic security, restrict access to resources and support, and make it more difficult for victim-survivors to leave, recover from or remain free from abuse.[11]

While the redrafted Code and Vulnerability Guidance recognise family violence and financial abuse as drivers of vulnerability, victim-survivors continue to face risks arising from unsafe communications, repeated disclosure requirements, claims and policy processes that may be manipulated by perpetrators, and financial hardship caused or exacerbated by abuse.[12]

The Parliamentary Joint Committee on Corporations and Financial Services found that financial institutions have an important role in identifying and responding to financial abuse and recommended that industry codes be strengthened to better promote the financial safety of victim-survivors of family and domestic violence.[13]

Consumer protections that support the financial safety of victim-survivors should be reflected in enforceable Code obligations rather than relying primarily on guidance material.

[11] Parliamentary Joint Committee on Corporations and Financial Services, *Financial abuse: an insidious form of domestic violence* (December 2024), paras 1.18, 1.53–1.54.
[12] *Ibid,* Recommendations 31, 34 and 44.
[13] *Ibid* Recommendations 31 and 34.

RECOMMENDATION 3.

The Code should be amended to better promote the financial safety of victim-survivors of family and domestic violence.

This should include enforceable obligations requiring insurers to:

- minimise the need for consumers to repeatedly disclose experiences of family violence or financial abuse;
- provide safe communication options that reduce the risk of information being accessed by a perpetrator;
- identify and respond appropriately to indicators of family violence, financial abuse and related financial hardship;
- support safe participation in claims, complaints, financial hardship and vulnerability processes; and
- ensure employees receive training on family violence and financial abuse appropriate to their role.

RECOMMENDATION 4.

The Vulnerability Guidance should provide additional practical guidance on promoting the financial safety of victim-survivors, including examples of safe engagement practices, communication safeguards and responses to financial abuse.

The experiences of First Nations consumers, victim-survivors of family and domestic violence, and other consumers experiencing vulnerability demonstrate the need for a stronger and more consistent framework for identifying and responding to vulnerability. The Code should establish clear and enforceable obligations, supported by detailed guidance, to ensure consumers receive appropriate support and are able to participate effectively in insurance processes and exercise their rights.

RECOMMENDATION 5.

The Code should incorporate enforceable obligations requiring insurers to identify and respond to circumstances that may affect a consumer's ability to engage safely and effectively with insurance services. This should include obligations relating to:

- identifying and responding to support needs;
- reducing barriers to engagement and participation;
- trauma-informed engagement and support;
- adapting communication and service delivery to consumers' circumstances;
- maintaining continuity of support and minimising unnecessary consumer burden; and
- providing culturally safe, accessible and appropriate support for consumers who face additional barriers, including First Nations consumers and consumers experiencing family and domestic violence, financial abuse or financial hardship.

RECOMMENDATION 6.

The definitions of Vulnerability, Extra Care, Financial Hardship and Family and Domestic Violence should be revised to reflect a consumer-centred understanding of vulnerability that recognises circumstances, support needs and barriers to engagement, and requires insurers to adapt their practices to ensure fair participation and outcomes.

- **Clause 141 Vulnerability** should be expanded to recognise that vulnerability may arise from a person's circumstances, barriers to engagement and support needs, may be temporary or change over time, and can be influenced by insurer systems, processes and communications.
- **Clause 141 Extra Care** should be expanded to require insurers to provide additional support, flexibility and reasonable adjustments that respond to a consumer's individual circumstances, barriers to engagement and support needs, to enable them to access, understand and effectively participate in insurance products, services, claims and complaints processes.
- **Section 8 Financial Hardship** should be expanded to recognise both temporary and ongoing difficulty meeting financial obligations or essential living expenses, including circumstances where a person can only meet those obligations by experiencing substantial financial stress or disadvantage.
- **Family and Domestic Violence include financial abuse (page 39)** should be updated to expressly recognise financial abuse by replacing 'economic abuse' with 'economic or financial abuse. It should include a specific definition of **financial abuse** to reflect the range of coercive and controlling behaviours that can affect a person's safety and engagement with their insurer.

RECOMMENDATION 7.

Amend **clause 140** to require insurers to proactively identify, record and respond to support needs throughout a consumer's interactions with the insurer, recognising that support needs may change over time and requiring insurers to work with consumers to find suitable, sensitive and compassionate ways to respond to those needs.

RECOMMENDATION 8.

Amend **clause 142** to expressly recognise financial hardship as a circumstance that may require Extra Care and require insurers to identify and respond to financial hardship where it affects a consumer's ability to engage with insurance services, claims or recovery processes.

RECOMMENDATION 9.

Amend **clauses 145–149** to require insurers to adapt communication, engagement and support measures to a consumer's circumstances and support needs, including through continuity of support, effective handovers and reducing unnecessary consumer burden throughout claims and complaints processes.

RECOMMENDATION 10.

Amend **clause 149** to require insurers to proactively inform consumers about, and where appropriate facilitate access to, independent support services, including financial counselling and legal assistance, where a consumer is experiencing vulnerability, financial hardship, prolonged claims delays, claim disputes or other barriers to effective engagement.

Claims handling must deliver timely, transparent and accountable outcomes

Claims handling is where consumers experience the value of insurance in practice. It is also where consumers most commonly experience harm and where Code non-compliance is most concentrated.

In 2024–25, claims handling accounted for 59% of all reported Code breaches. Breaches relating to claim progress updates increased by 67% and breaches relating to communication of claim decisions increased by 79%.[14] These trends indicate that delays, poor communication and a lack of transparency remain significant challenges in claims handling and continue to affect consumer outcomes.

When consumers make a claim, they are often recovering from a loss event and may already be experiencing disruption, displacement, financial stress or uncertainty. Delays, poor communication and a lack of transparency can prolong recovery, increase hardship and undermine confidence in the claims process.

Quote from Anna Meulmann, Managing Lawyer, Consumer Action Law Centre

'On the frontlines, we regularly assist consumers whose insurance claim has become a source of ongoing stress, uncertainty and hardship. Many come to us after months or even years of delays, poor communication and unsuccessful attempts to obtain clear answers from their insurer.

This often happens when they are already dealing with the loss of their home, damage to their property, displacement, financial pressure and uncertainty about what comes next.

When claims handling is delayed, unclear or poorly coordinated, it can deepen hardship, re-traumatise, undermine recovery and make it harder for a person to participate in decisions that affect their future'

Delays

Timely claims handling is critical to recovery after a loss event. Delays can prolong financial stress, housing insecurity, uncertainty and trauma, particularly following natural disasters. The Flood Inquiry and Independent Code Review identified delays, poor communication and prolonged claim resolution as significant sources of consumer harm and recommended stronger measures to improve claim timeliness, transparency and insurer accountability.[15]

Consumer Action welcomes the introduction of automatic acceptance for certain home and motor claims that remain undecided after 12 months.

[14] Above n8, p10–11

[15] House of Representatives Standing Committee on Economics, *Flood failure to future fairness: Report on the inquiry into insurers' responses to 2022 major floods claims* (2024), Recommendations 30, 31, 44, 56 and 57; Independent Review of the 2020 General Insurance Code of Practice, *Final Report* (2024), Recommendations 63, 64, 66 and 67

Automatic acceptance is an important accountability mechanism. It recognises that consumers should not bear the consequences of unreasonable delays in claims decision-making and creates a clear incentive for insurers to progress claims in a timely manner. However, clauses 74–76[16] risk significantly limiting the effectiveness of this safeguard. The same circumstances that allow insurers to exceed standard claims timeframes under clause 74 may also prevent the automatic acceptance provisions in clause 75 from applying through the operation of clause 76.

As drafted, there is a risk that the claims most affected by prolonged delay will be excluded from the very safeguard intended to address them. In practice, the consumers who experience the greatest uncertainty, disruption and financial pressure may receive little benefit from the automatic acceptance provisions. Exceptions should be confined to circumstances genuinely outside an insurer's control and should not operate to relieve insurers of responsibility for progressing claims and minimising delay. Several exceptions in clause 76 are broadly drafted and risk undermining the effectiveness of the automatic acceptance provisions.

The Code also provides limited transparency and accountability where an exception is relied upon. While insurers must advise consumers of an extended timeframe, the redraft does not require insurers to explain why the exception applies, demonstrate the steps being taken to progress the claim, or provide meaningful information about when a decision can be expected. Nor does it require insurers to actively review whether continued reliance on the exception remains justified.

Exceptions should accommodate genuinely exceptional circumstances, not operate as a mechanism for avoiding accountability for delayed claims. Where an insurer relies on an exception, the Code should require the insurer to actively manage the claim, take reasonable steps to minimise delay and provide consumers with clear and timely information about claim progress. Without these safeguards, one of the Code's most significant claims handling reforms risks delivering only limited practical benefit to consumers.

RECOMMENDATION 11.

> Amend **Clause 76** to ensure exceptions to automatic claim acceptance are limited to circumstances genuinely outside an insurer's control and only apply where the insurer has taken all reasonable steps to progress the claim and minimise delay.

[16] General Insurance Code of Practice (Draft Public Consultation Redraft), cls 74–76. Clause 74 allows extended claims timeframes, clause 75 provides for automatic acceptance of certain home and motor claims after 12 months, and clause 76 sets out exceptions, including where matters outside the insurer's control prevent a claim from being decided.

RECOMMENDATION 12.

Where an insurer relies on **clause 76**, it should be required to provide written reasons explaining the basis for the exception, the steps being taken to progress the claim, and the anticipated timeframe for a decision, and to continue actively managing and regularly reviewing the claim until a decision is made.

CASE STUDY

Rick's home in Mooroopna, Victoria, was affected by the major October 2022 floods. Despite taking steps to protect his property, including sandbagging and installing temporary barriers, floodwaters inundated the property and remained for more than a week.

Rick stated his home was subjected to significant structural damage, including cracking, movement of the home's foundations, damaged flooring and mould.

While attempting to recover from the flood event, he faced a prolonged dispute with his insurer regarding the cause of the damage and whether it was covered by his policy.

He lodged a claim with AAMI insurance on 29 December 2022. They rejected the claim, attributing the damage to a large gum tree rather than the flood event. Rick disputed this assessment, maintaining that the cracking and movement only occurred after the flood.

In July 2023, Rick sought assistance from Consumer Action Law Centre and progressed a complaint through both the insurer's internal dispute resolution process and AFCA.

During this time, the property continued to deteriorate. Rick reported increasing cracking, skirting boards separating from walls, movement within the home, and moisture-related damage. To challenge the insurer's decision, he was required to obtain his own engineering evidence after AFCA's preliminary view favoured the insurer. The additional expert report identified some damage that was attributable to flooding, resulting in AFCA reopening the matter.

In November 2024, AFCA determined that the insurer was required to cover damage to the subfloor and associated floor coverings. Rick accepted the determination in December 2024, more than two years after the flood event.

This case highlights the impact that claim delays, disputed expert evidence, and lengthy complaints processes can have on consumers. It also demonstrates how prolonged claim resolution can contribute to ongoing property deterioration, financial stress, and increased vulnerability following a climate-related disaster.

CASE STUDY 2: Excerpt from case study provided by Eastern Community Legal Centre - Full version in Appendix 2

Kym resides with her husband and two children in the Yarra Ranges. Her challenges began in 2021 but became severely exacerbated after an extreme storm caused widespread damage in the region. Initially, Kym had filed an insurance claim for damage caused by a leaking dishwasher. However, upon starting repairs, significant storm-related damage was uncovered, leading to a series of complicated chains of cascading and compounding legal and health issues.

Kym's insurer initially denied the claim. After Kym advocated for herself, an assessor was sent two months later, confirming coverage for water damage to the floor. The family relocated to temporary accommodation (an Airbnb) based on the insurer's assurance that repairs would take two weeks. During this period, the assessor found additional damage upon removing flooring, including mould growth. Dehumidifiers were used for weeks, inadvertently spreading mould spores to other parts of the house. As repairs progressed, yet more damage – a roof leak - was discovered. The insurer insisted upon a separate claim.

Now faced with juggling two insurance, financial strain from ongoing accommodation costs and a mortgage, Kym sought more stable rental housing. The insurer declined financial assistance for deposits or bonds without clear communication on support duration or budget. Each time Kym called, she experienced significant wait times, often two hours at a time, only to be transferred again once she finally made contact for another two hours to wait. She recounts always speaking to a different person with no clear case manager.

Quote from client

"I wasn't even looking for a timeline of completion, I just wanted to know what the process of repairs and key milestones would look like so I know some progress was being made, but nobody could tell me."

Communication

Consumer Action regularly assists consumers who struggle to obtain basic information about the status of their claim or understand what is required to progress it. Consumers frequently describe having to contact their insurer repeatedly for updates, being unable to identify a consistent point of contact, or receiving incomplete and inconsistent information from different insurer representatives.

Poor communication is not merely a customer service issue. It can directly affect a consumer's ability to participate effectively in the claims process, exercise their rights, challenge insurer conclusions, secure temporary accommodation, manage financial pressures and make informed decisions about recovery following a loss event.

Consumer Action welcomes improvements in the Code to strengthened requirements to provide claim updates and greater transparency regarding claims processes. However, the effectiveness of these reforms will depend on whether consumers receive information that is meaningful, actionable and responsive to their circumstances.

Communication obligations should focus not only on the frequency of updates, but also on whether consumers receive information that enables them to understand their claim, make informed decisions and hold insurers accountable for progress. Without this information, consumers may be unable to understand whether their claim is progressing appropriately or challenge unnecessary delays.

The Code should also strengthen accountability for claim ownership. Consumers should know who is responsible for managing their claim and how to obtain assistance when issues arise. Frequent changes in claim handlers can lead to inconsistent communication, repeated requests for information and uncertainty about who is accountable for decisions and next steps.

Where reasonably practicable, insurers should provide a consistent point of contact or equivalent continuity arrangements throughout the claims process. This promotes accountability, reduces duplication and helps ensure consumers receive clear and consistent information throughout the life of the claim.

RECOMMENDATION 13.

Amend **Clauses 57–61** to require claim updates to provide consumers with meaningful information about the progress of their claim, including:

i. the current status of the claim;
ii. any outstanding actions;
iii. the reason for any delay;
iv. the next steps required to progress the claim; and
v. the anticipated timeframe for those next steps.

RECOMMENDATION 14.

Strengthen claim ownership and accountability by amending **clauses 57 -61** to require insurers to:

a. clearly identify the person, team or function responsible for managing a claim; and
b. provide consumers with a consistent point of contact, or equivalent continuity arrangements, throughout the claims process.

Case study

Francis* sought assistance from Consumer Action Law Centre (CALC) in relation to an insurance dispute. As part of the matter, CALC requested claim documents and information from the insurer on Francis' behalf and provided written authority to act.

The insurer advised that the request had been referred internally. However, no substantive response was received for approximately eight weeks. CALC again wrote to the insurer, reminding the insurer it was now in breach of its obligations under Part 12 of the General Insurance Code of Practice.

The insurer subsequently refused the request, stating that only the policyholder could access information about the claim, despite already having written authority authorising CALC to act for Francis. After further communication from CALC, the insurer provided a an additional form and insisted it be completed and signed by the client before the request could proceed. While some documents were eventually provided, not all requested materials were released.

Further correspondence followed, with the insurer continuing to require the additional privacy form despite the existing authority and its breach of clause 98 and Part 12 of the Code. The insurer's delayed and inconsistent responses created unnecessary barriers to accessing claim information and prolonged the resolution of Francis' dispute.

Complaints

An effective complaints process is a critical safeguard for consumers when claims handling goes wrong. Complaints are typically lodged after repeated attempts to obtain information, resolve delays, challenge decisions or address poor communication have failed.

By the time a consumer makes a complaint, they have often spent weeks or months trying to get answers. Many are frustrated, exhausted and uncertain about what is happening with their claim. At this stage, consumers are seeking accountability. They need to know whether their complaint is being actively investigated, what issues remain under consideration and when they can expect a resolution.

Consumer Action welcomes the retention of complaint handling obligations aligned with ASIC's Internal Dispute Resolution requirements. However, clause 136 weakens an important consumer protection by reducing complaint progress updates from at least every 10 business days to monthly updates.[17]

This change is difficult to justify. Consumer Action's frontline experience assisting consumers with insurance disputes consistently indicates that inadequate communication is a significant source of consumer frustration. Consumers frequently report being left uncertain about whether their concerns are being actively reviewed, what steps are being taken to resolve them, or when they can expect a response.

Reducing complaint updates from every 10 business days to monthly updates diminishes transparency and accountability at the very stage of the process intended to resolve consumer concerns. Consumers who have been forced to escalate a matter through a formal complaint should receive greater transparency, not less.

RECOMMENDATION 15.

> Amend **clause 136** to retain the existing requirement for insurers to provide complaint progress updates at least every 10 business days while a complaint remains unresolved.

Transparency and access to information – Scope of Work and Expert Reports

Consumers cannot meaningfully assess, accept or challenge a claim decision without access to the information relied upon by the insurer. Information asymmetry creates a fundamental imbalance in the claims process, allowing insurers to make decisions based on evidence that consumers may never see or fully understand.

Consumers who lack access to key claim information are less able to identify errors, obtain independent advice, challenge insurer conclusions and make informed decisions about settlement options. Transparency and access to information are therefore fundamental to fair claims handling and effective consumer participation in the claims process.

[17] Current Code, cl 98, requiring insurers to provide updates on the progress of a complaint at least every 10 Business Days where a complaint is not resolved within 30 calendar days; Redrafted Code, cl 136 requiring updates at least every month where a complaint remains unresolved.

Scope of Works

Consumers need sufficiently detailed scopes of works to assess whether proposed repairs will restore their property to its pre-loss condition.

Consumer Action regularly assists consumers who cannot determine whether proposed repairs are adequate because scopes of works are incomplete, unclear or omit key repairs. These deficiencies can contribute to disputes, delays, under-compensation and poor repair outcomes.

A detailed scope of works is also essential for assessing a cash settlement offer. Consumers cannot determine whether a settlement amount is sufficient without understanding the repairs it is intended to cover. However, the Code does not require insurers to provide a sufficiently detailed scope of works before asking a consumer to consider a cash settlement. Without this information, consumers may be unable to assess the adequacy of a settlement offer or obtain alternative quotes.

Expert reports

Consumers frequently face significant barriers in accessing, understanding and challenging expert evidence, creating a substantial information imbalance between insurers and consumers.

Consumer Action welcomes improvements in the Code that expand access to expert reports in some circumstances. However, consumers must still identify and request information that may be central to the insurer's decision. Consumers cannot challenge information they do not know exists, nor can they reasonably be expected to request information they are unaware has been relied upon.

Where an insurer relies on expert evidence or other material information to make a claim decision, that information should be provided proactively at the time the decision is communicated. Where information is withheld, insurers should identify what has been withheld and explain why.

Consumers should not be required to search for, infer or reconstruct the basis of a claim decision that materially affects their rights and entitlements. Information relied on by an insurer to make a claim decision should be provided proactively at the time the decision is communicated, enabling meaningful review, informed decision-making and effective participation in the claims process.

RECOMMENDATION 16.

> **Clauses 80–82** should require insurers to proactively provide any expert report, assessment or other material information relied upon in making a claim decision at the time the decision is communicated and, where information is withheld, explain what has been withheld and why.

RECOMMENDATION 17.

Clause 88(d) should require insurers to provide a sufficiently detailed scope of works before offering a cash settlement, so that consumers can meaningfully assess whether the settlement amount is sufficient to complete the required repairs and obtain alternative quotes where appropriate

Case study

Peter* lives in a regional town in northern Victoria. awoke on Christmas Day 2023 to discover significant flooding beneath and around their home following heavy storms and rainfall. The water did not recede for several days due to further extreme weather conditions and power outages. Once resourcing allowed, SES pumped approximately 150,000 litres of water out from his property.

Days after the first flooding event the home was exhibiting signs of structural instability and deterioration, including sticking doors, carpet lifting from the padding, cracks throughout internal walls and ceilings, ongoing water leaks, and excessive dust. Peter noted that the condition of the house has continued to worsen since the flooding event.

After he lodged a claim with the insurer, there were communication issues from the outset and significant delays. Subsequent reports relied upon by the insurer concluded that the observed structural damage was caused by pre-existing issues leading to long term water ingress prior to the flood .

These findings were inconsistent with Peter's observations and independent expert report obtained by him. That report concluded that the flooding event did materially contribute to a need for restumping that the insurer refused to cover. The report supported that floor undulations and misalignment were directly attributable to the flood rather than long-term or pre-existing conditions but the insurer refused to accept the claim despite this expert report. Peter believes the insurer's reports failed to adequately investigate the cause of the damage.

The insurer continues to reject liability for restumping of the house. Peter lodged a complaint against the insurer at AFCA to which he presented his independent expert evidence. Despite the report, AFCA found in the insurer's favour, meaning that almost three years after the event, Peter is still without a satisfactory outcome to his insurance claim.

Cash settlements

Consumer Action regularly assists consumers who are asked to consider cash settlement offers without sufficient information to assess them. Consumers are often expected to decide whether a settlement is fair, adequate and sufficient to restore their property without understanding how the amount has been calculated, whether it reflects the full scope of required repairs, or the risks they assume by managing repairs themselves.

In some cases, insurers provide scopes of works or costings with key pricing information redacted, preventing consumers from scrutinising settlement calculations, obtaining alternative quotes or independently assessing the offer. Consumers should not be expected to accept the financial and project management risks associated with a cash settlement unless they are provided with clear and complete information about what they are being asked to accept.

These concerns are well established. The Parliamentary Flood Inquiry and Independent Review identified cash settlements as a significant source of consumer harm and raised concerns about the transparency of settlement calculations, the adequacy of settlement amounts and the risks transferred to consumers when they are required to manage repairs themselves.[18]

Consumers often accepted cash settlements without fully understanding whether the amount would be sufficient to complete repairs or the risks they were assuming by managing the rebuild themselves. Where settlement amounts proved inadequate, consumers were left exposed to funding shortfalls, cost escalation and the burden of managing complex repair projects.[19]

Consumers should not be required to search for information, infer assumptions or perform their own calculations to understand the financial implications of a cash settlement offer. Insurers should provide consumers with sufficient information to make an informed assessment of whether a settlement offer is adequate and appropriate in their circumstances.

Consumer Action supports broader recommendations made by Financial Rights Legal Centre to strengthen cash settlement protections, including measures to improve transparency of settlement calculations, provide greater clarity about the basis of settlement amounts, and better recognise the risks transferred to consumers when they manage repairs independently. At a minimum, insurers should provide a sufficiently detailed scope of works before offering a cash settlement, as recommended above.

RECOMMENDATION 18.

> **Clause 88(d)** should require insurers to provide a sufficiently detailed scope of works before offering a cash settlement, so that consumers can meaningfully assess whether the settlement amount is sufficient to complete the required repairs and obtain alternative quotes where appropriate.

Temporary accommodation

Temporary accommodation is often the most immediate and important component of an insurance claim following a disaster. Access to safe, suitable and stable accommodation is fundamental to recovery.

[18] House of Representatives Standing Committee on Economics, *Flood failure to future fairness: Report on the inquiry into insurers' responses to 2022 major floods claims* (October 2024), Recommendations 9–19

[19] Independent Review of the 2020 General Insurance Code of Practice, Recommendations 71–74

Consumers who cannot return home are often reliant on their insurer for housing stability during a period of significant disruption and uncertainty. Temporary accommodation arrangements can directly affect a consumer's ability to maintain employment, education, caring responsibilities, community connections and support networks during recovery.

Following the 2022 floods, many Victorians remained displaced from their homes for extended periods while navigating insurance claims and recovery processes. Evidence from consumer advocates and financial counsellors highlighted the significant impact that housing instability, delays and uncertainty can have on consumers' wellbeing and recovery.[20]

Temporary accommodation should support recovery, not create additional instability. However, evidence from Victorian flood-affected communities highlights ongoing concerns about accommodation suitability, accommodation arrangements that fail to account for consumers' individual circumstances, and uncertainty about the duration and continuity of support.[21] For consumers already displaced from their homes, these issues can compound the stress, disruption and trauma caused by the disaster itself.

The Parliamentary Flood Inquiry recommended stronger protections relating to temporary accommodation, including greater certainty, improved communication and better support for consumers transitioning between accommodation arrangements. However, the redraft contains limited requirements regarding accommodation suitability, continuity of accommodation and accommodation transitions.

Temporary accommodation should support recovery, not create additional instability. Consumers displaced by disasters should not face unnecessary uncertainty about where they will live, whether support will continue or when they may be required to relocate and they should not be surprised by significant changes to temporary accommodation arrangements. Clear communication and adequate notice of accommodation changes are important safeguards for consumers recovering from a loss event.

[20] Financial Counselling Australia, *Submission to the inquiry into insurers' responses to 2022 major flood claims* (November 2023), Case Studies 9, 13 and 15

[21] As above

RECOMMENDATION 19.

Amend **Clauses 84 and 94** to require insurers to provide stable temporary accommodation arrangements, ensure relocations occur only where unavoidable, and clearly communicate accommodation entitlements and significant changes to accommodation support.

Excerpt from case study provided by Eastern Commnity Legal Centre – continued from case study on p15

During their stay in temporary housing, Kym's child suffered a traumatic brain injury, intensifying the family's need for stable accommodation.

While initially supportive, the insurer's lack of clear communication frustrated Kym, uncertain about returning home amidst ongoing disputes over emergency accommodation payments.

"I had no idea how long my family would be displaced. The uncertainty led to therapy. It was horrendous."

After six months in temporary housing, the insurer transferred the claim to a private firm for project management, citing concerns over repair quality and eventually ordering all completed work to be "ripped up and started again".

Progress came to a standstill, with neither the insurer nor the private firm providing updates. AFCA suggested that she ask the insurer for regular fortnightly updates, but "*the only update was that there were no updates. When people are in a position like this, they are really vulnerable*."

Ultimately, after two years of enduring immense hardship and navigating complex bureaucratic processes, Kym and her family were able to return home. However, the journey was marked by profound challenges, highlighting the critical need for clearer communication, consistent support, and compassionate handling of insurance claims during times of crisis. This story also highlights the ways in which disasters often exacerbate existing challenges, compounding them, and making them far more complex to overcome.

Oversight of third parties (distributors, service suppliers)

Consumers frequently interact with third parties acting on behalf of insurers, including builders, assessors, loss assessors, investigators, accommodation providers, restoration contractors and claims fulfilment providers. From a consumer's perspective, these entities form part of the insurer's service and can have significant influence over claims progress, communication and outcomes.

Poor conduct by a third party can cause the same harm as poor conduct by an insurer, including delays, poor communication, inadequate support, disputed outcomes and prolonged uncertainty. ASIC identified weaknesses in third-party oversight and project management as significant contributors to poor consumer experiences following the 2022 floods.[22]

Consumers can face particular difficulties where multiple parties are involved in handling a claim and responsibility for communication, decision-making or problem resolution is unclear. When accountability is fragmented, consumers may be left uncertain about who is responsible for progressing their claim, resolving disputes or addressing concerns.

Consumer Action welcomes the Code provisions that make clear that insurers are responsible for Code breaches by employees, distributors, service suppliers and claims fulfilment providers acting on their behalf. This is a common-sense addition. However, responsibility after harm occurs is not a substitute for effective oversight. Consumers should be able to expect the same standards of timeliness, communication, transparency and support regardless of whether a function is performed directly by an insurer or by a third party acting on its behalf and prevention of customer harm should be the main focus for insurers.

The Code should require insurers not only to remain accountable for the conduct of third parties, but also to actively oversee and monitor those arrangements to reduce the risk of consumer harm. Consumers should be clearly informed about the role and authority of any third party involved in handling their claim, including whether that party can make decisions on the insurer's behalf. Consumers should also have access to the same complaints and dispute resolution processes regardless of who performed the relevant function.

RECOMMENDATION 20.

> **Clauses 137 and 182** should be amended to require insurers to actively oversee and monitor third parties acting on their behalf, clearly explain the role and authority of those third parties, and ensure consumers can access the same complaints and dispute resolution processes as if they were dealing directly with the insurer.

[22] ASIC, *REP 768: Navigating the storm – ASIC's review of home insurance claims* (2023)

Pricing transparency and informed consumer choice

Affordable insurance is critical to financial resilience and recovery. As premiums continue to rise, more consumers are being forced to make difficult decisions about whether they can maintain cover, reduce cover or go without insurance altogether.

Climate change is expected to intensify insurance affordability pressures, underinsurance and non-insurance in many communities. The National Climate Risk Assessment identifies increasing insurance costs as a significant climate risk and warns that disadvantaged households are likely to be disproportionately affected.[23]

Consumer advocates, community organisations and Consumer Action's financial counsellors are increasingly seeing consumers struggle to obtain affordable insurance and, in some cases, any insurance at all. Rising premiums and broader cost-of-living pressures are forcing some households to reduce cover, accept greater financial risk or abandon insurance altogether. These trends raise serious concerns about underinsurance and non-insurance and threaten the resilience of communities already exposed to increasing climate and disaster risks.

For many consumers, affordability pressures are no longer simply a question of price. They are becoming a question of whether insurance remains accessible at all.

Consumer harm does not arise solely from rising premiums. Consumers can also be harmed when they do not understand why their premium has increased, cannot easily compare payment options, or are unaware of support that may be available to help them maintain cover. Without clear information, consumers may reduce their level of cover, accept more expensive payment options, or allow policies to lapse without fully understanding the consequences.

For consumers already experiencing financial pressure, retaining insurance can become increasingly difficult. Consumer Action supports broader recommendations advanced by Financial Rights Legal Centre to strengthen premium hardship protections and ensure consumers experiencing financial difficulty receive meaningful support to maintain cover. Financial hardship should not result in consumers losing access to insurance where reasonable support measures could assist them to remain insured.

While many drivers of insurance affordability sit outside the scope of the Code, transparency and access to information do not. As affordability pressures increase, clear pricing information becomes an increasingly important consumer protection. Consumers should not be required to search for, infer or calculate key pricing information when making decisions about whether they can afford to remain insured.

[23] Australian Climate Service, *Australia's National Climate Risk Assessment: An Overview* (2025), p iii

Consumer Action welcomes the premium comparison requirements in clause 43. However, comparison with the previous year's premium alone does not provide consumers with sufficient information to understand significant premium increases or the relative cost of different payment options. Consumers should not be required to search for, infer or calculate key pricing information themselves.

As affordability pressures increase, clear and accessible pricing information becomes an increasingly important consumer protection. Consumers should also receive information about available premium hardship assistance and support services at key decision points, including when policies are renewed and premiums increase, before financial pressures jeopardise their ability to maintain cover.

As affordability pressures increase, consumers must be able to access clear information about premium increases, payment options and available support before they are forced to make decisions about reducing cover, increasing excesses or allowing policies to lapse.

RECOMMENDATION 21.

> Amend **Clauses 42–43** to require insurers to provide clear pricing information, explain significant premium increases, disclose the total cost of available payment options, and include information about available premium hardship assistance and support services in renewal and premium increase communications.

APPENDIX 1: CONSOLIDATED LIST OF RECOMMENDATIONS

RECOMMENDATION 1.

The Code should require insurers to identify cultural, communication, language and geographic barriers that may affect a First Nations consumer's ability to engage with insurance services and to take appropriate action to address those barriers.

This should include requirements to:

- identify barriers that may affect a consumer's ability to understand information, participate in claims and complaints processes, access support or exercise their rights;
- adapt communications, information and processes where those barriers affect effective participation;
- provide information in clear, accessible and culturally appropriate formats;
- facilitate access to interpreters, support persons or authorised representatives where needed;
- ensure staff engaging with consumers receive appropriate training and guidance to support culturally safe engagement with First Nations consumers; and
- support effective participation by First Nations consumers throughout claims, complaints, financial hardship and vulnerability processes.

RECOMMENDATION 2.

The Vulnerability Guidance should be strengthened to provide more detailed guidance on culturally safe engagement with First Nations consumers, including guidance on identifying barriers, adapting insurer processes and communications, and engaging with First Nations organisations and communities when developing and reviewing relevant policies, practices and training.

RECOMMENDATION 3.

The Code should be amended to better promote the financial safety of victim-survivors of family and domestic violence.

This should include enforceable obligations requiring insurers to:

- minimise the need for consumers to repeatedly disclose experiences of family violence or financial abuse;
- provide safe communication options that reduce the risk of information being accessed by a perpetrator;
- identify and respond appropriately to indicators of family violence, financial abuse and related financial hardship;
- support safe participation in claims, complaints, financial hardship and vulnerability processes; and
- ensure employees receive training on family violence and financial abuse appropriate to their role.

RECOMMENDATION 4.

The Vulnerability Guidance should provide additional practical guidance on promoting the financial safety of victim-survivors, including examples of safe engagement practices, communication safeguards and responses to financial abuse.

RECOMMENDATION 5.

The Code should incorporate enforceable obligations requiring insurers to identify and respond to circumstances that may affect a consumer's ability to engage safely and effectively with insurance services. This should include obligations relating to:

- identifying and responding to support needs;
- reducing barriers to engagement and participation;
- trauma-informed engagement and support;
- adapting communication and service delivery to consumers' circumstances;
- maintaining continuity of support and minimising unnecessary consumer burden; and
- providing culturally safe, accessible and appropriate support for consumers who face additional barriers, including First Nations consumers and consumers experiencing family and domestic violence, financial abuse or financial hardship.

RECOMMENDATION 6.

The definitions of Vulnerability, Extra Care, Financial Hardship and Family and Domestic Violence should be revised to reflect a consumer-centred understanding of vulnerability that recognises circumstances, support needs and barriers to engagement, and requires insurers to adapt their practices to ensure fair participation and outcomes.

Clause 141 Vulnerability should be expanded to recognise that vulnerability may arise from a person's circumstances, barriers to engagement and support needs, may be temporary or change over time, and can be influenced by insurer systems, processes and communications.

Clause 141 Extra Care should be expanded to require insurers to provide additional support, flexibility and reasonable adjustments that respond to a consumer's individual circumstances, barriers to engagement and support needs, to enable them to access, understand and effectively participate in insurance products, services, claims and complaints processes.

Section 8 Financial Hardship should be expanded to recognise both temporary and ongoing difficulty meeting financial obligations or essential living expenses, including circumstances where a person can only meet those obligations by experiencing substantial financial stress or disadvantage.

Family and Domestic Violence include financial abuse (page 39) should be updated to expressly recognise financial abuse by replacing 'economic abuse' with 'economic or financial abuse. It should include a specific definition of **financial abuse** to reflect the range of coercive and controlling behaviours that can affect a person's safety and engagement with their insurer.

RECOMMENDATION 7.

Amend **clause 140** to require insurers to proactively identify, record and respond to support needs throughout a consumer's interactions with the insurer, recognising that support needs may change over time and requiring insurers to work with consumers to find suitable, sensitive and compassionate ways to respond to those needs.

RECOMMENDATION 8.

Amend **clause 142** to expressly recognise financial hardship as a circumstance that may require Extra Care and require insurers to identify and respond to financial hardship where it affects a consumer's ability to engage with insurance services, claims or recovery processes.

RECOMMENDATION 9.

Amend **clauses 145–149** to require insurers to adapt communication, engagement and support measures to a consumer's circumstances and support needs, including through continuity of support, effective handovers and reducing unnecessary consumer burden throughout claims and complaints processes.

RECOMMENDATION 10.

Amend **clause 149** to require insurers to proactively inform consumers about, and where appropriate facilitate access to, independent support services, including financial counselling and legal assistance, where a consumer is experiencing vulnerability, financial hardship, prolonged claims delays, claim disputes or other barriers to effective engagement.

RECOMMENDATION 11.

Amend **Clause 76** to ensure exceptions to automatic claim acceptance are limited to circumstances genuinely outside an insurer's control and only apply where the insurer has taken all reasonable steps to progress the claim and minimise delay.

RECOMMENDATION 12.

Where an insurer relies on **clause 76**, it should be required to provide written reasons explaining the basis for the exception, the steps being taken to progress the claim, and the anticipated timeframe for a decision, and to continue actively managing and regularly reviewing the claim until a decision is made.

RECOMMENDATION 13.

Amend **Clauses 57–61** to require claim updates to provide consumers with meaningful information about the progress of their claim, including:

- the current status of the claim;
- any outstanding actions;
- the reason for any delay;
- the next steps required to progress the claim; and
- the anticipated timeframe for those next steps.

RECOMMENDATION 14.

Strengthen claim ownership and accountability by amending **clauses 57 -61** to require insurers to:

- clearly identify the person, team or function responsible for managing a claim; and
- provide consumers with a consistent point of contact, or equivalent continuity arrangements, throughout the claims process.

RECOMMENDATION 15.

Amend **clause 136** to retain the existing requirement for insurers to provide complaint progress updates at least every 10 business days while a complaint remains unresolved.

RECOMMENDATION 16.

Clauses 80–82 should require insurers to proactively provide any expert report, assessment or other material information relied upon in making a claim decision at the time the decision is communicated and, where information is withheld, explain what has been withheld and why.

RECOMMENDATION 17.

Clause 88(d) should require insurers to provide a sufficiently detailed scope of works before offering a cash settlement, so that consumers can meaningfully assess whether the settlement amount is sufficient to complete the required repairs and obtain alternative quotes where appropriate.

RECOMMENDATION 18.

Clause 88(d) should require insurers to provide a sufficiently detailed scope of works before offering a cash settlement, so that consumers can meaningfully assess whether the settlement amount is sufficient to complete the required repairs and obtain alternative quotes where appropriate.

RECOMMENDATION 19.

Amend **Clauses 84 and 94** to require insurers to provide stable temporary accommodation arrangements, ensure relocations occur only where unavoidable, and clearly communicate accommodation entitlements and significant changes to accommodation support.

RECOMMENDATION 20.

Clauses 137 and 182 should be amended to require insurers to actively oversee and monitor third parties acting on their behalf, clearly explain the role and authority of those third parties, and ensure consumers can access the same complaints and dispute resolution processes as if they were dealing directly with the insurer.

RECOMMENDATION 21.

Amend **Clauses 42–43** to require insurers to provide clear pricing information, explain significant premium increases, disclose the total cost of available payment options, and include information about available premium hardship assistance and support services in renewal and premium increase communications.

APPENDIX 2: PROVIDED BY ALLIED JUSTICE

The consumer is in their mid-seventies and lives in a remote part of Victoria. They had insured their home with the insurer for more than fifty years and had owned and maintained the property to a high standard since 1970.

In November 2022, the consumer's home sustained storm damage. The storm was described as the most powerful rain event they had witnessed in more than five decades living at the property. The consumer lodged an insurance claim in December 2022. As a long-standing customer, they also renewed their policy four months after the storm at the insurer's invitation while the claim was still in its early stages.

Since November 2022, the consumer has spent many hours collecting information and responding to requests and enquiries from the insurer. More than three and a half years later, the matter remains unresolved. The consumer describes feeling tired and exhausted by the process, which they attribute to the gap between their reasonable expectations as a long-standing and loyal customer and their perception of how the claim has been handled. They describe the experience as traumatic.

The only expert report provided by the insurer was received several months after the event. The consumer considers that the report contains significant errors relating to the home, its layout and the relationship between issues observed inside and underneath the home.

As a result, the consumer commissioned their own expert report. They consider this report provides an accurate account of the home, its condition and the claim. The preparation and completion of this report was delayed because the local area also suffered significant bushfire damage during the summer of 2022–23 and thereafter. The consumer is concerned that the insurer has only considered its original expert report despite what they regard as significant inaccuracies.

The consumer has requested that weight be given to their expert report, which was carried out by local professionals with long-standing knowledge of the area. The report was thorough and included close examination of issues under the house as well as inside the house. The consumer has consistently argued that it should be attributed a high degree of credibility rather than being wholly dismissed in favour of the insurer's report.

The insurer's decision to deny the claim, in part, was based on an assertion that the damage to the residence was entirely due to pre-existing tree roots and soil causing the kitchen floorboards to swell. The consumer's observation as a homeowner, supported by their expert report, is that this damage occurred directly following a massive volume of water flowing under the house.

The consumer notes that water markings on the stumps were clearly shown in photographs contained in the second report several months later. Engineering evidence in the report also concluded that the soil under the house remained damp many months afterwards and that no further abnormal rain event had occurred since late 2022.

The consumer notes that water markings on the stumps were clearly shown in photographs contained in the second report several months later. Engineering evidence in the report also concluded that the soil under the house remained damp many months afterwards and that no further abnormal rain event had occurred since late 2022.

The consumer maintains that the damage was caused suddenly by the extraordinary rain and water inundation that occurred in November 2022 and notes they had never witnessed an event of this nature before. They dispute the insurer's findings that tree roots and leaks were responsible for the damage. They also dispute the report's description of a tomato bush planted in a pot as a large tree growing immediately beside the house and are concerned that this finding has been relied upon to deny the claim.

The consumer considers that the volume and velocity of water flowing beneath the home during the storm were immense and disputes the assertion that inadequate drainage caused the damage. They note that the second report concluded that ordinary storms had never created problems during their 55 years at the property. The report also confirmed that the residence, which was built approximately 78 years ago on timber bearers, had been maintained to a standard appropriate to its age and location.

The consumer notes that between kitchen renovations undertaken in 201Y and the November 2022 storm, no cracks were observed in the walls and no floorboards had altered. They maintain that damage and cracking only appeared following the unprecedented inundation in late November and December 2022.

The insurer's report also asserted that a twisted foundation stump beneath the floor was directly aligned with the swollen kitchen floorboards. The consumer disputes this conclusion and notes that the second report found the stump was approximately 230 cm away from the damaged area after a physical inspection beneath the house. The consumer was present during these inspections and notes that the final page of the second report identifies the relevant measurements.

The consumer disputes several factual conclusions in the insurer's report, including findings relating to tree roots, drainage, the location of damaged structural elements, alleged prior repairs and the condition of the property before the storm event.

The consumer maintains that cracking and other damage only appeared after the November 2022 inundation and that they had not previously observed the relevant issues during decades of occupying and maintaining the property. They also question why a floor-level survey was conducted throughout the house when, in their view, only part of the property was affected by prolonged water exposure.

The consumer believes fairness and due process have not been afforded throughout the claim, principally because the second expert report has not received appropriate consideration. They state that the process has involved many hours of gathering evidence and advocating for their position, causing significant stress and periods requiring medication.

The consumer does not own a computer or printer and found managing the volume of correspondence, reports and documentation particularly daunting in a small rural community.

APPENDIX 3: CASE STUDIES AND QUOTES FROM CONSUMERS AND CONSUMER GROUPS PROVDED BY EASTERN COMMUNITY LEGAL CENTRE

Quotes from consumers in Millgrove

Millgrove is a small regional community in the Yarra Ranges local government area. It has experienced multiple extreme weather events and disasters and is amongst the most socio-economically disadvantaged in the eastern region. Its median weekly household income is well below the Victorian median. These factors mean rising insurance premiums; reduced insurer availability and disaster-related costs are likely to place disproportionate pressure on residents who have fewer financial buffers to absorb climate risk.

QUOTE 1

"As soon as we tell them about our postcode in Millgrove, they respond by telling us that they don't cover this area".

Member of Millgrove Residents Action Group

QUOTE 2:

"I live in one of Victoria's highest bushfire-risk postcodes in the Yarra Valley. With insurance premiums continuing to rise year after year, we're facing the reality that our home insurance will exceed $10,000 within just a couple of years. It's not a distant concern for us – it's what keeps us up at night and it's a growing financial pressure on our household every day. The truth is, for many people in our situation, insurance is becoming a privilege rather than the safety net it was meant to be. Households are not simply choosing to forgo insurance – they are increasingly being priced out. Climate risk is effectively being privatised, and households are being left to carry a financial burden that should be addressed collectively.

"The impact also goes far beyond insurance premiums. In communities like mine, rising costs are beginning to affect who can buy, who can't sell, and who has a future here. When banks won't finance homes without insurance and properties become difficult to sell, the long-term viability and social fabric of our entire community is put at risk.

"The loss of cherished social networks, local knowledge and community support comes at a human cost that cannot be measured in dollars alone."

ECLC staff member and Millgrove Resident

Quotes and insights - Mums of the Hills

Mums of the Hills Inc is a charity in Melbourne's Yarra Ranges, improving the mental health and wellbeing of mothers and families by reducing the factors that cause isolation. They believe that changes to insurance practices are not only having a severe impact on the mental health and wellbeing of local residents, but pose an existential threat to the community.

Survey

When Mums of the Hills surveyed their 8,700 members about their experiences, a consistent pattern emerged, especially from those living in the areas previously impacted by disasters: escalating premiums, reduced choice of insurance providers, and forced under-insurance. One member, for example, had seen their premium increase by 62% over 4 years to over $8000 annually even though they had not made a single claim. Another reported a rise of "a minimum of $600 each year" before their policy was cancelled outright in June 2026. Another reported that they their insurer had not renewed their policy but, critically, had also failed to inform them of that decision, leaving the owner unaware that they were uninsured for several months.

Quote

"Insurer competition has collapsed in step with price rises. One member reported that they only have two options left for insurance, while another described being restricted to only one underwriter due to their location. Faced with these pressures, residents are quietly stripping back their own protection, with one family admitting, "we are now under-insured on both our contents and home and have agreed we will not make a claim… unless our home was destroyed".

Underlying all of this is a shared fear that family homes are becoming stranded assets, "unable to be sold and unable to be replaced or rebuilt if destroyed". Another stated, "I genuinely feel like a $ $[sic] to them. I don't feel human, I feel extorted and taken for a ride just for the sake of feeling secure in my own home". It is clear that changes to the insurance landscape have increased the anxiety of residents and undermined their sense of security and belonging. Mums of the Hills is deeply concerned that long-term community-resilience is being impacted by the insurance landscape, forcing residents to consider leaving their, friends, networks and support systems."

Additional Quotes

"We live on 10 acres and had to make an insurance claim after the June 2021 storm. Our insurance paid out pretty quickly, but the following year they doubled our insurance premium. The year after that, they told us that they couldn't provide coverage anymore."

Member, Healesville Community Emergency Group

Kym's Story

Background

Kym resides with her husband and two children in the Yarra Ranges. Her challenges began in 2021 but became severely exacerbated after an extreme storm caused widespread damage in the region. Initially, Kym had filed an insurance claim for damage caused by a leaking dishwasher. However, upon starting repairs, significant storm-related damage was uncovered, leading to a series of complicated chains of cascading and compounding legal and health issues.

Delays and lack of communication

Kym's insurer initially denied the claim. After Kym advocated for herself, an assessor was sent two months later, confirming coverage for water damage to the floor. The family relocated to temporary accommodation (an Airbnb) based on the insurer's assurance that repairs would take two weeks. During this period, the assessor found additional damage upon removing flooring, including mould growth. Dehumidifiers were used for weeks, inadvertently spreading mould spores to other parts of the house. As repairs progressed, yet more damage – a roof leak - was discovered. The insurer insisted upon a separate claim.

Now faced with juggling two insurance, financial strain from ongoing accommodation costs and a mortgage, Kym sought more stable rental housing. The insurer declined financial assistance for deposits or bonds without clear communication on support duration or budget. Each time Kym called, she experienced significant wait times, often two hours at a time, only to be transferred again once she finally made contact for another two hours to wait. She recounts always speaking to a different person with no clear case manager.

Mental health impacts

During their stay in temporary housing, Kym's child suffered a traumatic brain injury, intensifying the family's need for stable accommodation.

While initially supportive, the insurer's lack of clear communication frustrated Kym, uncertain about returning home amidst ongoing disputes over emergency accommodation payments.

"I had no idea how long my family would be displaced. The uncertainty led to therapy. It was horrendous."

Duration of Temporary Accommodation

After six months in temporary housing, the insurer transferred the claim to a private firm for project management, citing concerns over repair quality and eventually ordering all completed work to be "ripped up and started again".

Progress came to a standstill, with neither the insurer nor the private firm providing updates. AFCA suggested that she ask the insurer for regular fortnightly updates, but "the only update was that there were no updates. When people are in a position like this, they are really vulnerable."

Outcome

Ultimately, after two years of enduring immense hardship and navigating complex bureaucratic processes, Kym and her family were able to return home. However, the journey was marked by profound challenges, highlighting the critical need for clearer communication, consistent support, and compassionate handling of insurance claims during times of crisis. This story also highlights the ways in which disasters often exacerbate existing challenges, compounding them, and making them far more complex to overcome.

Note: A number of these quotes have also been submitted to Victorian Parliamentary Inquiry on Climate Resilience.