Submission on the Redrafted General Insurance Code of Practice

21 July 2026

Insurance Council of Australia via email: codeofpractice2026@insurancecouncil.com.au

Financial Counselling Australia (FCA) is the peak body
for financial counsellors in Australia.

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About Financial Counselling Australia

Financial Counselling Australia (FCA) is the peak body for financial counsellors in Australia. We support financial counsellors and provide a voice on national issues. We advocate on behalf of the clients of financial counsellors for a fairer marketplace that will prevent financial problems in the first place.

What Financial Counsellors Do

Financial counsellors provide advice and support to people experiencing financial hardship. Working in community organisations, their services are free, confidential and independent.

Financial counselling is one of the earliest and most effective interventions in a crisis. Financial counsellors regularly assist consumers experiencing financial hardship, insurance disputes and prolonged recovery following disasters.

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Overall position

FCA acknowledges the substantial work undertaken by the Insurance Council of Australia (ICA) to redraft the General Insurance Code of Practice (the Code) and develop an accompanying Vulnerability Guidance. FCA supports the introduction of a new Code and welcomes the opportunity to strengthen consumer protections through a Code that forms a contractually enforceable component of the policyholder–insurer relationship.

FCA is a signatory to the joint consumer submission by the Financial Rights Legal Centre to the Insurance Council of Australia's Consultation on a Redrafted General Insurance Code of Practice and endorses the concerns and recommendations contained within that submission. We make this additional submission to emphasise the critical importance of enforceable obligations relating to vulnerability, particularly for consumers affected by disasters and other significant life events. We also note that Financial Counselling Victoria (FCVic) have also put in a submission, 'Submission to the Draft General Insurance Code of Practice', and we confirm our support for this work.

FCA welcomes development of a Vulnerability Guidance that reflects contemporary best practice and is closely aligned with the principles of ISO 22458, representing an important step towards improving insurer responses to customers experiencing vulnerability.

However, many of the most important operational elements of the Vulnerability Guidance remain voluntary rather than enforceable. As a result, there is no assurance that all insurers will adopt consistent approaches to identifying vulnerability, providing appropriate support, delivering trauma-informed services, or monitoring customer outcomes.

This falls short of the intent of both the House of Representatives Standing Committee on Economics Inquiry into insurers' responses to the 2022 floods (Parliamentary Inquiry) and the Independent Review of the General Insurance Code of Practice (Code Review), which sought to embed consistent, accountable and measurable standards for supporting vulnerable consumers across the insurance industry.

To address this, FCA recommends:

1. **Incorporate** the key operational elements of the Vulnerability Guidance into the enforceable Code.
2. **Require** insurer vulnerability frameworks, identification practices and staff training to comply with ISO 22458.
3. **Mandate** monitoring, evaluation, and continuous improvement of vulnerability practices.
4. **Require** competency-based trauma-informed training, refresher training and capability assessment for all customer-facing employees, distributors and service suppliers.
5. **Extend** equivalent vulnerability obligations to service suppliers acting on behalf of insurers.

1 Vulnerability Guidance should be enforceable

Vulnerable customers need enforceable obligations, not optional guidance, because inadequate insurer responses can prolong recovery, deepen financial distress and cause further harm to already affected individuals and communities.

1.1 Enforceable standards are critical for vulnerable customers

Through their work supporting people experiencing financial hardship and vulnerability, particularly in the aftermath of disasters, financial counsellors have seen first-hand the consequences of inadequate insurer responses to vulnerability. Where insurers fail to appropriately identify and respond to vulnerability, the impacts can be severe, prolonging recovery, exacerbating financial distress, and causing further harm to individuals and communities already facing significant challenges.

Evidence-based research on best-practice engagement with disaster-affected communities [1,2,3,4,5] and the extensive practical experience of financial counsellors who have supported thousands of households through disaster recovery and other times of crisis, support the importance of embedding clear, enforceable vulnerability obligations within the Code rather than relying on voluntary guidance alone.

Consumers experiencing vulnerability should not be reliant on the policies, resources, or goodwill of individual insurers to receive appropriate support. Instead, they should be able to expect a consistent minimum standard of care across the industry, particularly during and after disasters when vulnerability is often heightened and insurer interactions can have a profound impact on recovery outcomes.

In recognition of the importance of vulnerability reform, the Parliamentary Inquiry made explicit recommendations. These include particularly Recommendations 37, 39, 40, and the (Code Review), particularly Recommendations 21[6], 25, 27, 32, 42, 43 and 53. While the draft Code adopts many of the principles underpinning these recommendations, too many of the operational requirements remain contained within voluntary Vulnerability Guidance rather than enforceable Code obligations.

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[1] Australian Red Cross and Australian Psychological Society, *Psychological First Aid: An Australian Guide to Supporting People Affected by Disaster* (2024)

[2] Australian Red Cross, *Collective Trauma Events: Guidelines for Best Practice* (2019)

[3] Mariana Atkins, Lucie Bérard and Shiyu Zou, *Financial Counselling for Disaster Resilience: The Western Australian Financial Counselling Disaster Preparedness, Response and Recovery Framework* (The University of Western Australia, 2025)

[4] National Mental Health Commission, *National Disaster Mental Health and Wellbeing Framework* (2023)
Australian Institute for Disaster Resilience, *National Principles for Disaster Recovery*

[5] *National Emergency Management Agency (2022), Australian Disaster Recovery Framework, Version 3.0, October 2022*

[6] For simplicity, references to Recommendation 21 in this submission include the complementary implementation measures contained in Recommendation 22.

1.2 The importance of supporting vulnerable customers is clear in practice.

The issue is not whether insurers have principles about vulnerability; it is whether those principles translate into vulnerable customers consistently receiving appropriate support in practice.

The Parliamentary Inquiry and the Code Review responded to evidence that vulnerable customers experience poorer outcomes during claims processes, particularly following disasters. As the case studies provided in **Appendix 1** illustrate, financial counsellors continue to provide essential support to vulnerable customers who have been overlooked or failed by insurers' own promises to improve.

2 Vulnerability protections are voluntary and non-binding in the current draft.

The draft Code leaves many key vulnerability protections in voluntary guidance rather than enforceable obligations, undermining the consistency and reliability of support for vulnerable customers. It requires insurers to develop their systems, processes and training in accordance with the Principles in the Vulnerability Guidance, but it does not require insurers to adopt or comply with the full Vulnerability Guidance itself. FCA is concerned that many of the most important consumer protections, particularly those relating to vulnerability, remain contained within the Vulnerability Guidance rather than the enforceable provisions of the Code itself. The Guidance expressly states that:

- it is voluntary.
- it is not legally binding; and
- insurers may adopt, modify, or adapt it to suit their individual business practices.

This creates key weaknesses in the Code, including:

- Inconsistent identification of vulnerable customers, as insurers can adopt different approaches rather than a common methodology.
- Variable workforce capability, because although the draft Code mandates training, it does not require insurers to implement the detailed competency framework contemplated by Parliamentary Inquiry Recommendation 40 and Code Review Recommendations 42 and 43.
- Inconsistent support outcomes, with no obligation to follow the Vulnerability Guidance's recommended practices for communication, referrals, flexibility, trauma-informed care and specialist support.
- Limited ability to demonstrate ISO 22458 compliance, because there is no requirement to implement the full framework for identifying, responding to, monitoring and improving outcomes for vulnerable customers as contemplated by Parliamentary Inquiry Recommendation 39 and Code Review Recommendation 21.
- No assurance that vulnerable customers are consistently identified and supported across the industry, which was a central objective of Parliamentary Inquiry Recommendation 39.

As a result, there is a significant risk that implementation will vary across insurers, leading to inconsistent consumer outcomes.

2.1 There are practical consequences to non-mandatory Guidance.

Leaving the Vulnerability Guidance non-mandatory has concrete, predictable consequences for how vulnerable customers are identified, supported and monitored across the industry.

1. ***Inconsistent identification of vulnerable customers***

If only the Vulnerability Guidance Principles are mandatory, insurers can develop very different approaches to identifying vulnerability. Some may adopt the full "Assess–Ask–Anticipate" framework from the Guidance, while others may develop more limited processes.

As a result, a customer's likelihood of being identified as needing extra care could depend on which insurer they deal with rather than their actual circumstances

This is significant because Parliamentary Inquiry Recommendation 39 specifically sought identification practices and training aligned to ISO 22458, with the objective of ensuring vulnerable consumers are consistently identified and supported and is also inconsistent with Parliamentary Inquiry Recommendation 37 and Code Review Recommendations 25 and 27, both of which seek consistent identification and recording of vulnerability across the industry.

2. ***Variable support across insurers***

The Vulnerability Guidance contains practical measures regarding trauma-informed care, communication, support persons, referrals, interpreter services, family and domestic violence responses, and proactive follow-up. If those elements remain voluntary, insurers can choose the extent to which they adopt them.

This creates the risk of a "postcode lottery" for vulnerable customers, where the quality of support depends on the insurer's internal commitment rather than a common industry standard.

This falls short of Independent Review Recommendation 25, which promotes embedding Extra Care throughout the customer journey, and Recommendation 32, which seeks culturally appropriate and tailored engagement for Aboriginal and Torres Strait Islander customers.

3. ***Reduced accountability and limited ISO 22458 discipline***

ISO 22458 is designed not only to identify and respond to vulnerability, but also to monitor outcomes and continuously improve services. It is concerned with whether organisations can demonstrate that their arrangements are working.

Where the Vulnerability Guidance is not mandatory, insurers may not be required to:

- measure whether vulnerable customers are being identified;

- assess whether support measures are effective;
- monitor outcomes for vulnerable customers; or
- demonstrate improvement over time.

Without those mechanisms, it becomes much harder to determine whether the Principles are actually translating into better customer outcomes. Without mandatory monitoring and evaluation, the Code cannot demonstrate whether the objectives of Parliamentary Inquiry Recommendation 37 or Independent Review Recommendation 21 are being achieved in practice.

2.2 The impacts will be felt the most by those who are least able to advocate for themselves.

The weaknesses in the current draft will not be felt evenly; they will fall hardest on customers who face the greatest barriers to self-advocacy.

Customers experiencing vulnerability often face barriers such as trauma, financial hardship, disability, language challenges, family violence, cultural barriers, or the aftermath of a catastrophe. These customers are often less able to navigate complex claims processes or insist upon appropriate support themselves.

A non-mandatory Vulnerability Guidance risks shifting responsibility back onto vulnerable customers to disclose their circumstances or seek help, rather than ensuring insurers proactively identify and respond to their needs.

This is inconsistent with the consumer protection objectives underpinning Parliamentary Inquiry Recommendations 37 and 40, which recognise that insurers—not consumers—must take responsibility for identifying and responding appropriately to vulnerability.

2.3 This runs counter to the intent of the reform.

The current reliance on voluntary guidance does not deliver on the clear reform intent of the Parliamentary Inquiry and Code Review, which sought structured, enforceable and measurable vulnerability protections.

The Parliamentary Inquiry and the Code Review sought to move beyond high-level principles and embed consistent, accountable practices across the insurance industry. Recommendation 39 of the Parliamentary Inquiry specifically called for insurer identification of vulnerable customers and staff training to align with ISO 22458, while Recommendation 21 of the Code Review recommended insurers be required to comply with ISO 22458. These recommendations should also be read alongside Parliamentary Inquiry Recommendation 37, which focuses on consistent identification and support of vulnerable customers, and Recommendation 40, which strengthens trauma-informed capability across the industry.

Collectively these recommendations contemplated a stronger and more structured operational framework than merely adopting high-level principles.

While the Principles in the Vulnerability Guidance are strongly aligned with ISO 22458 concepts such as recognising vulnerability, identifying needs rather than labels, embedding extra care, and building organisational capability, the principles alone do not provide the operational framework, monitoring mechanisms or assurance processes contemplated by ISO 22458.

If compliance is limited to following the Vulnerability Guidance Principles when designing systems and training, the industry arguably adopts the philosophy of ISO 22458 but not necessarily its operational discipline

Fundamentally, a voluntary guidance does not deliver on the intention of these reforms.

3 Recommendations

FCA recommends the following reforms to ensure the redrafted Code fully delivers on the intent of the Parliamentary Inquiry and Code Review:

1. **Incorporate** the key operational elements of the Vulnerability Guidance into the enforceable Code.
2. **Require** insurer vulnerability frameworks, identification practices and staff training to comply with ISO 22458.
3. **Mandate** monitoring, evaluation and continuous improvement of vulnerability practices. Whilst not expressly stated in the Parliamentary Inquiry Recommendations or Code Review Recommendations, to ensure ISO 22458 is being met, insurers should periodically assess whether vulnerable customers are being identified and receiving effective support. In addition, the Code should require review and continuous improvement of vulnerability practices.
4. **Require** competency-based trauma-informed training, refresher training and capability assessment for all customer-facing employees, distributors and service suppliers.
5. **Extend** equivalent vulnerability obligations to service suppliers acting on behalf of insurers.

Financial Counselling Australia strongly recommends incorporating the operational elements of the Vulnerability Guidance into the enforceable Code, noting this action would better implement Parliamentary Inquiry Recommendations 37, 39, 40, and Code Review Recommendations 21, 25, 27, 32, 42, 43 and 53. Doing so would establish nationally consistent standards for identifying and supporting consumers experiencing vulnerability, strengthen accountability across the insurance industry, and ensure the reforms achieve their intended purpose of improving outcomes for consumers—particularly those recovering from disasters and other significant life events.

Appendix 1

Case Study 1 – CAT 261: Victorian Fires January 2026
Brian is aged in his 70's and recently bereaved following his wife's long health battle. He is the Executor and primary beneficiary of the Estate which includes the house that they resided in together, which was destroyed in the bushfire. The property was in his late wife's name along with a small mortgage; however, the home insurance policy is in his name.

A financial counsellor supported Brian to lodge his insurance claim and immediately advised the insurer of his vulnerabilities, including his recent bereavement, declining mental health, and limited capacity to manage the claims process independently. The claims team at the local recovery hub added a signed authority appointing the financial counsellor as Brian's representative and agreed that all future communication would be directed through the financial counsellor at Brian's request.

Shortly after, Brian received a call from the insurer via a private number offering him some money. Brian declined this as he thought it was a scam and was concerned about the legitimacy of the calls being made to him. Following this, the financial counsellor spoke with the claims team at the recovery hub again and raised the issue of calls being made to Brian. The insurer confirmed that the representative authority had not been correctly implemented and rectified this immediately.

Despite the authority and contact being put in place and then reinforced, Brian continued to receive claim-related correspondence directly regarding mortgage discharge requirements. He advised that the ongoing direct contact was contributing to a deterioration in his mental health, increasing his confusion, anxiety, and difficulty managing the insurance process.

The case highlights the importance of insurers promptly implementing representative authorities and adapting communication practices to meet the needs of vulnerable customers, particularly those experiencing trauma and bereavement.

Case Study 2 – Multiple Weather Events: Mid North Coast NSW, March 2021
Michael, an older farmer, born in 1949, has spent most of his adult life working on the land. Following the death of his wife, who had managed the household finances and insurance, he was left navigating complex financial and insurance systems with very low literacy and limited financial and digital capability. Michael also suffers from mental issues including PTSD.

These vulnerabilities have had significant consequences for Michael - he has struggled to understand insurance policies, premiums and correspondence, contributing to longstanding underinsurance and financial hardship. Despite significant increases in premiums, he continued paying them at the expense of basic needs because he did not understand his options or have appropriate support.

Michael's circumstances have been compounded by multiple disasters, the loss of important documents in the 2021 floods, significant physical and mental health challenges, and difficulty navigating complex administrative processes.

With financial counselling and local service support, Michael was able to replace his wife's death certificate and complete documentation required to resolve a longstanding financial matter. However, inconsistent information about how documents could be submitted resulted in repeated appointments, documents being witnessed multiple times and further delays.

The matter with the insurer remains unresolved.

This case highlights how vulnerability can arise from multiple and intersecting factors—including age, bereavement, low literacy and numeracy, limited digital capability, poor health, disaster impacts, financial hardship and geographic isolation. Systems that rely on consumers understanding complex documents, independently completing paperwork and using digital channels can create significant barriers for vulnerable consumers.

Financial counsellor supporting Michael also noted - *We are coming across a lot of people in regional areas, especially farmers who have very low literacy and numeracy skills, minimal exposure to email or internet. Yet we are asking these people to complete paper work, obtain and send documents and work within a system they have never worked with, using technology they have no capacity to use. There needs to be more focus on the ability of our consumers to understand these policies and documents that are being sent to them to sign as legally binding contracts.*

Case Study 3 - CAT 232: FNQ, December 2023

The Far North Queensland floods exposed how disasters can amplify existing vulnerabilities in regional communities. An already severe rental shortage became critical, with the loss of housing compounded by emergency workers occupying much of the available accommodation. Many displaced residents, particularly those living on rural properties, were unable to find suitable accommodation that allowed them to care for livestock, pets or protect what remained of their homes and businesses. Families were forced to relocate to neighbouring communities, disrupting children's schooling and access to essential services.

Older people, people with disability, single women and those who were underinsured experienced some of the greatest challenges. Some elderly clients endured prolonged insurance delays and unsuitable temporary accommodation, including inaccessible hotel rooms and repeated relocations. Tragically, some died before they were able to return home.

Underinsurance further limited recovery. Many consumers accepted insurer-arranged emergency accommodation without understanding that the costs were being deducted from their insured sum, leaving insufficient funds to complete repairs or rebuild their homes.

This experience demonstrates the need for insurers to move beyond a one-size-fits-all approach by proactively identifying vulnerability, prioritising appropriate accommodation for those with the greatest needs, ensuring staff are trained in trauma-informed and vulnerability-informed practice, and providing clear, plain-English information before and during the life of an insurance policy so consumers understand their cover and the risks of underinsurance.

Case Study 4 - CAT 232: FNQ, December 2023
Patricia, a respected First Nations Elder and kinship carer for her teenage grandchildren, had recently purchased her first home shortly before Cyclone Jasper. Aware that the roof was ageing, she had already obtained quotes to replace it, despite there being no existing leaks. Before the work could be undertaken, the cyclone caused roof damage that led to significant water ingress.

Following advice from local recovery services, Patricia lodged an insurance claim. Rather than receiving timely assistance, she was accused of fraud and placed under investigation. During this period, no emergency "make safe" works were undertaken, leaving the damaged roof exposed and allowing further water damage each time it rained.

The experience caused significant distress and fear, prompting Patricia to seek support from an advocate, who engaged community legal services. The matter was eventually resolved through a cash settlement and financial compensation for temporary accommodation. However, the settlement was insufficient to fully repair or replace the roof.

Patricia subsequently applied for government disaster assistance to bridge the funding gap, but lengthy delays meant she and her grandchildren endured another wet season living with a leaking roof.

This case highlights how vulnerable consumers can experience compounded disadvantage when claims processes are adversarial, delays prevent timely property protection, and cash settlements fail to restore homes to a safe and habitable standard. It also demonstrates the importance of trauma-informed claims handling, culturally safe engagement with First Nations consumers, and early intervention to prevent avoidable harm and prolonged recovery.

Case Study 5 - CAT 221: Forbes NSW, November 2022
A couple whose home was severely damaged in a disaster lost almost all of their household contents and outdoor belongings. More than two years later, they remain displaced, living between a temporary POD and their damaged home because repairs have stalled.

The insurance claim has been delayed by an ongoing dispute regarding alleged pre-existing damage and difficulties obtaining quotes for repairs to their house stumps. As a result, the couple has been left in prolonged uncertainty, unable to return to a safe and secure home.

The extended displacement has significantly increased their vulnerability. Living in temporary accommodation has resulted in additional living expenses, contributing to financial hardship. The ongoing uncertainty, loss of stability and inability to move forward with their recovery have also had a substantial impact on their mental health and wellbeing.

The couple ultimately required referral to Disaster Recovery Legal Services to help navigate the insurance dispute.

This case demonstrates that vulnerability is not static—it can be created and intensified by claims processes that are prolonged, complex and difficult to resolve. Without timely repairs, effective communication and appropriate support, consumers can experience worsening financial hardship, declining mental health and prolonged displacement long after the disaster itself has passed.