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Insurers wasting opportunities to learn from complaints

Breaches of complaints standards by insurance companies more than doubled to 4,079 in 2017–18, according to an audit released today by the General Insurance Code Governance Committee (CGC). These breaches amount to more than one-third (35%) of the total Code breaches by subscribing insurers.

The Independent Chair of the CGC, Lynelle Briggs AO, said consumer complaints provide a valuable opportunity for insurers to listen and learn. They can lead to better products, higher service standards, improved business systems and ultimately advance confidence and trust in the industry. She said insurers were not paying sufficient attention to complaint trends, missing opportunities to improve service to their customers.

“Insurers need to do much more to understand who is complaining and what they’re complaining about,” she said. “They need to have appropriate numbers of skilled people who can examine complaints data and identify emerging issues with products or processes. This is very valuable information which shouldn’t be ignored or viewed in isolation.”

The audit was undertaken in the context of growing numbers of consumer complaints, indications of problems with insurers’ internal dispute resolution processes, increased focus on complaints handling processes as highlighted by the Royal Commission, ASIC initiatives to collect and publish complaints data and the Insurance Council of Australia’s review of the General Insurance Code of Practice.

The audit, [How insurers handle consumer complaints](#), examined a cross-section of 20 subscribing insurers. The main concerns identified were:

- timeliness of complaints handling
- insurers’ use of outsourced service suppliers to handle complaints
- documentation of complaints handling processes
- failure to provide written responses to complaints.

Ms Briggs said insurers were frequently not meeting the Code’s timeliness standards, and were exceeding them considerably in a small but significant minority of cases. The CGC had urged insurers to analyse why they were not meeting these standards.

The CGC made 18 recommendations to improve insurers’ compliance with the Code’s complaints standards. These included:

- improving accessibility of complaints information to vulnerable consumers, and improving processes to identify and help vulnerable consumers
- prioritising complaints according to their urgency, especially for consumers in financial hardship
- acknowledging consumer complaints faster and in writing
- ensuring the resourcing, skills and training of staff and outsourced service suppliers are adequate to meet complaint service standards.

A two-stage internal dispute resolution process allows insurers 45 days to handle complaints. If consumers are still not satisfied, they can escalate their complaint to the Australian Financial Complaints Authority (AFCA).

More information:

Further information about the CGC is available at on www.codeofpractice.com.au, or by contacting Sally Davis, General Manager – Codes on:

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