

4 May 2020

Publication of the Code Governance Committee's Annual Report: General Insurance in Australia – 2018-19 and current insights

The Code Governance Committee (the Committee) has today released its annual report, presenting a snapshot of retail insurance trends and service standards in the general insurance industry in 2018–19 and into the first half of 2019–20.

It includes 17 recommendations to assist subscribers to comply with obligations under the General Insurance Code of Practice (the Code).

In 2018–19 Code subscribers:

- Sold 41.5 million retail general insurance products (up 4%) to consumers and small businesses. Almost three quarters of these were motor vehicle (39%) or home (27%) insurance products, followed by personal and domestic property (19%) and travel insurance (12%).
- Received almost 4.16 million retail claims, up slightly (2%).
- Declined to accept 179,722 claims and reported that 327,191 claims were withdrawn, up 10%.
- Received 32,760 complaints about retail insurance products, up 12% on the previous year.
- Employed 97,476 people in 2018-19.

Subscribers breached the Code 31,186 times compared with 13,668 the previous year. Most breaches concerned obligations relating to the management of claims and complaints. Some 84% of breaches were attributed to five subscribers. It was unclear if the surge in Code breaches was because more breaches occurred or because of better monitoring and reporting, or both.

A total of 119 individual significant breaches were reported by subscribers in 2018-19 compared with 29 the previous year, and the upward trend is continuing in early 2019–20.

Almost 43% of significant breaches involved the Code's buying insurance standards. All but two of these included significant breaches of subsection 4.4, which provides assurance to consumers that subscribers will conduct their sales processes efficiently, honestly, fairly and transparently.

While the annual report reflects the previous 12 to 18 months, the Committee acknowledges that industry is now facing vastly different circumstances in the midst of the impact of the worldwide Coronavirus (COVID-19) pandemic. Prior to the emergence of COVID-19, industry was already working tirelessly to assist communities affected by the devastating bushfires that occurred in December 2019 and January 2020.

The Committee therefore reminds subscribers that it is critical that they prioritise vulnerable consumers, those experiencing financial hardship, and those whose damaged properties pose a risk to them or others. Consumers and small business need the protections of the Code, especially at a time such as this when they are most likely to be affected by family violence and financial hardship.

The Committee confirmed that it would maintain its focus on outcomes that constitute or are indicative of significant consumer harm and expects industry to fulfil its obligations in such circumstances in accordance with the spirit of the Code.

About the **General Insurance Code Governance Committee**: The Committee is an independent body responsible for monitoring Code subscribers' compliance with standards in the Code of Practice. With 160 subscribers, the Code covers 97% of Australia's general insurance industry. The Committee aims to help the industry provide services that meet the needs and expectations of consumers.

Further information about the Code Governance Committee is available at www.insurancecode.org.au or by contacting Sally Davis, General Manager – Codes on 03 9613 7341 or sdavis@codecompliance.org.au.