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Subject: General Insurance Code Governance Committee - Monitoring Priorities Consultation, CrediCorp Insurance
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Attachments: [Image.png](#)

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Good Evening,

Please find the below submission on behalf of CrediCorp Pty Ltd.

CGC 2023-24 Monitoring & Compliance Priorities Consultation

Great Southern Bank owns a run-off subsidiary which sold and managed Consumer Credit Insurance (CCI). The subsidiary went into run-off on 22 June 2021 and subsequently no longer sells new CCI policies. The subsidiary continues to manage existing policies including assessing claims and executing on the run-off plan in consultation with both the Appointed Actuary and APRA.

The subsidiary remains an active subscriber of the General Insurance Code of Practice including submission of required reporting and compliance to Code requirements.

In response to your invitation for submissions, we would like to highlight 2 emerging issues impacting us and likely the broader credit insurance industry.

Issue 1: Phishing exercises by third party agency remediators

Remediator agencies have emerged since the Royal Commission which specialise in reclaiming CCI premiums for customers. While we are committed to investigating any instances where our customers may be entitled to a refund, we have noted that the method of operation employed by these agencies have created a significant administrative burden on our operations. These agencies approach insurance businesses with 'information requests' as part of a phishing exercise to query whether individuals on their (often extensive) lists have ever held a CCI policy, and whether they are entitled to any applicable premium refunds. Analysis of these lists received by us over a 5-month period in 2022 revealed that approximately 87% of all such requests were for individuals who were never an existing customer of our Bank or never held a CCI policy with us. Analysis further highlights that the volume of agency requests have significantly increased over time as outlined below. We estimate that the time incurred to investigate and finalise an information request for an individual who was never an existing customer or one who never held a CCI policy with us is approximately 10 minutes per request, amounting to 49 hours between July and November 2022. Given the upwards trend in agency requests received over the last few months, the time and cost required to manage these requests is of concern.

Image



Other Feedback: Total information requests received from agencies regarding customers requesting a premium refund review, including many non-customers

Agency Complaint: Requests received from an agency regarding a customer's CCI policy and a request for a premium refund review.

Customer Complaint: Requests received directly from a customer regarding their CCI policy and a request for a premium refund review.

Issue 2: Inconsistencies in AFCA decisioning relating to CCI complaints

We have experienced perceived inconsistencies in the way that the Australian Financial Complaints Authority (AFCA) have assessed CCI complaints over the last few months. The outcome of AFCA's assessments have been noted to have an element of subjectivity depending on the assessor rather than being process driven. One example is a recent decision made in favour of the customer on the basis that we had not retained certain documents, despite the legal retention timeframe having been exceeded. We have had similar AFCA cases in the past that were assessed in the favour of the Bank as a result of the legal retention timeframe having expired. We have approached AFCA to discuss our concerns regarding this and will continue to work with AFCA to build greater consistency in this process. It is noted that AFCA are scheduled to provide and publish specific guidance relating to the ongoing management of CCI remediation requests in January/February 2023.

We appreciate any industry review or guidance regarding these 2 emerging issues.

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