

**Auto & General Insurance Company Limited submission to
the House of Representatives Standing Committee on
Economics Flood Insurance Inquiry**

Supplement

1 Claims Management

1.2 Claims Processing

1.2.1 For each 2022 flood event, what is the average time taken to:

- (a) Determine claims for each relevant category of insurance including, but not limited to, home and business;
- (b) Provide a payout to the policyholder;
- (c) Commence repair work?

- 1 The following table sets out the average time to determine a claim in days, the median time taken and average number of days taken to commence repair work that was required as a result of a claim made in connection with the 2022 flood events.

Event	CAT 221	SE 222	CAT 223	SE 224
Average time to determine claim in days	12.5	7.9	9.36	13.3
Median no. of days to commence repair work	57	34	38	16
Average no. of days	78	46	56	29

- 2 The time taken to provide a payout to a policyholder in connection with a 2022 flood event was dependent on specific customer processes. For example, if a customer has a mortgage on their property, before any payout is made, A&G requires instructions about how the funds must be distributed. Once the claims process has been completed and a settlement amount has been agreed with the customer, A&G paid out the claim on average within days.

1.3 Claims Decisions

1.3.5 For each 2022 flood event, how many claims did your firm refuse on the basis that damage was caused by flood and not a storm? What percentage of total claims made for both home and business insurance do these refusals represent?

- 3 A&G does not collect structured data about how many claims were refused on the basis that damage was caused by flood and not storm. The following table sets out for each 2022 flood event the total number of claims that were declined in full by A&G and the number of claims declined in full as a percentage of total claims made. The figures in the table are inclusive of those claims that were declined on the basis that damage was caused by flood and not a storm. The figures in the table do not include any claims that were partially declined.

Flood event	# of claims refused ¹	% of total claims refused
CAT 221	917	6.7%
SE 222	116	8.8%
CAT 223	203	13.3%
SE 224	31	16.3%

1.4 Claims Protocols

1.4.4 For each 2022 flood event, how many ex-gratia payments were made?

- (a) How much was paid on average; and
- (b) What was the distribution of payments made?

- 4 The number of ex gratia payments, average payment, and the distribution of payments, for each 2022 flood event, is set out in the following table:

Flood event	Number of ex-gratia payments	Average ex-gratia payment	Distribution of payments
CAT 221	917	\$972.68	
SE 222	203	\$668.98	
CAT 223	115	\$337.12	
SE 224	31	\$1,483.22	

2 IDR Processes

2.2 IDR Outcomes

2.2.1 How many cases involved dispute resolution? What was this as a percentage of overall claims?

- 5 A&G recorded 2,593 complaints in response to the 2022 weather events.² This includes all expressions of dissatisfaction made during the claims process, including those resolved in the initial interaction with the policyholder.

¹ Figures are not limited to claims refused due to flood.

² 'Weather events' means the South-east Queensland and northern NSW floods of February and March 2022, the NSW Rain Event of February 2022, the South-east Queensland Storms of February 2022, the Hunter and Greater Sydney Floods of July 2022, the NSW Rain Event of July 2022, the Victorian, NSW and Tasmanian Floods of October 2022, the NSW Storm and Flood of October 2022, the Tasmanian Storm and Flood and the Victorian NSW Regions Storm and Flood.

- 6 Complaints were recorded on 15.6 % of overall claims. The following table sets out the outcomes of all claims received in connection with a 2022 flood event with a breakdown of the number of claims per outcome type.

2.2.2 What were the main causes of disputes?

- 7 The following table sets out the main causes of disputes arising from claims made in connection with a 2022 flood event and the number of complaints by cause.

Cause	Number of complaints
Inadequate communication / quality of service	217
Exclusions / conditions of cover	313
Quality of repairs	154
Delays in relation to claims processing, assessments and repairs	141
Assessment methods	129
Settle versus repair decision	157
Claims process	112

2.2.3 What was the timeframe – average, and distribution (under 1 month, 1-6 months, 6-12 months, 12+ months) from initial dispute to close?

- 8 As noted in A&G's submission, A&G recorded 2,593 complaints in response to the 2022 weather events. Of the 2,593 complaints made:
- (a) 2,167 were resolved in under 1 month;
 - (b) 349 were resolved in 1-6 months;
 - (c) 66 were resolved in 6-12 months; and
 - (d) 11 complaints took more than 12 months to resolve.
- 9 All complaints aged over 6 months were escalated to AFCA and became subject to AFCA's processes and timeframes. Over 50% of the complaints resolved in 1-6 months were also escalated to AFCA and subject to AFCA's processes and timeframes.

2.2.4 How many claims that went to IDR were resolved in favour of the policyholder?

- 10 Of the 2,593 complaints referred to above, there were 2,326 claims which were resolved during the IDR process. Of those claims, 1,793 were resolved in favour of the policyholder, resolving the dissatisfaction expressed by the policyholder. Those claims that involved a review of the claims decision are detailed in response to question 2.2.5 below.

2.2.5 How many claims that went to IDR:
a. Led to no change to the original decision?
b. Led to full acceptance of the claim?
c. Led to partial acceptance of the claim?

- 11 The following table outlines how many claims that went to IDR led to no change to the original decision or either full or partial acceptance of the claim.³

Claims outcome after IDR	Number of decisions
No change to original decision	414
Full acceptance of claim	269 decisions were either accepted partially or in full.
Partial acceptance of claim	269 decisions were either accepted partially or in full.
Total	683

5 Communication

5.1 Communication process

5.1.2 What is the typical response time to incoming: a) Phone calls, b) Emails and c) Written correspondence

- 12 A&G typically:
- (a) answers 70% of calls within 30 seconds and its average response time across all phone calls is less than 60 seconds;
 - (b) responds to emails within 5 business days; and
 - (c) responds to written correspondence within 7 business days.

³ A&G's reporting processes do not provide a split between partial and full acceptance of the claim. These outcomes relate to all claims-related complaints and are not limited to full claim acceptance decisions. Data reflected in this table is correct as at 16 October 2023.

- 13 During a catastrophe, these response times typically increase due to a surge in demand for support from policyholders.

6 Hydrology Reports

6.1 The Use of Hydrology Analysis

6.1.3 Did your firm engage the same hydrologists as other insurers during each of the 2022 flood events?

- 14 As summarised in the table below, during each of the 2022 flood events, A&G worked with its exclusive hydrologist , along with other hydrologists who were also engaged by other firms.

Flood event	Supplier	# of reports	Shared
CAT 221		329	No
		222	Yes
		140	Yes
		9	Yes
SE 222		3	Yes
		1	No
CAT 223		33	Yes
		23	Yes
SE 224		18	Yes
		4	Yes

6.2 Hydrology Analysis by the Insurer

6.2.1 For each 2022 flood event, how many hydrologists did your firm engage?

- 15 As shown in response to question 6.1.3, A&G engaged the following number of hydrologist firms for each 2022 flood event:
- (a) CAT 221 – 4.
 - (b) SE 222 – 2.
 - (c) CAT 223 – 2.
 - (d) SE 224 – 2.

9 External Dispute Resolution (EDR)

9.1 EDR Frequency

9.1.1 For each 2022 flood event, how many claims were referred to EDR?

16 The following table shows the number of claims referred to EDR for each 2022 flood event.

Flood event		Claims referred to EDR
CAT 221	NSW Rain Event Feb 2022	141
	South East Qld Storms Feb 2022	84
SE 22	NSW Rain Event July 2022	21
CAT 223	NSW Storm and Flood	4
	Tas Storm and Flood	0
	Vic NW Regions Storm and Flood	16
SE 224	NSW Central West Storm and Flood	1
TOTAL		267

9.1.3 How many disputed claims remain unresolved (internal and external)

17 A&G refers to its responses to questions 2.2.1, 2.2.2 and 2.2.3. As at 16 October 2023, of the 2,593 complaints made in relation to A&G's response to the 2022 flood events, there are 7 complaints that remain unresolved. All 7 unresolved complaints are being resolved by IDR.

18 As there remains a small volume of claims being finalised, a small number of complaints are also still being recorded.

9.1.4 How many claims that went to EDR were resolved in favour of the policyholder?

19 Excluding 25 claims that were either not categories, withdrawn, discontinued by the policyholder or discontinued due to a failure by the policyholder to respond, 99 of the 242 claims that went to EDR were resolved either in part or fully in favour of the customer.

20 These were resolved either via negotiation or as a result of an AFCA Preliminary Assessment or Determination.

9.1.5 How many claims lodged with your firm that went to EDR:

- (a) Led to no change to the original decision;
- (a) Led to full acceptance of the claim; or
- (b) Led to partial acceptance of the claim?

- 21 The table below outlines the number of claims lodged with A&G that went to EDR and which led to no change to the original decision or either full or partial claim acceptance.⁴

Outcome	# of claims
Led to no change in the original decision	143
Led to full acceptance of the claim	35
Led to partial acceptance of the claim	64

- 22 These outcomes include all claims-related categories and are not limited only to claim acceptance decisions.

9.2 EDR Processes

9.2.3 What is the expense to the company of the EDR process?

- 23 For FY23, the total AFCA costs incurred by A&G for the EDR process was

Attachment C

C.1 Hydrology Reports

C.1.1 In how many instances (separately for each category incident) did the company obtain advice from expert hydrologists when assessing claims?

- 24 The table below lists the number of instances A&G sought advice from expert hydrologists when assessing a claim.

Flood event	Number of claims requiring hydrologist report
CAT 221	1,002
SE 222	8
CAT 223	89
SE 224	34

⁴ Note that these figures exclude claims that were either not categorised, withdrawn, discontinued by the customer, or discontinued due to a failure to respond.