



17 November 2023

Dr Daniel Mulino MP
Chair of Standing Committee of Economics
Standing committee on economics

Re: Flood Insurance Inquiry Submissions: Questions to answer and associated data request

Dear Mr Mulino,

Youi refer to your letter of 22 September 2023, regarding the Standing Committee on Economics inquiry into insurers' responses to 2022 major flood claims (the **2022 Floods**). Youi appreciates the opportunity to provide a submission into the Inquiry.

Response to the 2022 major floods

The 2022 Floods stand out for their remarkable convergence with a challenging catastrophe season in 2021, the aftermath of the covid pandemic, geopolitical tensions, and the economic consequences of those events. Compounded by pre-existing challenges within the industry such as supply chain disruptions and labour shortages, the floods further escalated the complexity by generating an additional 260,000 claims into the insurance claims system.

Youi managed some things well during the 2022 Floods, such as quickly redeploying staff to claims lodgements to manage the surge to volumes, utilising a strategy to have service providers authorised to complete repairs before general demand spiked, as well as maintaining strong phone call response times in the claims call centre. However, Youi also recognises and accepts shortcomings when responding to the 2022 Floods, such as those outlined in ASIC's review of home insurance claims (**ASIC Report 768**), in addition to findings of the Deloitte review of insurance industry's response to the 2022 South-East Queensland and Northern New South Wales Floods (**CAT221**). As of September 2023, Youi's completion rate on claims from the 2022 Floods was 98.30%. Youi strives to ensure no customer is left behind but accepts Youi doesn't always get it right.

Youi continues to look for ways to improve. To facilitate the uplift of claims handling in line with the Deloitte review and the ASIC Report, Youi is currently undertaking an end-to-end review of the home claims processes. This review is being conducted under the oversight of Youi's new Chief Executive Officer and Chief Operating Officer, who were both appointed to these roles in June 2023, and it is expected this will result in further improvements to Youi's claims handling processes.

Background to Youi

Youi's first product was launched in Australia (car insurance) in 2008. From Youi's beginnings as a start-up 15 years ago, Youi is now an established and trusted insurer in the Australian market and is proud to employ more than 2,000 staff who are predominantly based in Australia, with some based in New Zealand, and South Africa. Youi is headquartered in Sippy Downs, Queensland and has five other Australian offices in Sydney, Melbourne, Perth, and Brisbane. Youi predominantly underwrites and distributes personal line insurance

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



products (e.g. car, home, and leisure), along with a small business insurance portfolio. Youi's market share in car is approximately 5% and home is approximately 3%.

Youi's purpose since inception has been to provide customers with a better insurance alternative. To measure Youi's success in providing a better insurance alternative, Youi focusses on three crucial aspects: price, service, and trust.

Resilience, affordability, and availability options

Youi understands and supports the need for customers to be able to access affordable insurance and recognises the challenges in achieving this for insurers and customers alike. This is addressed by Youi with careful underwriting, prudent capital management and the use of reinsurance. For some risks, it is not viable for an insurance company to offer coverage in a way that is financially sustainable for the business and customers and attempting to do so will jeopardise cost effective cover for the vast majority of customers.

For homes in areas exposed to significant and predictable risk (whether it be a flood plain or cyclone exposed areas), the viability of sustainable insurance offerings is challenged. For example, if the insurance industry offered cover to such areas without regard for the risk exposure, it would result in adverse effects or cross subsidisation from other customers. This would mean that availability of cover may improve, but that would be at a heightened cost for all policy holders and affordability would deteriorate.

The Hon Stephen Jones MP's, Assistant Treasurer and Minister for Financial Services, recent meetings with reinsurers in London and Munich has highlighted the reinsurance industry's focus on Australia making fundamental changes to the location and resilience of areas where homes are built. If Australia doesn't make substantial changes, there could be long term effects on the availability of reinsurance which will reduce the availability of insurance for customers. Youi agrees with the Assistant Treasurer when he stated '*repeating the problem of building the wrong suburbs in the wrong places - the international reinsurers will look at all of that and go, Australia is not learning its lessons*'¹. There are opportunities to direct resources to resilience mitigation measures, rather than simply spending on clean-up costs, and the smart allocation of funding should achieve overall a more effective outcome.

As long as homes continue to be built in flood prone areas without strict building resilience measures or disaster mitigation risk factors, customers will continue to experience challenges with availability and affordability of flood insurance cover. Youi agrees with the Insurance Council of Australia (ICA) and its suggested policy solutions including:

- removal of unfair and distorting state taxes,
- invest significantly in programs that assist householders to strengthen homes against the impacts of extreme weather events,
- undertake ongoing buybacks in the most risk-exposed locations to move people and homes out of harms' way,
- partner with the insurance industry and affected industry sectors on programs that reduce risk in those sectors, and

¹ Source: [Interview with Sabra Lane, AM, ABC | Treasury Ministers](#)

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



- make greater investment in public infrastructure that protects communities from the impacts of natural disasters.

Importantly, Youi would not be supportive of measures that do not address the underlying risk. For example, Youi does not believe that insurance pools would be an effective mitigator or address affordability of insurance. An insurance pool is in effect requiring one cohort of customers to cross subsidise other customers without providing any mitigation for when natural disasters occur. Over the longer term, this will be detrimental to all customers.

Youi's response to the inquiry's specific questions are included in the attachment.

If there are any questions, please let me know.

Sincerely,

Russell Redsell
Chief Corporate Affairs and Governance Officer

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Attachment - Questions & responses

1) Claims management

Youi's claims catastrophe strategy sets the principles on how any natural disaster event is managed. This strategy is underpinned by Youi's values, vision and continuous improvement opportunities identified through post-event reviews. From historic events, Youi has learned that a fundamental aspect to getting the claims handling experience right for customers is to prioritise assessing and booking in repairs, particularly when a surge in demand is anticipated. Prioritising assessing and booking in repairs ensures customers are back into their homes as soon as possible.

• How did the sector cope with the surge in claims from the 2022 floods (referred to in the Terms of Reference)?

The catastrophe events of 2022 were unprecedented and, when combined with the complex and challenging economic environment post-covid, they challenged the whole insurance industry. As reported in the Deloitte review, while there were good practices by insurers, there were also practices that required improvement. The sector took several steps to cope with the surge in claims, with many insurers turning to mass recruitment to boost capacity to respond to the events. The industry has generally accepted there are opportunities to improve its response to home insurance claims, and the findings of the ASIC Report 768 and the Deloitte review reinforce this. As outlined in the cover letter and elsewhere in this submission, Youi can also improve and is conducting an end-to-end review of the home claims processes to identify these opportunities.

Surge capacity

• How many staff are engaged in claims processing? How does this change during natural disasters?

Youi has approximately 300 staff engaged and responsible for claims processing (including lodgements, assessing, claims management). When a natural disaster occurs, Youi scales up the claim's workforce according to the nature of the event by redeployment of internal staff (who are already skilled) and, if required, introduction of new staff. During the 2022 events, Youi redeployed 30 - 60 staff depending on the nature of the event (CAT221 resulted in a redeployment of 60 staff from the recoveries and settlements departments).

• At times when a high number of claims are submitted, the industry will be competing for additional staff and for materials (for repairs) with other sectors. How does the firm manage cost and/or access issues? How could it do better in the future?

Youi's primary objective during catastrophic events, as well as in handling routine claims, is to assess and restore customers property promptly and efficiently. This becomes particularly crucial during catastrophe events, where the demand for service providers escalates rapidly. To meet this demand, Youi strives to deploy staff in the most extensive manner possible to handle customer claims. The critical initial step in this process involves the lodgement of claims. All of Youi's claims teams, including those responsible for claims lodgement, processing, and assessment, are in-house, which enables Youi to mobilise and redeploy staff internally, eliminating the need to compete for assessors from external recruitment pools.

Australia

Youi Pty Ltd
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Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

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This approach has a ripple effect, allowing Youi service providers to efficiently procure materials and schedule the necessary trades to complete repairs. However, Youi acknowledges there are further areas of improvement as highlighted in the findings of the Deloitte review. To address this, Youi has instituted an end-to-end home claims process review with the aim of reducing complexity for staff and customers, reducing the time that it takes to process a claim and ultimately ensuring that cost is kept low. The end-to-end review includes reviewing Youi's system for assessing damages and project management of builders. Youi also continuously refines online claims lodgement functionality.

• What are the strategies for redeploying resources internally? How do you manage the risk of unintended consequences? (e.g. insufficient resources in other areas)

Following every catastrophe season, Youi reviews performance and identifies improvement opportunities ahead of further catastrophes. Several of Youi's initiatives involve enhancing how Youi can scale operations to better respond to events, including the redeployment of staff. As noted above, the 2022 catastrophe season was no exception to this process.

Lodgements:

To ensure customers can contact Youi about new or pre-existing claims quickly (business as usual or catastrophe related), Youi's in-house redeployment strategy allows us to reallocate additional staff from the recoveries and settlements departments within the business efficiently to respond to customers calls.

Moving recoveries and settlements advisors from one skillset to another does leave a gap in work allocation and productivity. To mitigate this, senior leadership members in recoveries and settlements have implemented workaround strategies to manage any associated timeframe and turn around risks, with a view to minimising negative customer impact arising from the reallocation of staff.

Assessing:

Where the size of the event and/or existing resources in the area necessitates further assessing expertise, interstate assessors will be mobilised to the state of disaster to assist in the recovery efforts. Youi further diverts claims directly to authorised service providers to bolster assessing capacity for all claims.

Management:

In the event of a catastrophe, Youi will mobilise the Catastrophe Management Team which fulfil decision-making, action and execution of decisions, reporting, and communications in relation to the event. The members of this team include senior and executive staff across all areas of claims, procurement, customer service and reinsurance (amongst others). This team provides updates to the executive team and Youi's Board on a regular basis during catastrophe events.

Additional Resourcing

Youi also provides the claims department with priority access to Business Intelligence and IT resourcing to quickly implement initiatives that assist the claims department with fast-tracking improvements to processes for claims allocation, communication, third party management and mandates.

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www.youi.com.au

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• **What are the key skills gaps currently (or anticipated)? How does the firm/industry propose to manage recruiting and training a surge workforce?**

It is well-reported that post-covid, there has been a shortage of skilled workers to fill vacant roles, which has impacted not just the insurance sector, but also the broader industry. Youi has experienced difficulties in recruiting certain skillsets, including claims assessing (particularly home claims assessors in NSW), as well as full time claims call centre staff. As much as technical expertise is important, it is equally important for Youi to attract staff who excel in customer service, can manage complex claims and have strong communication skills. To manage the recruitment challenges within a surge, Youi recruited part-time staff, with shortened hours appealing to a larger portion of the available workforce. Going forward, Youi have also engaged a recruitment agency who can assist with contract staff at short notice.

• **What training is provided to claims processing staff? How long does it take?**

Training is divided into three components: Onboarding, transitional training, and ongoing performance management. The completion of onboarding and transitional training will typically take 4 weeks. Internal staff that are redeployed to assist with claims processing are pre-trained.

Claims Processing

• **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;

Youi's average times between lodgement of claim to authorisation of repairs are set out below, split by catastrophe event and product type.

ICA CAT Code	CAT Description	Product	Avg. working days; claim reported to repairs authorised	Total claims
221	South-east Queensland and northern New South Wales (NSW) floods of February and March 2022	Building	44.6	3999
		Building and Contents	47.2	877
		Business	13.6	14
		Contents	41.7	757
		Leisure (Trailer, Caravan, Motorcycle)	24.2	237
		Vehicle	15.6	1377
222	Hunter and greater Sydney floods of July 2022	Building	27.0	330
		Building and Contents	34.5	65
		Business	7.7	1
		Contents	23.6	33
		Leisure (Trailer, Caravan, Motorcycle)	22.2	23

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info@youi.com.au
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Buddina, QLD 4575



		Vehicle	10.5	50
223	Victorian, NSW and Tasmanian floods of October 2022	Building	17.0	359
		Building and Contents	18.8	91
		Business	4.7	1
		Contents	27.2	61
		Leisure (Trailer, Caravan, Motorcycle)	27.1	36
		Vehicle	12.4	121
224	Central west NSW floods of November and December 2022	Building	23.6	62
		Building and Contents	17.2	15
		Contents	40.8	11
		Leisure (Trailer, Caravan, Motorcycle)	36.4	7

Table 1 Total claims average turnaround time by Product, by Catastrophe.

b) provide a payout to the policy holder;

The average time elapsed between lodgement of a claim and payment² on the main portion of the claim to the customer is set out below:

ICA CAT Code	CAT Description	Avg working days - claim reported to customer first payment
221	South-east Queensland and northern New South Wales (NSW) floods of February and March 2022	72.5
222	Hunter and greater Sydney floods of July 2022	57.2
223	Victorian, NSW and Tasmanian floods of October 2022	43.8
224	Central west NSW floods of November and December 2022	50.8

Table 2 Average working days to claim first payment to customer.

c) commence repair work

The average time elapsed between lodgement of a claim and the authorisation of repairs is set out below.

ICA CAT Code	CAT Description	Avg working days - reported to repair authorisation
221	South-east Queensland and northern New South Wales (NSW) floods of February and March 2022	47.0
222	Hunter and greater Sydney floods of July 2022	35.6

² Payment relates to any cash settlement (full or partial) payment made to the policy holder on a main portion of a claim (i.e. a payment made on the contents portion of a claim). This does not include emergency payments or payments for temporary accommodation, food spoilage etc.

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info@youi.com.au
www.youi.com.au

PO Box 849
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223	Victorian, NSW and Tasmanian floods of October 2022	23.0
224	Central west NSW floods of November and December 2022	25.7

Table 3 Average working days to claim repair authorisation.

• **For each 2022 flood event, why did those policy holders experience delays in the processing of their claims? Were these delays due to:**

Internal factors (staffing/resourcing/other)

The unprecedented volume of claims arising from the 2022 floods challenged the industry. There were many factors that contributed to the insurers in the industry being able to quickly progress claims, and insurers varied in their ability to quickly scale their workforce to respond to demand. The Deloitte review of the insurance industry's response to CAT221, outlines its views on the main causes of delays within the insurance industry, being:

1. planning for catastrophes;
2. resourcing;
3. operating model limitations (including process and technology);
4. communications; and
5. governance practices.

Youi is working through the Deloitte review findings when completing the end-to-end home claims review.

External factors (lack of access to tradespeople or to materials due to supply chain issues)

The 2022 floods stand out for their remarkable convergence with the aftermath of the Covid pandemic. Compounded by pre-existing challenges within the industry such as:

- Skilled labour shortage which made trades and builders scarce. This would lengthen the time it takes to repair.
- Low unemployment rate which made call centre staff more difficult to find. Coupled with the above point, Youi now actually needed more staff (due to larger portfolios of active claims).
- Shortages of materials.

• **How did these delays impact policy holders? Was the impact measured?**

Youi knows that within the insurance industry, delayed claims handling was the biggest driver of complaints following the 2022 floods. Failing to promptly communicate with customers was a source of stress and frustration, as outlined in the ASIC Report. Where possible, Youi tried to mitigate the delay on policy holders by:

- Attending to all claims in a methodical manner. Youi prioritised attendance to severely damaged properties first (where the home was unliveable, and the customer severely impacted), followed by the less severely impacted properties.
- Youi completed assessments through its builders (external service providers) at the same time, ensuring the builders could complete scope of works and quotes quickly whilst allowing the customer to ask any questions of both Youi and the builders.

Youi recognises that although the attempt was made to mitigate the delays on policy holders, there are challenges that were unforeseen and the delays in repairs, lack of continuous communication and shortages of materials and trades were all driving factors in customer impacts.

Australia

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Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
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Claims decisions

• Under what circumstances do you reduce the quantum of payouts to policy holders?

Youi understands the question to be asking the circumstances where the amount paid to the customer would be below what Youi have determined the amount to "fully reinstate" the property. Where a customer is cash settled for a claim, the only circumstances that would result in the settlement being reduced would be where:

- part of the loss in question is not covered by the policy terms and conditions (as set out in the Product Disclosure Statement (PDS)), or
- the customer has nominated a lower sum insured; in which case the customer will be indemnified up to the sum insured noted on the policy.

• What procedures do assessors engaged by your firm follow to differentiate between storm and flood events?

Flood cover is a standard inclusion in Youi's home policies. As such, Youi's assessors do not need to differentiate between storm and flood coverage in the validation of a claim as customers are covered regardless.

• How do assessors differentiate between storm and flood damage where both may have occurred during a single event?

As explained above, Youi cover both storm and flood-related damage as defined in the PDS.

• How does your firm differentiate between storm and flood damage?

Beyond classification of the type of event the claim relates to, Youi does not differentiate in approach between storm and flood damage as they are both covered under Youi's PDS. To determine the classification of the claim, Youi will obtain information from the customer, and then the claims advisor will complete a set of triage questions which assist in determining the type of insured event that has occurred.

• 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?

In Youi's PDS, flood coverage is explicitly included. Accordingly, Youi did not reject claims on the basis the damages were caused by flood rather than storm.

Claims protocols

- Where policy holders are asked to sign documents with legal implications including but not limited to:
 - a. waiver documents when homes and businesses are being 'stripped out' by building contractors engaged by insurers; and
 - b. documents relating to the full or partial settlement of claims;

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What steps does your company take to ensure policy holders fully understand the nature and terms of these documents and their legal effect?

If a claim is settled via cash settlement, Youi will issue a cash settlement fact sheet to the customer prior to release of the settlement. This fact sheet contains the statement that the customer may obtain legal advice if they wish to do so. Outside of this, Youi's service providers may issue other documentation as part of settlement or repair of the claim. Youi does not issue these to the customer, nor refer the customer to seek legal advice. These documents may include but are not limited to:

- Scope of works
- Building contracts
- Restoration waivers

Although Youi are not directly providing advice or guidance on the documents issued by service providers, the Youi staff offer support or information if the customer has questions.

• Does your firm ever advise policy holders to engage independent legal advice before signing such documents? If yes, does your firm ever assist policy holders to do this?

Within the cash settlement fact sheet process, Youi provide the following statement (this is a choice for the customer should they wish to obtain advice):

'We want you to make the right decision for your circumstances, so we'd like to let you know that you have the option to get independent legal or financial advice prior to accepting our cash settlement offer. Once you've decided whether you'll accept our offer, get in touch with us via phone or email so we can start processing the payment for you.'

• What role does automation/AI have in the claims process?

In terms of the use of generative AI, Youi is still considering the responsible and ethical usage of this technology for claims handling. However, Youi has implemented a number of automated technological solutions to support the efficient management of claims.

- Service Provider Auto Allocation System (**SPAAS**): is the system automated tool which allocates the assessment and repair work to the Youi authorised service provider panel. The system ensures that work is allocated to service providers based on availability, customer service, location of the customer and repair cost.
- Mandates: Youi's delegation of authority ensures that the claims staff have differing mandates depending on skills, experience, and role to allow claims at varying levels to be authorised by the right level of authority.
- Claims task management system: The claims task system allocates work to the claims or assessing staff based off what is required to be completed. For example, if a report has been submitted by a service provider, a task would be allocated to the assessor or claims advisor to review this task and make a determination on the claim.
- Communication through the system: customers can access their online claims tracker to contact the claims or assessing staff, upload proof of ownership or photos of the damage and request contact. This allows a different form of contact for customers to contact Youi and manage their claim.

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Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

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Buddina, QLD 4575



- **Building Self-Assessment (BSA):** During the lodgement of a buildings claim, BSA may be initiated after the assessment triaging process. Referral to BSA considers the following qualifiers:
 - location,
 - quantum,
 - type of claim; and
 - severity.

If the appropriate conditions are met, the system will then automatically allocate the claim to one of Youi's authorised service providers, who will attend and complete the assessment report. The BSA process allows augmentation of Youi's assessing resources with those of the builders. During significant events, the mandates for BSA can be increased, further leveraging builders to assist with the assessment of claims. This process ensures that customers' claims can be authorised quickly resulting in a quicker claims service, outcome, and repair completion for Youi customers. Approximately 70% of Youi's claims go through this process.

- **For each 2022 flood event, how many ex-gratia payments were made? How much was paid on average, and what was the distribution of payments made?**

ICA CAT code	Description	Claims reported	Ex-gratia claims	Total ex-gratia paid	Avg ex-gratia payment
221	South-east Queensland and northern New South Wales (NSW) floods of February and March 2022	7,261	116	\$423,098	\$3,647
222	Hunter and greater Sydney floods of July 2022	502	7	\$115,057	\$16,437
223	Victorian, NSW and Tasmanian floods of October 2022	669	8	\$123,626	\$15,453
224	Central west NSW floods of November and December 2022	121	1	\$600	\$600
		8,553	132	\$662,382	\$5,018

Table 4 Claims by Catastrophe ex gratia payments

Strengthening processes

- **What is your assessment of how to strengthen the claims management processes?**

Youi agrees with the recommendations within the Deloitte review. To focus on a couple of specific areas of improvement:

- **Preparedness for catastrophes uplift:** establish baseline of preparedness by setting minimum standards or principles for effective catastrophe planning and conducting timely post-event reviews. Youi conducts post-event reviews as standard practice and have found these reviews enable

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Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
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identification of further enhancements to processes and continuous improvement year on year. Youi can further strengthen preparedness by including scenario testing around various potential catastrophes.

- **Resourcing of claims and complaints handling:** workforce planning, catastrophe resourcing models and catastrophe onboarding, training, and competency management. Youi has invested in workforce planning (and associated training) ahead of catastrophe seasons that enables scaling of existing resources in response to catastrophe events, while balancing the ability to continue to service business as usual claims. Youi continues to seek out further enhancements in this area and support Deloitte's recommendation for improvement.
- **Process enhancements:** data capture, modelling, and reporting, to assist with identifying and understanding how different factors impact progression of claims, accelerating claims using enhanced triage capability and uplifting the approach to vulnerable customers (identification, prioritisation, and management). Over time Youi has enhanced processes for complaints handling, identification and treatment of vulnerable customers and introduced specialisation of skills within claims. As an unintended consequence, these enhancements have had an impact on end-to-end accountability, and have gradually complicated claims processing. This is being addressed through Youi's end-to-end home claims process review to simplify claims processing for customers and people, while improving service delivery.
- **Communications:** the importance of clear communication has been thematic in both the ASIC Report 768 and the Deloitte review findings.
 - **Technology:** communication plays a significant role in improving customer experience. Leveraging technology to improve communications, create efficiencies and accelerate response time is essential for better customer outcomes. Youi are also focussing on technological enhancements to communications with supply chains to ensure the creation of greater transparency for both Youi staff and customers on the progress of claims. Youi is revising communications with customers as part of the end-to-end home claims process review.
 - **Direct Communications (with a real person):** while technology plays a crucial role in engaging with customers at scale, Youi places great value on human interactions with customers. As demonstrated in the 'claims processing' section above, even when responding to significant catastrophes, Youi ensure customers have their call answered and can speak with a real person.
- **Community education:** while there is always room for improvement, Youi believe clear communication at the time of lodging a claim is a significant factor in the overall claims experience for customers. By way of example, refer **Annexure A - Picture 1 - 3 Youi's building claim fact sheet** provided to customers.

2) Internal dispute resolution

IDR processes

- **Please summarise your firm's internal dispute resolution process.**

Youi has a centralised Internal Dispute Resolution (IDR) process to promote a consistent and efficient complaint management process; ensuring that customers or their representatives are afforded a fair and equitable review of their issues, in line with both company and regulatory requirements.

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

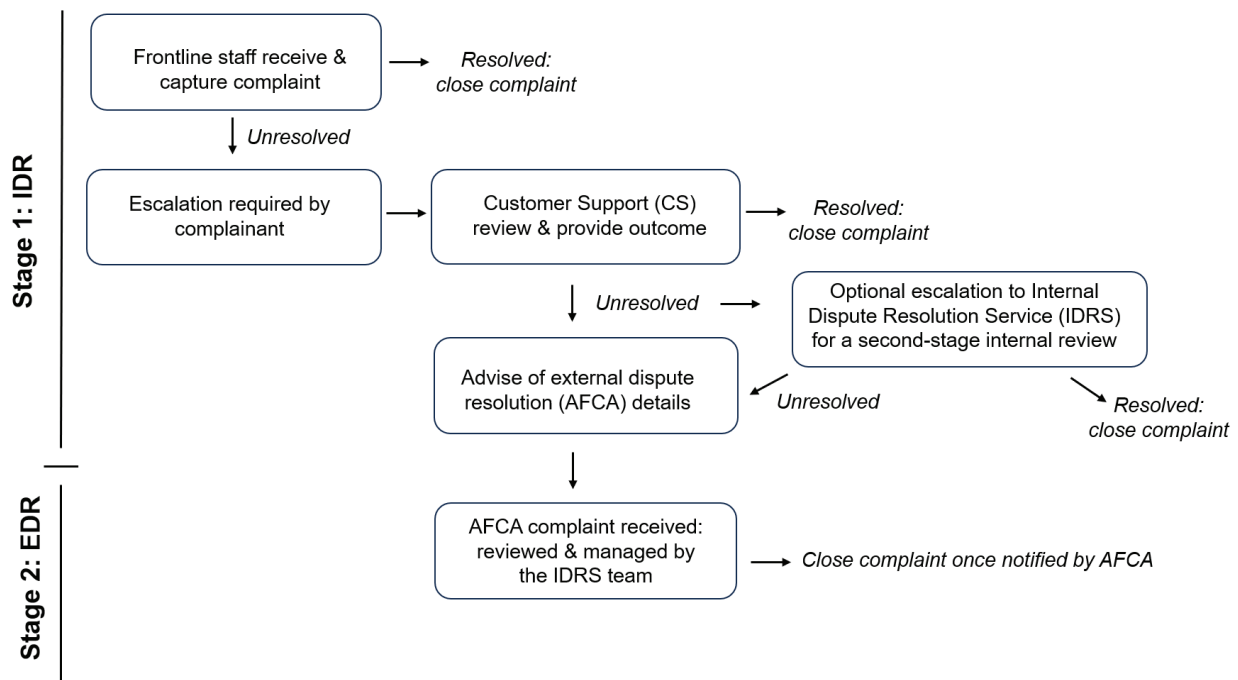
PO Box 849
Buddina, QLD 4575



An expression of dissatisfaction will be addressed by Youi's frontline operational teams, and authorised service providers. If it meets the requirements of the complaint definition (i.e. where 'a resolution is implicitly or explicitly required') a formal complaint will be captured in Youi's systems. If the complaint remains unresolved it will be escalated to the Customer Support team for review and action. This team has responsibility to thoroughly investigate each complaint and to deliver an outcome within the required timeframes.

If the complaint remains unresolved after this stage, the complainant will be offered with the options to either escalate to Youi's Internal Dispute Resolution Service (IDRS) or directly to the Australian Financial Complaints Authority (AFCA). The IDRS review is optional for the complainant. If the complaint is registered with AFCA, it will be handled by the IDRS team³.

Complaint handling process



• Does the process differ for different categories of insurance? If so, how?

No, Youi's management of complaints is the same across the entire direct insurance business.

• Are your IDR processes for each 2022 flood event the same? If no, how do they differ?

All IDR processes for each flood event remained the same as the business as usual processes. The only difference is in relation to resourcing. In response to a catastrophe, the Customer Support team prepare for an

³ Youi's Customer Support and IDRS teams sit independently of the Claims and Operations teams.

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
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increase in volumes by contracting additional resources specifically dedicated to handling catastrophe complaints. This process was largely successful for events like CAT221, ensuring that customers were assisted promptly, with the appropriate level of care and expertise, and to ensure compliance with relevant obligations. The IDRS team resourcing was also bolstered to ensure sufficient resources were available to handle complaints.

• **How does your firm communicate with policy holders during the IDR process?**

Communication channels with customers include:

- phone contact,
- email communication,
- SMS communication; (if preferred by customer),
- letter correspondence, and
- contact through an authorised representative.

Customers will often have a preference on how they would like to engage with us, and Youi endeavour to be flexible to these preferences. Where a customer has a complaint, the complaint outcome will be provided to the customer in writing via email.

IDR outcomes

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

From 8,553, 978 claims had a complaint associated with it (note these numbers include those resolved by frontline staff). This is approximately 11.43% of claims, 106 of which had at least one EDR complaint (1.24%).

• **What were the main causes of disputes?**

The below consists of the number of disputes, grouped by the top 10 causes. A single dispute may have multiple causes applied.

Cause of dispute category	Number of disputes
Claim Decision	473
Claim Delay	228
Claims Process/service	185
Claim Settlement	157
Service Provider	115

Table 5 Top 10 causes of IDR disputes

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



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

The average timeframe for closed complaints from initial dispute to closure (IDR - EDR) is 31.77 days, and the distribution of these is listed below.

Received to Closed	Number of disputes
< 1 month (0 - 30)	904
1-6 months (30 - 179)	188
6-12 months (180-364)	42
12+ months (365+)	8
Complaint still open	18

Table 6 average timeframe for closed complaints from IDR - EDR stage

• **How many claims that went to IDR were resolved in favour of the policy holder?**

454 claims that went to IDR were resolved in favour of the policy holder, 263 claims with related complaints were resolved in full favour of the customer, with a further 191 claims with related complaints resolved in a partial claim acceptance. There were two (2) which were outside of the terms of reference⁴.

• **How many claims that went to IDR:**

a. led to no change to the original decision;

467 claims related complaints resulted in no change to the original claim decision.

b. led to full acceptance of the claim; or

263 complaints resulted in the full acceptance of the claim in favour of the customer (settled and/or commercial decision to settle in full).

c. led to partial acceptance of the claim?

191 complaints resulted in partial claim acceptance (partially accepted claim and/or commercial decision made to partially accept).

• **How have the frequency and causes of disputes changed over time? (e.g. vs the 2011/2012 floods)**

As noted at the beginning of this submission, Youi was still a relatively new entrant to the Australian general insurance market in 2011/2012, with a nominal market share. As a result of this, Youi does not believe it is able to provide any significant insights that will assist the Committee.

⁴ These totals refer to closed complaints only.

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Strengthening IDR arrangements

• Is there (or should there be) a change in general dispute management handling during surge times?

Youi believes that it is appropriate for insurers to be prepared to scale staffing in the disputes function during surge times. The alternative is a relaxation on timeframes, though Youi does not believe this is in the interests of customers (or insurers), as it does not necessarily facilitate the progression of claims in an expedient manner.

Youi's IDR function prepares for an increase in volumes by contracting additional resources specifically dedicated to handling catastrophe complaints. This process was largely successful for events like CAT221, ensuring that the vast majority of customers were assisted promptly, with the appropriate level of care and expertise, and to ensure compliance with relevant obligations and minimal impact to business as usual processes.

• What percentage of policy holders engage a hydrologist during the IDR process?

Not applicable - Youi's products do not require a hydrologist engagement to differentiate coverage between Flood and Storm.

• What percentage of policy holders engage a legal representative during IDR?

Youi does not capture specific data to enable us to confirm the percentage of policyholders who engage legal representation.

3) Identifying vulnerable people

• How does the firm define/identify vulnerable customers?

Throughout the claims process Youi takes a proactive approach to identifying and reporting on claims where there may be potential for the customer to become vulnerable or escalated. From lodgement to ongoing claims management, all claim staff have awareness (through training) of the potential vulnerability due to:

- age,
- financial hardship,
- disability,
- mental health conditions,
- physical health conditions,
- domestic and family violence,
- language barriers, literacy barriers,
- cultural background, Aboriginal or Torres Strait Islander status,
- remote location,
- customer who is threatening harm.

Once a customer is identified as vulnerable, a flag is set in the system for easy identification in future interactions. The customer is also assigned a case manager in Youi's priority assistance team.

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• **Should the definition of 'vulnerable customer' be expanded?**

There is potential to consider further categories to capture vulnerable customers, though these categories can already be quite wide. For example, Youi believes customers experiencing temporary trauma arising from the claimed event would be captured under the mental health conditions category. There is, however, a risk that casting the net of 'vulnerable customers' too widely. For example: If the bulk of people making claims made during a catastrophe were classified as "vulnerable, it may impact the ability for insurers to provide specialised assistance to their most vulnerable customers.

• **How are vulnerable customers supported?**

Youi has three skillsets who support vulnerable customers.

1. Escalated Claims Team: manages all claims where Youi customer/authorised person has a vulnerability of a private or sensitive nature, e.g. domestic and family violence, financial hardship.
2. Priority Assistance Response Team: Manages third party interactions where third parties have vulnerabilities of a private or sensitive nature.
3. Priority Assistance Client Services Team: As a client services function, this team will handle all updates to Youi customer policies where a customer has been flagged as vulnerable.

There are various mechanisms in place to assist vulnerable customers. These include:

- additional security checks for customers experiencing domestic and family violence,
- financial support for the payment of excesses following a claimable event,
- access to counselling services, and
- access to interpreter services.

• **For each 2022 flood event, how many vulnerable policy holders were identified and supported?**

ICA CAT Code	Catastrophe description	Vulnerable customers	Claims reported	% Vulnerable
221	South-east Queensland and northern New South Wales (NSW) floods of February and March 2022	128	7,261	1.8%
222	Hunter and greater Sydney floods of July 2022	3	502	0.6%
223	Victorian, NSW and Tasmanian floods of October 2022	11	669	1.6%
224	Central west NSW floods of November and December 2022	6	121	5.0%

Table 7 Vulnerable customers by catastrophe

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



• **How effective is that process?**

While there is a good process and framework in place, there is a reliance on human connection and listening. As with any human dependent process, there is potential for human error. Youi acknowledge there is opportunities for process improvement.

4) What additional resources to devote to complex cases

• **How does the firm define/identify 'complex cases?'**

A complex case (known as an 'escalated claim' at Youi) is one where a customer has raised potential concerns, complaints, disputes, or vulnerabilities. This allows these claims to have close management, oversight, focus and claims executive leadership oversight to help prevent potential customer harm. Youi's policies require that a claim that meets certain criteria must be referred to the Escalated Claims team for review. These claims are manually identified by claims staff whilst managing a claim. Examples of triggers that may lead to a claim being determined as 'complex' are set out below.

Trigger	Extra Information
Large rectification works	Identified by the Assessor or after rectification feedback received.
Catastrophe claim over 180 days with a dispute	Any catastrophe claims where it is evident that it has exceeded 180 days from lodgement and an open dispute is noted.

Table 8 Examples of Complex case trigger definitions

• **Once a complex case is identified, what is the process for managing that claim?**

Managing an escalated claim at Youi is broken down into different steps, depending on the complexities of the claim⁵.

1. Depending on age and complexity of the claim, and after initial review, there may be a full end-to-end claims review conducted, documented, and attached into the escalated claims folder.
 - a. Any performance or process improvement feedback generated from claim reviews is given to relevant parties if failures are identified (for example, this could be flagged as process changes or training opportunities).
2. The claim is recorded on an internal register to ensure visibility for relevant parties.
3. The claim is categorised, depending on its complexity and follow up requirements.
4. Once the review and report are complete, the claims advisor will contact the customer to introduce themselves and discuss the next steps in the claim process.
5. Claims are followed up at least once per week to ensure claim progression.
6. Fortnightly meetings are held with the senior claims leadership team to review progress on claims.

⁵ *Please note:* If the claim was referred due to domestic and family violence (DFV), the escalated claims advisor would also refer to Youi's vulnerable customers process for additional steps that are required.

Australia

Youi Pty Ltd
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Tel 13 YOUI
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info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



- **How effective is that process?**

Youi's escalated claims team has been operating to provide customers within that portfolio with dedicated and specialised resources to help them through the claims process. As Youi works through the escalated claims process and feedback such as that contained in the ASIC Report 768, Youi is assessing the processes to ensure they are effective and operating to achieve the desired outcomes (being to provide a good claims experience for customers). As there is a level of human interaction associated with these claims, there is a margin of human error. Youi reviews and addresses these as they are identified and takes learnings from any shortcomings to continue to improve the process and training of staff. Youi expects that its end to end claims review will find further areas for improvement to make the claims handling experience more efficient and providing a more consistent experiences for customers.

- **In what proportion of complex cases were case managers deployed? How effective was this?**

All complex claims are allocated to a case manager at Youi. Youi considers this necessary to ensure accountability for the progression of claims. While Youi acknowledges that improvements can be made to processes, the oversight of these claims by the case manager and senior management has seen improvements in the progression of complex cases.

- **Is there a longer-term trend in the proportion of complex cases? (e.g. comparing the 2011/2012 floods to the 2022 floods)**

As Youi's escalated claims team was initiated in 2020 as a dedicated team to manage complex cases, and noting Youi is a new entrant to the market, with a limited market share at the time 2011/2012 floods, Youi is not able to meaningfully comment on longer term trends.

- **For each 2022 flood event, how many policy holders told your firm they had engaged legal representatives?**

Youi does not have a specific data capture on whether a customer has engaged legal representatives.

5) Communication

- **What is the typical process of communicating with clients once a natural disaster is declared?**

Upon a severe weather event being forecast, Youi typically takes a customer centric approach and issue a proactive text message (refer to picture below) to customers within the affected area. Following the natural disaster occurring, Youi will send a text message to customers that reside within the area of the natural disaster who have not yet lodged a claim. This text message advises them that Youi are available and ready if they require assistance and to call on 139884 (13YOUI) or lodge online via a claim lodgement link. This is done to ensure customers are aware that Youi are ready to assist them as soon as possible.

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



"If you're affected by the floods, we're here to help. For urgent assistance, call 139684. Otherwise, start your claim online at youi.com.au/claiming".

SMS issued to customers prior to the event in disaster areas.

We hope you're doing okay after the recent severe weather. To help you know what to do when you return to your property after a flood, the Insurance Council of Australia has put together a useful guide. Take a look here: <https://www.youi.com.au/youi-news/what-to-do-when-you-return-to-your-property-after-flood>

SMS issued to customers in disaster areas.

If a customer calls into the call centre, the IVR will ensure customers are sent to the catastrophe management team. The Youi website is updated for lodgement clarity and information on how to lodge a claim (refer **Annexure B**).

Once a customer has lodged a claim, they are sent a text message with the claim information and a link to the online claim tracker (for Home and Vehicle claims). The tracker provides the customer a live status of their claim (refer **Annexure C**) along with the ability to:

- attach documentation,
- upload photos of damages and or contents, and
- contact their claims advisor.

• **What is the typical response time to incoming:**

a. Phone calls

b. Emails

c. Written Correspondence

Being available to customers is important to Youi and claim phone call response times are recorded. Claims are also able to be lodged on a 24/7 basis. For the customers calling into the call centre, Youi measures responsiveness to incoming calls by service level (call answered within 30 seconds, 1 minute, 2 minutes and 3-minute increments). Unfortunately, Youi are not readily able to extract the data for items b. and c. in the same way. *Call centre service levels* below highlights the call centre response time per event broken down by months following each event.

ICA CAT Code	Catastrophe description	Total calls	Avg. call wait time (seconds)
221	South-east Queensland and northern New South Wales (NSW) floods of February and March 2022		
	February 2022	2,843	139.67
	March 2022	9,696	71.55
	April 2022	5,187	63.95

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



	May 2022	5,082	37.41
	June 2022	3,660	20.39
222	Hunter and greater Sydney floods of July 2022		
	July 2022	3,297	22.09
	August 2022	3,297	17.09
	September 2022	2,134	17.48
223	Victorian, NSW and Tasmanian floods of October 2022	2,334	18.13
224	Central west NSW floods of November and December 2022		
	November 2022	2,537	17.06
	December 2022	1,769	23.14

Table 9 Call centre service levels

• What are your firm's processes to ensure effectiveness and quality of communication with policy holders after natural disasters?

Youi's code of conduct, values-based training and ongoing staff performance training are central to ensuring effective communication with customers, especially after natural disasters. Youi aim to provide awesome service (one of the Youi values) to all customers, especially during a natural disaster. Youi completes ongoing monitoring and supervision of staff and management of claims. Some examples of how performance is monitored are:

- 1st and 2nd line auditing,
- post-repair inspections,
- call centre audits being undertaken during and after events, with workshops, training, and feedback provided from these results,
- post-event reviews. Using complaints data as a source of feedback and a basis for improvements.
- customer satisfaction surveys are used to gauge quality of service,

In addition to the above which aims to improve verbal communication with customers during phone conversations, Youi also implements the following:

- an online claims tracker, where a customer can monitor the progress of their claim,
- an information sheet sent to the customer upon lodgement of their building claim, and
- written communication such as claims authorisation letters and text messages at key milestones are generated from the system using a systemised template.

• What are your firm's procedures to ensure claimants are not speaking with different customer service representatives and have to repeat information already provided?

Upon a claim being lodged, the claim will be allocated to the most appropriate claims advisor to handle the customers claim (within departments such as home claims, escalated claims, catastrophe claim teams, etc.) The claims advisor who has been allocated the claim will review the incident and contact the customer to provide them with their contact information and to request any further information. All details of the claim and summaries of interactions with the customer are stored in the claims processing system and can be accessed by anyone

Australia

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Tel 13 YOUI
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info@youi.com.au
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Buddina, QLD 4575



on the relevant contact centre or assessing departments. The customer can contact their advisor via their direct line phone number, as well as the relevant assessor's details.

Strengthening processes

• In what ways could communication improve – before, during and after natural disasters?

There are opportunities to improve communication with customers for any disaster.

Before a disaster:

1. Community engagement campaigns with a mix of awareness and training. This would include educating the customer about the risks associated with specific natural disasters common to the region, what to expect in the event of a natural disaster, and how to prevent or mitigate damages. Youi is working with the ICA to form an industry view on how to best achieve this outcome.
2. Early centralised warning systems would also be beneficial, such as investment in advanced early warning systems that can provide timely and accurate information about ongoing weather events and consequences. These systems could be accessible to all, having a channel dedicated to vulnerable customers. These channels could include text, mobile apps, tv, email, community centres, etc.
3. Community training focused on catastrophe preparedness, evacuation procedures, first aid, clean up strategies and building (home) maintenance throughout the lifetime of their ownership.

During:

1. Two-way communication with a focus on both face to face and technology enhancements to enable effective communication from insurer to customer. Updates can be accessed readily along with assistance through hotlines, social media, and mobile apps.
2. Regular customer updates, providing information relative to the claim and the event. Flood, for example, can occur over the course of a few weeks. Keeping the customer informed throughout this process and when to expect assistance is pivotal. Timely information helps make informed decisions.

After:

1. Counselling services such as offering mental health support for those affected by the event. An example of this for Youi was donating funds to a local school to go towards mental health following the Springfield hail event.

6) Hydrology reports

The use of hydrology analysis

As flood forms part of Youi's standard cover within the home product, Youi stands apart by minimising the need for hydrologists to assess coverage levels. This strategic approach has enabled us to expedite and streamline the claims process, helping to allow efficient resolution of claims.

Because of the design of the product, Youi did not need to engage with any hydrologists as part of the 2022 flood events to determine the cause of a claim (such as for flood vs storm surge), and so questions relating to the use of hydrology reports will not be applicable for Youi.

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



7) Resilience

• What options are there for households or businesses to repair/rebuild properties in a more resilient way? (e.g. from elevated buildings through to more resilient flooring such as tiles vs carpet)

The most effective method of resilience would be to relocate homes and improve infrastructure to prevent or mitigate the effects of natural disasters (such as levees). In the absence of that, it is necessary for houses to be built in a resilient manner, with flood in mind. Building a home with flood in mind can improve its resilience, however Youi notes that this does not entirely remove exposure to financial loss.

The way a house is built is important. For example, raising a house can improve resilience to flood. In terms of materials, tiles are less susceptible to damage than carpet or timber floors. However, walls and cabinetry would still be susceptible to damage, regardless of the flooring type. It should be noted that unless a house remains above a water line, any mitigation would assist in the cost of repair and ease of clean up but will not avoid significant damage. It is for this reason that efforts ought to be directed towards prevention.

• In a practical sense, what is your firm doing to reflect changes in household level resilience/mitigation in pricing?

The rating of Youi's flood premiums varies according to risk factors that can be updated after completion of household level resilience/mitigation measures. For example, the flood premium is typically lower for a home rated as a freestanding home on poles versus a home rated as a freestanding home on a concrete slab. If an existing customer was to undertake mitigation works to raise their concrete slab home, a change can be made on their policy to reclassify as a free-standing home on poles, and the premium may reduce as a consequence. Noting the property elevation (e.g. poles versus slab) does not alter Youi's original view of flood risk for the address, and so would not change the initial underwriting decision.

Youi also differentially rates home insurance premiums based on the predominant flooring material in the kitchen area. Tiled floors, being less susceptible to water damage, are rated lower than timber floor types.

Aside from flood, Youi's premium rating routines and quote flows have been updated to accommodate household level measures to mitigate cyclone and storm risk (*Cyclone mitigation*).

Australia

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ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Cyclone mitigation

For segments of customers exposed to heightened cyclone risk, the rating of Youi's cyclone and storm premiums will be lower in the presence of these mitigations. These practical changes to Youi's pricing systems were brought into effect as part of Youi's entry into the Cyclone Reinsurance Pool and entering the associated reinsurance contract with the Australian Reinsurance Pool Corporation.

• How can this be done in a way that directly leads to lower premiums? (i.e. in a way that allows insurers to quantify the reduced risks of the more resilient building)

One way in which household level mitigation and resilience measures could lead to lower premiums is to have credible and certified information about such measures provisioned and made available to insurers in a standardised format at the address level. For example, a centrally stored database and/or API service containing a set of contemporary resilience scores, by peril, for individual addresses (unique identifiers in the Geocoded National Address File) in Australia. There would be minimal technical challenge for insurers to incorporate these

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info@youi.com.au
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PO Box 849
Buddina, QLD 4575



scores into their premium-rating routines as the concept of looking up premium rating factors from an address key being an already well-established practice (e.g. retrieving flood hazard scores from the National Flood Information Database (NFID)).

The primary challenge would be in populating and certifying the "national standard format" for such resilience scores. Consideration of this challenge might be well suited to the Hazards Insurance Partnership Initiative. The notion is conceptually simple; mitigation and resilience metrics aggregating to, say, a 10-point scale score for each peril, with exposure to the associated peril / hazard reducing over the scale. An insurer might choose to use the 10-point scale score as a premium rating factor. There are similar datasets in use by the insurance industry. An example is the dataset used for validating demerit points of drivers.

Robust certification and ratification standards would be crucial to the credibility of such a centrally stored national database and requisite for utilisation by insurers. Insurer utilisation could lead to premium savings being passed through further incentivising households and communities to contribute to the database.

8) Land use and planning issues

• Are there instances of flood mapping or hydrological analysis that has materially changed the firm's assessment of a region's risk?

Yes. Aside from Youi's actual, observed (as opposed to modelled) flood claims, i.e. arising from past flood events, Youi relies on various sources of flood modelling and mapping to form the Youi view of flood risk at an individual address level. Youi undertakes to refresh these views annually and change the view of risk as the underlying sources are changed or updated, and as newly available sources are incorporated.

A prime example of this is the NFID, a nation-wide address level database aggregating flood hazard risk metrics from various historical government flood mapping studies. As the NFID is updated to incorporate new or revised government flood studies, the associated changes to address level hazard metrics can lead to change in Youi's view of risk.

By way of example, version 11.0 of the NFID incorporated for the first time the Wagga Wagga Revised Murrumbidgee River Floodplain Risk Management Study and Plan, WMA Water, 2018, provided by Wagga City Council. This study factored in the upgraded Wagga Wagga levee system into the modelled flood hazards, including the main town levee upgraded to a 100-year Average Return Interval standard of protection, completed in 2020. This fundamentally changed Youi's assessment of flood risk for Wagga Wagga in New South Wales.

Red pins on the first map indicate addresses deemed beyond Youi's underwriting risk tolerance and where the purchase of a Youi home insurance policy is currently not possible. As shown on the first map, most of Wagga Wagga is currently uninsurable with Youi (note only uninsurable homes are shown in red on the first map). In the second map, blue pins indicate addresses becoming within Youi's underwriting risk tolerance and for which quoting for the purchase of a Youi home insurance policy will be possible, with a flood premium being rated at the address level. These changes for Wagga Wagga are planned to be brought into effect in Youi pricing systems Q4 2024.

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Map 1 Wagga Wagga addresses currently uninsurable under Youi's underwriting criteria.

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Map 2 Wagga Wagga addresses transitioning from outside to within Youi underwriting acceptance criteria
(pending Q4 2024 system changes)

• **What can be done to reduce the likelihood of additional development occurring on high-risk land?**

Youi considers the insurance premium price and underwriting signal as a useful marker of the riskiness of land. As such, Youi advocate for continued aversion to any intervention that may distort the insurance premium price signal being sent. To reduce the likelihood of additional development occurring on high-risk land, there should remain a free insurance market devoid of any imposed cross subsidy.

The following are potential policy conditions that might be set to reduce the likelihood of additional development occurring on high-risk land:

- Higher / stricter thresholds for development approvals. For example, instead of "built outside the 1 in 100 year design flood line" rather "built to a height of at least 'X' metres above the 1 in 100 year design flood level modelled under rainfall and run-off conditions expected in 2050 under the Representative Concentration Pathway (greenhouse gas concentration) 8.5 trajectory".
- Ensuring that banks have access to and use the flood mapping to avoid financing any new development of property in high-risk areas.
- Disincentivising development such as via cost clawback mechanisms operating over parties responsible for constructing and approving developments on high-risk land. With clawback being triggered in the

Australia

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info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



event of damage to the developed property (of a certain severity) having been caused by the high-risk natural peril event in question occurring after development completion.

- Disclosures to property buyers about the level of flood risk a property is exposed to.

• How can your company better support individuals who own property on high risk/medium risk/low risk land?

Flood risk is highly predictable at address level, and mitigation at individual property level will be of limited value. Ultimately the only sustainable way to ensure availability and affordability of insurance is to limit the supply of properties in high-risk areas. This should be done through:

- Avoiding approvals for new properties to be developed in high-risk areas. This will need to be driven at government policy level.
- Improving infrastructure to reduce the likelihood of a flood event happening in specific locations. For example, by building improved levees.
- In cases where infrastructure can't be improved sufficiently, moving communities out of harm's way.
- Ensuring that banks reconsider approval criteria for developing properties in high-risk areas.
- Strengthening building codes to ensure the construction of resilient homes. Strengthened building codes will improve new housing stock being developed. For existing homes, the strengthened building codes will make insurance premiums more expensive in the short to medium term, while insurers need to bear the cost of improving resilience at the time of a claim. In the long run, as the existing houses are improved, insurance premiums will come down.

Youi will support initiatives aimed at reducing the overall level of exposure to risk.

• In determining premiums, does your firm take into consideration:

o Detailed flood mapping of localised areas (vs just using postcodes)?

Yes. Youi's home insurance flood premiums are rated according to flood hazard metrics applying at the individual address level. The hazard metrics come from a variety of sources including detailed flood mapping of localised areas aggregated in the NFID.

o Local government flood planning, including changes to mitigation in local areas post-flood?

Yes. Mostly via such local government modelling becoming available in the NFID as exemplified in the Wagga Wagga case scenario illustrated above. In some geographic areas, Youi also consults publicly available local government flood planning information to inform the Youi view of risk.

o Development approvals or risk assessments undertaken by local governments?

Not directly. Indirectly only to the extent that development approvals or risk assessments undertaken by local governments are incorporated into the NFID or are otherwise made publicly available in local government flood planning (see above).

Australia

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info@youi.com.au
www.youi.com.au

PO Box 849
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o Has your approach to any of these (the 3 issues above) changed in any way since the 2022 flood events?

No.

9) External dispute resolution (EDR)

EDR frequency

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

ICA Catastrophe Code	Catastrophe description	Total number of claims referred to EDR	Number of claims	Percent of claims
221	South-east Queensland and northern New South Wales (NSW) floods of February and March 2022	92	7261	1.27%
222	Hunter and greater Sydney floods of July 2022	2	502	0.40%
223	Victorian, NSW and Tasmanian floods of October 2022	12	669	1.79%
224	Central west NSW floods of November and December 2022	0	121	0.00%

Table 10 Catastrophe claims referred to EDR split by Catastrophe.

- What was the typical cause of this?

Below are the top 5 categories of complaints that escalated to EDR during the 2022 flood events.

Category	Number of EDR Disputes
Claim Decision	69
Claim Delay	17
Claim Settlement	16
Claims Process/service	11
Service Provider	4

Table 11 Top 5 categories of complaints escalated to EDR.

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

Youi has 8 open EDR matters which are unresolved at the date of this submission. Youi is actively working through each of these disputes with the customers.

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



• **How many claims that went to EDR were resolved in favour of the policy holder?**

53 claims with an EDR dispute had the dispute resolved in favour of the policy holder either fully or partially.

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

- a. led to no change to the original decision;
- b. led to full acceptance of the claim; or
- c. led to partial acceptance of the claim?

Q.	Grouped Outcome	Number of EDR claims
a.	led to no change to the original decision	40
b.	led to an outcome fully in favour of the customer	30
c.	led to an outcome partially in favour of the customer	23

Table 12 Claims that went to EDR by outcome.

EDR processes

• **How is the policy holder supported during this process?**

Each case is reviewed on its own merits. This can include requests to expedite matter at AFCA, the provision of accommodation, emergency payments, extensions to car hire, cash settlements, etc. Where relevant, Youi also provide additional assistance through focused claims teams (Escalated Claims and Priority Assistance Teams).

• **How long does this EDR process typically take?**

Referral to EDR tends to result in much longer time periods in resolving a customer's complaint (and ultimately their claim). The average time (calculated as the number of days from when the AFCA stage is started to its conclusion) for currently closed EDR complaints is 115.25 days. Where possible, Youi tries to resolve customer complaints to avoid further delays arising from the EDR process.

• **What is the expense to the company of the EDR process?**

Youi will incur AFCA fees, which include monthly user charges, annual membership fees and individual case fees as a result of the EDR process. As can be expected, there are also internal costs incurred by way of resourcing staff to respond to the complaints (both in terms of staff responding to EDR complaints, and subject matter expertise from within the business to facilitate the responses in the EDR process). As noted below, there is no direct cost to customers for participating in the EDR process.

• **Does this cost disadvantage a policy holder?**

No, the referral to EDR does not result in any disadvantage to a policy holder lodging a dispute, Youi bears the costs of the EDR process. If customer pays for reports, Youi will reimburse the customer if the report information

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



is used as part of the assessment of the claim and influences the decision of AFCA. Indirectly any additional cost in the claims process is ultimately paid for by customers in the form of premiums.

• **For each 2022 flood event, how many policy holders engaged a legal representative?**

Please see response under IDR section.

Strengthening processes

• **How could EDR processes be improved?**

The Dispute Resolution team is comprised of appropriately skilled and tenured individuals who operate efficiently. Their ability to control and influence the process once it progresses through AFCA's stages is limited because the matter is in the hands of the AFCA case manager. The team does however focus on promptly and timeously supplying the information required to enable the AFCA case managers to progress the matters. As noted, matters which move to EDR can result in more significant delays as compared to those within Youi's IDR processes. Youi would consider more opportunities to expedite matters to allow for fast decision-making at AFCA (where resources allow for it) would improve the process and turnaround times.

10) Future policies/renewals

• **What trends are you seeing in policy holders reducing coverage? (i.e. potential underinsurance issues)**

Trends in policyholders reducing coverage can be assessed by considering several empirical measures:

1. Renewal lapse rate: the rate at which policy renewal offers are *not* taken up (i.e. without payment of any premium in respect of the renewal term).
2. Excess upward moderation rate: the rate at which policy renewal offers are taken up with a higher excess elected by the policy holder than was offered at the renewal.
3. Sum insured downward moderation rate: the rate at which policy renewal offers are taken up with a lower sum insured elected by the policy holder than was offered at renewal.

The figures below show trends in these measures over time for Youi home insurance policies, with commentary following. Whilst trends in the measures are discernible, absolute values have been intentionally withheld.

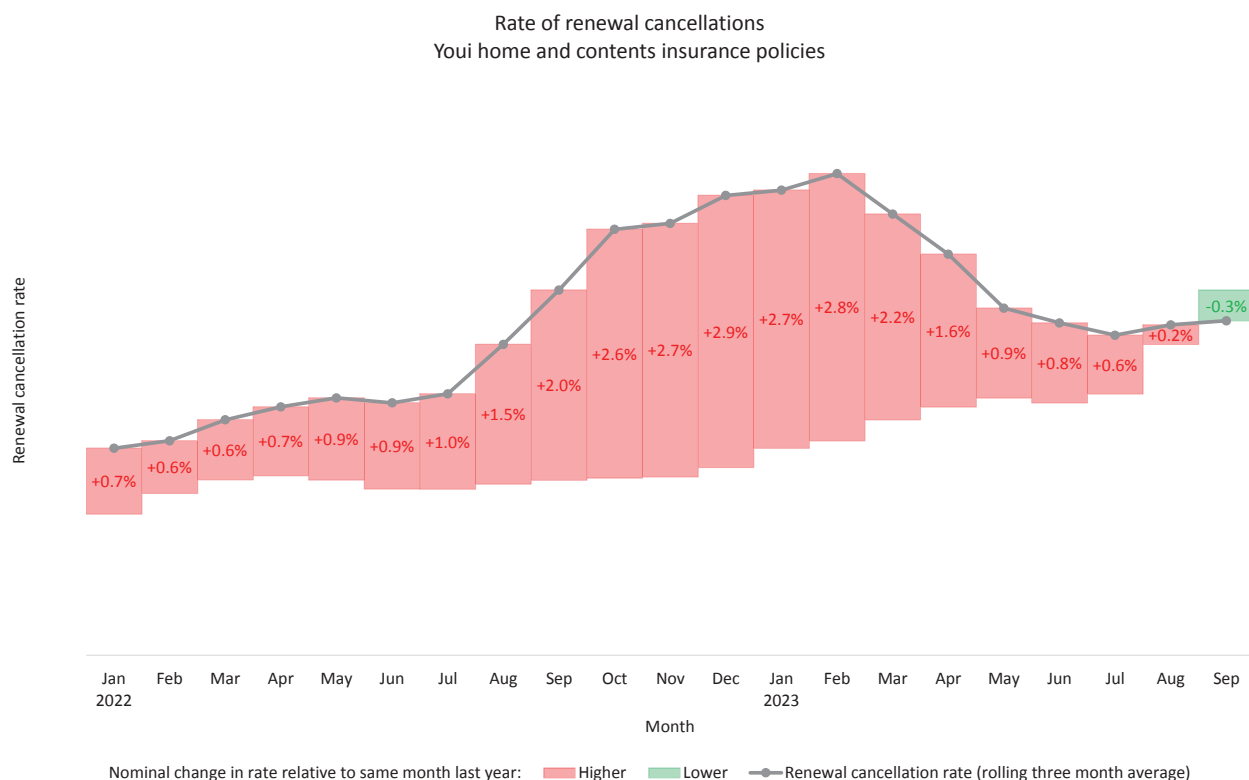
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Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Graph 1 Rate of renewal cancellations for home and contents insurance policies

The rate at which renewing Youi home insurance policies are being cancelled has steadily increased since 2022. The rate of cancellation accelerated from August 2022 renewals, coinciding with a period of higher year-on-year premium increases necessitated by increased claims and reinsurance input costs. Whilst renewal cancellation rates are now trending lower than one year ago, they remain high by historical standards.

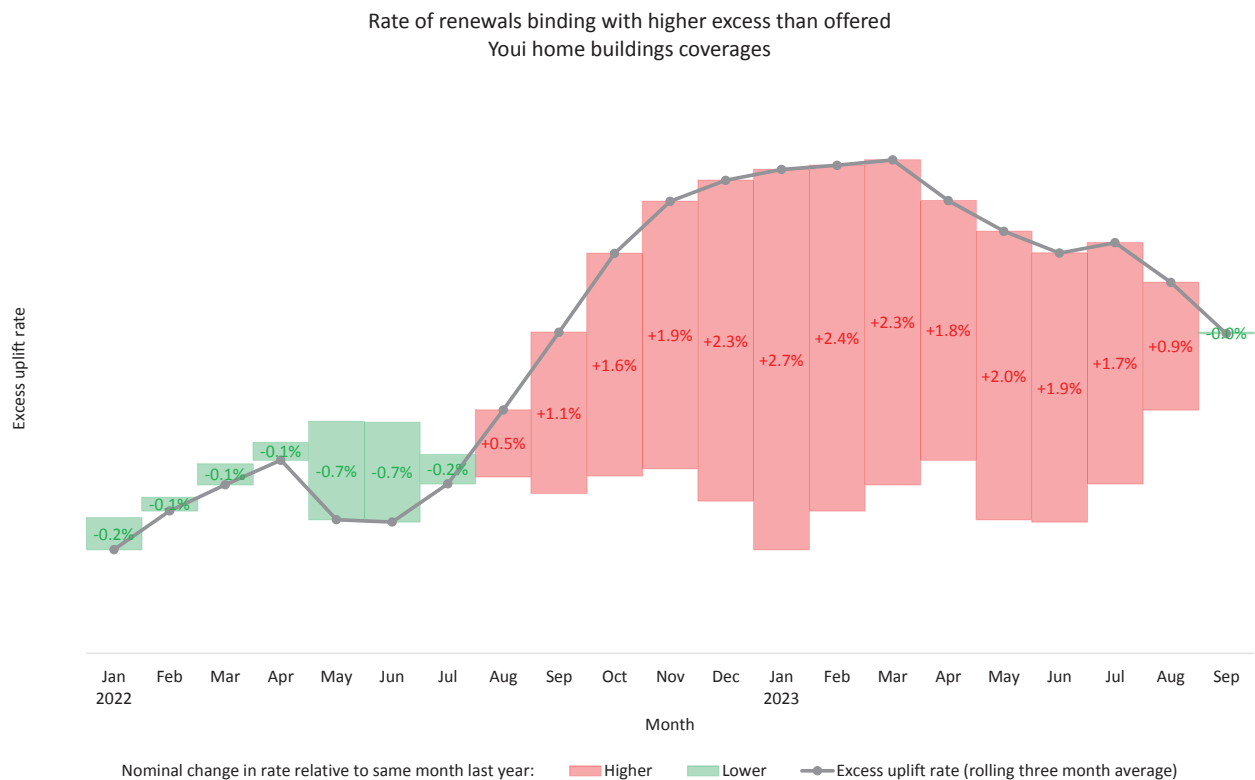
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Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Graph 2 Rate of renewals binding with higher excess than offered.

The rate at which Youi home buildings insurance customers are opting to renew with an excess level higher than initially offered has markedly increased since August 2022. Increasing the excess reduces the value of the renewal offer premium and is often a choice made by customers motivated to reduce their renewal premiums.

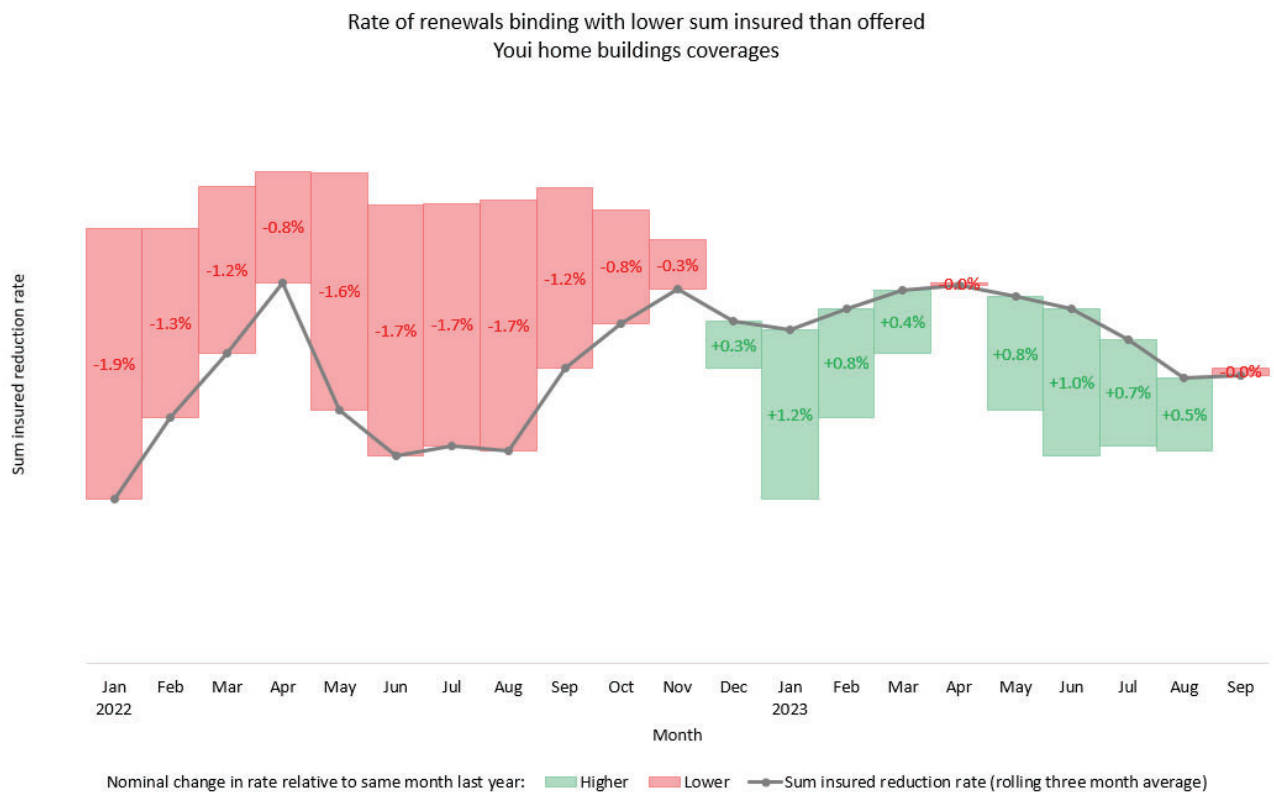
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Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Graph 3 Rate of renewals binding with lower sum insured than offered.

The rate at which Youi home buildings insurance customers are opting to renew with a sum insured lower than initially offered has been relatively steady since 2022. Reducing the sum insured reduces the value of the renewal offer premium and is often a choice made by customers motivated to reduce their renewal premiums. Unlike moderation of excess levels, there has been no noticeable change in Youi customer behaviour with respect to moderating sum insured values.

• What are the overarching/summary trends in premium increases?

The figure below shows trends in premium increases experienced by renewing Youi home insurance customers, with commentary following.

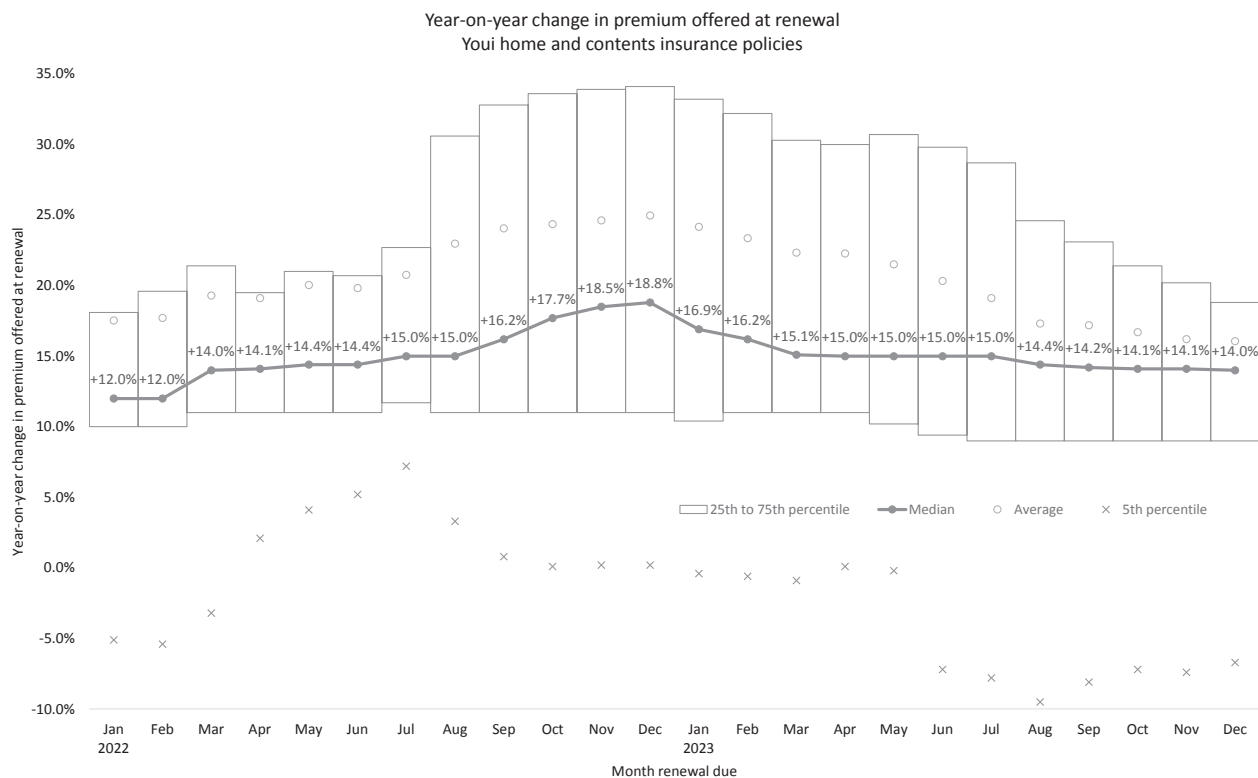
Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Graph 4 Year on year change in premium offered at renewal (home and contents policies)

Typical year-on-year price changes in renewal offers have been 12% or more since January 2022, with Youi having earlier determined prices increases of this scale being necessary a response to increased input cost pressures emerging at the time. With input cost inflation meantime unabating, typical renewal price increases grew to above 15% from mid-2022 and whilst reducing for recent renewals, have remained in double digits.

• **How do you ensure transparency in pricing? For example, when there is a premium increase, do you clarify how much is due to upward pressure on reinsurance costs and how much to changes in the assessment of underlying risk?**

Youi does not attempt to provide an attribution of premium changes on renewal to underlying contributory factors. Nonetheless, Youi's customer facing renewal communication documents are an opportunity to provide transparency of pricing and underwriting decisions. For example, **Annexure D** is the customer correspondence sent in cases where flood risk is causing the policy to not be offered for renewal.

In cases where the policy renewal offer is made, but flood risk is causing a significant premium increase on renewal **Annexure E** is included as part of the renewal offer.

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Youi Pty Ltd
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Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
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Aside from the customer-facing correspondence above, there is guidance material made available to Youi staff to assist in the event of conversations with customers in relation to pricing. This includes a general *Why Has My Premium Gone Up?* guide (refer **Annexure F**).

Youi also stamps customised messages to individual policies for staff to garner more specific reasoning at the policy level (refer **Annexure G**).

• **How do you convey information on the changing risk profile of policy holders?**

Youi primarily informs policyholders about changes in their risk profiles by showing them how their insurance premiums and underwriting decisions have changed over time. In addition to this, Youi also writes to customers and uses other forms of communication to share this information.

• **How many policy holders that were covered for storm and/or flood damage during the 2022 flood events have been denied full or partial coverage when seeking to renew their policies after these events?**

Amongst all Youi direct home insurance policies having had a claim reported as arising from any of the four (4) 2022 flood events, there were 112 cases where Youi declined to make an offer to renew the policy. This would primarily because Youi have updated information about elevated flood risk in relation to those individual addresses.

11) Lessons learned since the 2010-2013 disasters

Up until July 2014, Youi did not offer flood cover. From July 2014 for all new or renewing policies the flood cover was automatically included as standard.

• **What is the total number of claims for all events that were declared natural disasters for the period 2010-2011 floods and the 2010-2013 natural disasters?**

ICA Cat Code	Date of event	Catastrophe description	Total claims reported ⁶
75	March 2010	VIC hailstorm	819
76	March 2010	WA hailstorm	103
88	January 2011	Southeast QLD storm	100
91	February 2011	North QLD Cyclone Yasi	119
94	February 2011	Victoria Rainstorm and flood	168
101	25 December 2011	Melbourne hailstorm	1946
102	March 2012	NSW/ACT/VIC Rain and floods	29

Table 13 Total number of claims for all disaster events for 2010 - 2011

⁶ This is the total number of claims reported. This figure is not broken down into whether a claim was accepted or not.

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



• **How many clients had the same or similar claims in 2010-2013 for natural disasters?**

Having started as an insurer only in 2008, Youi was relatively new to the market in 2010 - 2013. Market share, claims ratios and disaster impact were substantially different to what Youi faced in the 2022 natural disasters.

• **Of the total claims made in 2010-2013, how many ended up in dispute resolution? What was the percentage (of disputes) from claims made during this period?**

Youi did not have any claims or disputes related to the 2010 - 2013 flood events.

• **What have you learnt from claims management from the 2010-13 period?**

Youi observed the challenges within the industry and adopted learnings and solutions from these. The biggest change was the revision of Youi's product offering and implemented flood cover as standard into Youi policies.

• **What changes have been implemented in the intervening period?**

Youi has instituted many changes to the catastrophe claims handling processes over the years. Specifically looking at the time since 2013, Youi has:

- introduced an annually reviewed catastrophe management plan,
- introduced building self-assessment. This allows builders to assess and repair damage within a mandate. This process allows for better scaling of resources during catastrophe events,
- introduced staff training outside claims processing pro-actively to ensure they can start assisting very soon after an event,
- engaged recruitment agencies that can provide staff at short notice for contract work,
- consolidated Youi's builder network to a smaller number of large national builders to ensure that the builders have robust systems and processes to assist customers,
- introduced the service provider portal whereby updates can be provided between Youi and the Service Provider to facilitate improved communication,
- introduced the online claims tracker to ensure customers can get a view on progress on their claim without needing to call us,
- centralised complaints handling to ensure complaints get dealt with consistently,
- centralised the assistance for vulnerable customers to ensure appropriate care for Youi's most vulnerable customers,
- introduced the escalated claims team to ensure customers that experience service breakdown can have the claims handled with extra care and attention,
- whilst not relevant to flood catastrophes, introduced hail assessment centres and paintless dent removal for cars, and
- replaced tile roofs rather than covering roofs with tarpaulins directly after the claim events, significantly improving turnaround times of claims and reducing further damage (this approach was first adopted following a 2021 hail event).

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Attachment C - Hydrology reports

In response to the questions in Attachment C - Hydrology reports, please refer to Attachment B 6) Hydrology reports above.

12) Case Management

o What is the company's policy in relation to appointing a case manager? (i.e., when it should occur, protocols for engagement, protocols for internal reporting)

The decision to appoint a case manager⁷, a case manager depends on the nature and extent of the damage, Youi's policy in relation to the appointment of a case manager is as follows:

Ref	Category of claim	Case Manager appointed (Y/N)
1.	Claim lodgements	No
2.	Motor and Leisure claims	Yes, case managers are appointed for all Vehicle and Leisure claims within this category.
3.	Home Claims (building, contents and combined building and contents) claims	Yes, case managers are appointed if the estimate of the damages exceeds a certain severity. In this case, Youi's Home Specialists take on the role of case manager.
4.	Large Loss Claims	Yes, claims falling under this category are all managed by case managers.
5.	Catastrophe claims	Yes, claims falling under this category are all managed by case managers.
6.	Escalated/Priority Assist claims	Yes, case managers are designated for claims identified as escalated / vulnerable through manual intervention system identification within this category.
7.	Small business insurance claims	Yes, claims falling under this category are all managed by case managers.

Table 14 Case manager definitions

o Are there timelines in relation to this appointment?

Case managers for claims in categories 2, 3, 4 and 7 above are automatically assigned by Youi's systems, initiating immediately upon the submission of the first notice of claim. Timing of those claims falling under category 5 will depend on when a catastrophe is announced. Category 6 relies on the identification of vulnerability or escalation criteria by staff, and upon this prompt will then be re-allocated to a case manager in the relevant teams that support those claims. This can occur at any stage during a claim, and accordingly is not necessarily linked to a certain time limit beyond identification of the factors that prompt referral.

⁷ Youi has taken case manager to mean a dedicated claims advisor who has direct oversight across the customer's claim. This includes managing the tasks associated with progressing the claim, contacting the customer at various communication points as necessary and making a decision on the claim once necessary information is obtained.

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Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



o Once a claim is identified for case management, how high up the chain does management of the claim go?

The level of oversight and the depth of senior managements engagement with a particular claim is contingent upon the nature of the claim itself. Claims management for categories 2, 3, 4, 5 and 7 will follow Youi's usual delegation of authority. The delegation will ensure that decisions on claims get escalated to senior management depending on the size of the claim, and the decision required to be made.

In alignment with Youi's strategic approach to vulnerable and escalated cases, when these are identified or escalated a senior manager participates in the governance of this workflow, to give Youi claims advisors and assessors support to effectively service customers. Progress on escalated claims is reported weekly to senior management.

o What are the protocols in terms of a case manager interacting with a policyholder (e.g. mode of communication, frequency of communication)?

In Youi's claims handling process, communication with customers is conducted through various channels, including phone, SMS and email. The choice of communication is based on the customers preference or the natural progression of the claim process, with a preference for initiating contact via phone followed by SMS and email.

From the initial notice of claim until a claim decision is reached, the established protocol entails providing the customer with progress updates at regular intervals of 5 working days. If the customer's preferred method of communication is a phone call, Youi make the first attempt to reach them via phone. If unsuccessful, Youi follow up with an SMS.

Conversely, if the customer prefers SMS as their primary mode of communication, Youi exclusively use this method. Similarly, for customers who opt for email communication, Youi exclusively employ email correspondence.

In cases where a claim is declined, Youi ensure direct communication with the customer via a phone call, and an official outcome letter is sent following the conversation. Conversely, when a claim is successfully settled, Youi will promptly inform the customer about the outcome.

Subsequently, the system is programmed to trigger customer contact tasks every 15 business days from the most recent interaction with a Youi staff member. This approach is designed to achieve ongoing engagement and support through the claims process.

o For each of the four category incidents, for how many claims was a case manager appointed?

All claims are referred to a case manager.

o How is the progress of claims that are being case managed reported to the Board?

Throughout 2022, the Executive Leadership Team at Youi received regular updates on the flood events. These updates encompassed a comparative analysis between Youi's performance compared to industry, an update on the catastrophe management strategies and decisions made during the intervening period, and an assessment of customer sentiment. Furthermore, Youi's Board Report, presented on a quarterly basis,

Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



contained more detail on Youi's catastrophe response efforts, to give the directors perspective on the strategies and actions undertaken.

The Board also receives quarterly updates on aged claims, and large claims settled. Lastly the Board Risk Committee also have oversight over key risk indicators which include an indicator on aged claims as well as escalated complaints volumes.

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Youi Pty Ltd
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Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Annexure A: Picture 1 - 3 Youi's building claim fact sheet provided to customers.

THE YOUI BUILDING CLAIMS PROCESS



STEP 1. LODGING YOUR CLAIM

- You've done this part.

- Depending on the circumstances of your claim, we may request for more than one builder / service provider to inspect the damage and provide a quote.
- We'll let you know the outcome of your claim as soon as we can. If we require additional information, we'll discuss this with you. If accepted, we can then discuss repairs or settlement of your claim

STEP 2. MAKING THINGS SAFE.

- Nothing's more important than your safety. If required, we'll arrange for one of our qualified service providers to attend your home to make sure it's safe and prevent further damage.
- Please let us know immediately about any electrical, asbestos, mould or other safety hazards.

STEP 4. SETTLING YOUR CLAIM

- Every claim is unique. Once accepted, and based on assessments, reports and claim information, we will then settle your claim.
- This can range from repairs and restoration, to replacement and cash settlement, or any combination of these.

STEP 3. ASSESSING YOUR PROPERTY

- We will arrange an assessment of the damage and it is important you don't throw any items out (unless they pose a safety risk) to allow a complete assessment.
- To determine the cause and / or the extent of the damage we may need to arrange for some specialist reports to assist us.
- If your claim is accepted we will arrange all necessary quotes to reinstate your home.

STEP 5. EXCESS

- Your excess is payable on all accepted claims (your claims advisor will let you know how much this is).
- If we settle your claim with a cash settlement, we may deduct your excess from the settlement amount.

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Youi Pty Ltd
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Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



THE YOUI BUILDING CLAIMS PROCESS //CONT.



- If we are arranging replacement items, your excess may be payable upon collection of the replacement items.
- If we are repairing your property, you'll need to pay your excess before the repairs can commence.
- In most cases, you will pay this excess direct to the builder / service provider.
- Alternatively, you can contact a claims advisor on 13YOUi (13 9684) to arrange payment.
- If you have concerns about your ability to pay your excess due to financial difficulty please speak to your claims advisor regarding payments options that may be available to you.
- A scope of works provides you with an overview of the approved repairs and outlines the method the builder / service provider will use to complete the repairs to your property.
- It will include information such as the type and quantity of materials to be used and the trades that will be needed to complete the repairs.
- The scope of works forms part of the contract of repairs between you, the builder / service provider and us, your insurer.
- **In most cases, repairs cannot start until the scope of works and contract is signed, and excess has been paid.**
- During the repair process, we may discover further damage not previous seen or originally included in the scope of works. If the additional items are related to your claim, we'll add them to the scope of works (these are known as "variations").
- A scope of works may be complex, so we encourage you to consult with the builder / service provider and / or assessor if you have concerns or questions.

STEP 6. REPAIRS AND THE SCOPE OF WORKS

- Once your claim is authorised, the approved builder / service provider will contact you and provide a scope of works.



Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUi
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



THE YOUI BUILDING CLAIMS PROCESS //CONT.



OTHER USEFUL INFO

Keeping in touch

- › Your claims advisor and builder / service provider will keep you up to date with the progress of your claim and repairs.
- › Your builder / service provider will communicate with you and Youi regarding any variations and / or delays.

Claim finalisation

- › As parts of your claim are completed, you may be required to sign completion certificates and other documentation to confirm your satisfaction.
- › If there was any damage noted not related to the claim that needs attention, you may receive a maintenance letter, advising of the remedy required to protect your home. In some cases you may need to rectify this maintenance before works can proceed. It is important you address any maintenance items raised as soon as possible to avoid delays in progressing your claim.

Quality guarantee

- › Any repairs we authorise have a quality guarantee for the time you own the property.
- › Youi has a national network of professional, reputable suppliers, builders and specialists to ensure your home and contents are repaired, restored or replaced to the highest standards and quality. We also monitor customer feedback for these network members to ensure they remain of a high quality.

Concerns and complaints

- › Your claims advisor, service provider or assessor will work with you to understand any concerns you have.
- › If you're still not happy, please let us know – we're here to listen.
- › You can lodge a complaint and have it reviewed by our Customer Relations Team.
- › For complete information about how we handle your complaint, you can visit youi.com.au/handling-your-complaint

Financial hardship

- › If you're experiencing financial hardship, please contact the Youi Claims Department on 13YOUI (13 9684) to discuss your options.



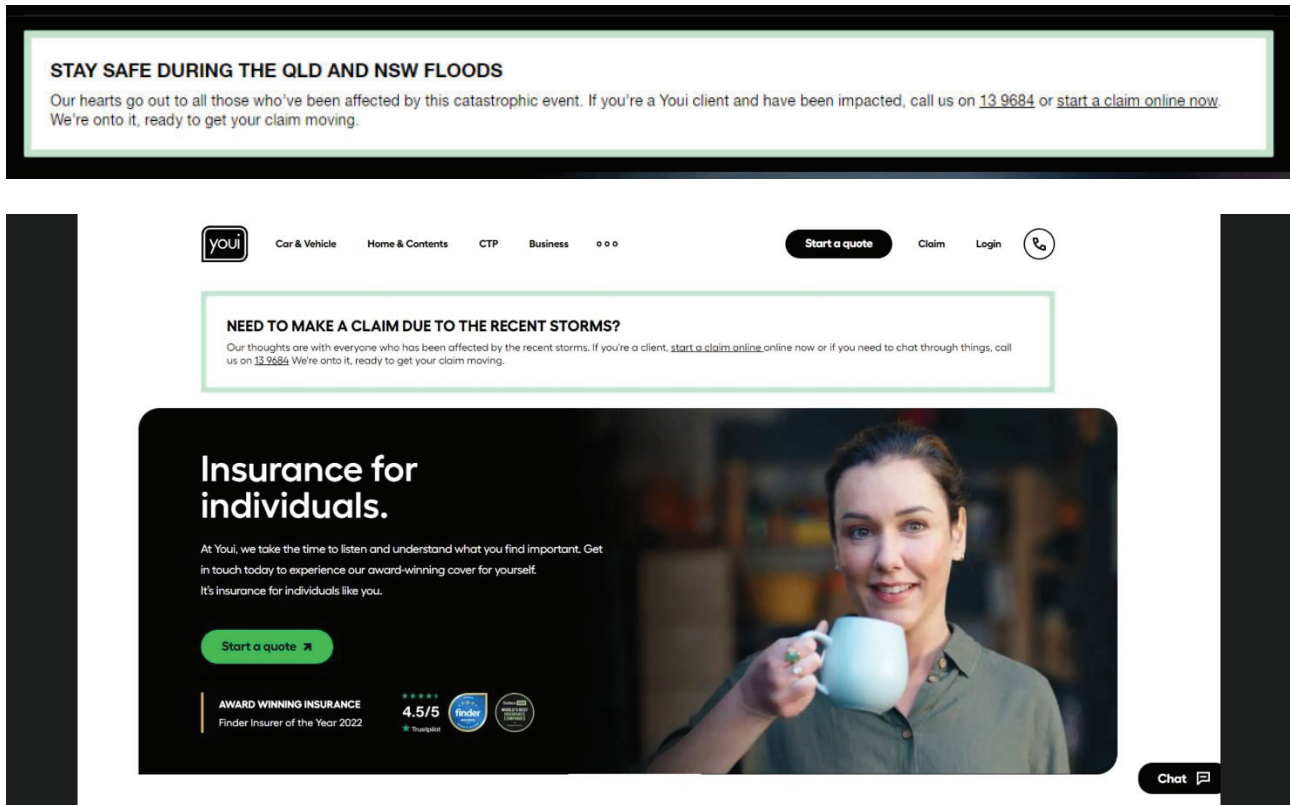
GET IN TOUCH

If you have questions or would like to know more about our claims process, give us a call on 13YOUI (13 9684). Our claims advisors are ready to listen and help however they can.





Annexure B: Website communications during and following a disaster event.



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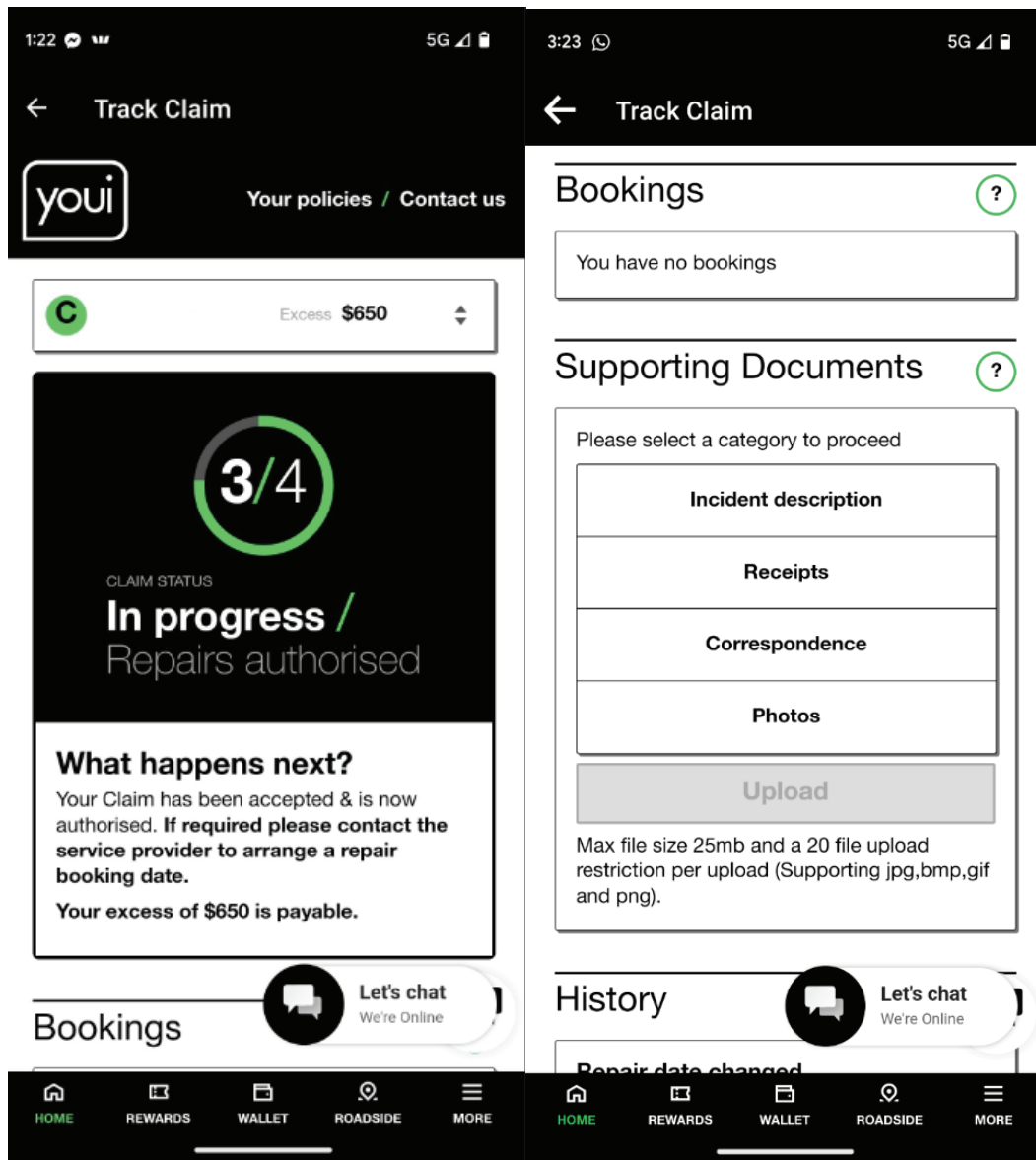
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Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

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Buddina, QLD 4575



Annexure C: Online claims tracker



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ABN 79 123 074 733

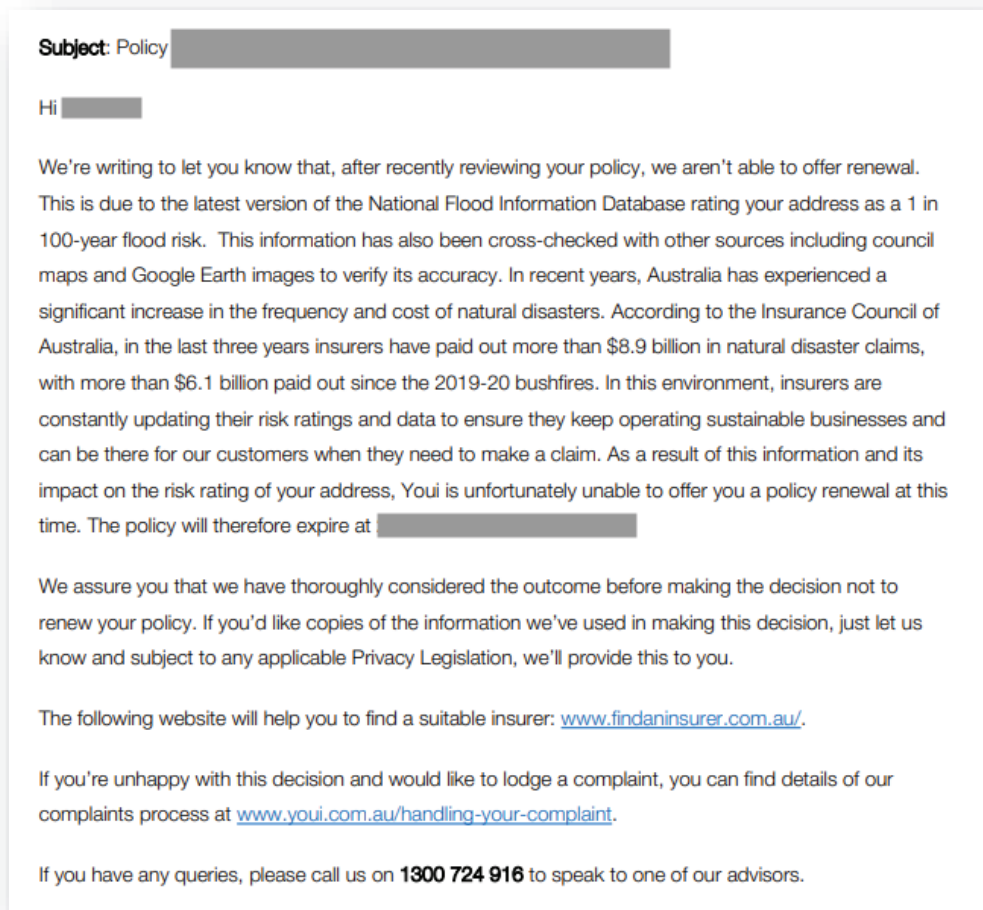
Tel 13 YOUi
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Annexure D: customer correspondence sent in cases where flood risk is causing the policy to not be offered for renewal.



Australia

Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Annexure E: Price increase notification due to flood risk

Price Increase due to flood risk

We've reviewed the risk assessment of your address against the latest version of the National Flood Information Database, which was developed by the Insurance Council of Australia in partnership with state and territory governments for use by insurers. Using this information as well as other mapping information, we have identified that there is an increase in flood risk for your address. Unfortunately, as a result, your insurance premium will be increasing this year, but please be aware the full amount of the increase (based on the specific risk factors applicable to your address) has not been included this year as you are an existing Youi customer. The up-to-date premium listed below and in the attached now reflects this. We will continue to evaluate your premium against individual risk levels in future years.

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Youi Pty Ltd
ABN 79 123 074 733

Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575



Annexure F: Why Has My Premium Gone Up? Guide

What affects a customer's renewal premium?

- Youi's overall claims experience
- The customer's claims experience
- The customer's missed payment history
- Youi's view of risk (for example Youi's view of flood risk at an address because of new/updated flood-mapping data available)
- Youi's reinsurance expenses
- The premium a customer would pay if they took out a new policy with Youi at renewal (new business premium)
- Inflation

It is important to know that if a customer's new business premium is significantly higher than what they are currently paying, Youi will not pass through the full increase. **Youi aims to minimise increases to existing customers as a reward for loyalty.**

More than 10% of actuarial messages relate to questions from advisors/customers to provide further clarity on why a policy received a specific renewal increase. To the right are two examples of renewal notepad messages, together with further information to assist advisors when faced with these situations.

Renewal Building Premium Notes. Since you bought this policy originally, the price to a new customer has increased. We are passing on some, but not all, of this increase in your renewal.

EXAMPLE

When calculating a renewal premium, Youi also calculates the latest new business premium for that policy. As Youi continually updates our pricing and underwriting, the new business premium can often differ to the original premium. Instead of increasing the renewal premium to the new business premium, we apply a small adjustment. As mentioned before, the renewal process is designed to minimise the increase to existing customers as a reward for loyalty.

Renewal Premium Notes. This policy's renewal increase is our latest base ~increase.

EXAMPLE

We provide a **standard default increase at renewal**. This standard default increase is referred to as a "base increase". Inflation, increased costs such as actual claims experience, reinsurance costs and other factors related to insurance, including catastrophic weather events increase the cost of providing insurance and ultimately drives the "base increase".

Australia

Youi Pty Ltd
ABN 79 123 074 733


Tel 13 YOUI
Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575




Annexure G: Individual customer messaging

 **General** [Redacted] [Redacted]

Renewal Premium Notes. Since you bought this policy originally, the price to a new customer has increased. We are passing on some, but not all, of this increase in your renewal. A component of this policy's renewal increase is our latest base increase.

 **General** [Redacted] [Redacted]

Renewal Building Premium Notes. This policy's increase is driven by the risk of inundation by water.

 **General** [Redacted] [Redacted]

Renewal Building Premium Notes. This policy's renewal offer includes a reduction associated with the Cyclone Reinsurance Pool. For further information, please see Wik.Ed.

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Youi Pty Ltd
ABN 79 123 074 733

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Int +61 7 3719 4800

info@youi.com.au
www.youi.com.au

PO Box 849
Buddina, QLD 4575