



Date: 5 March 2024

Committee Secretariat
House of Representatives Standing Committee on Economics
Inquiry into insurers' responses to 2022 major floods claims

By email: floodinsurance.reps@aph.gov.au

Re: IAG response to questions taken on notice at the House of Representatives Standing Committee on Economics Inquiry into insurer's responses to the 2022 major floods claims hearing 5 February 2024

Dear Committee Secretariat

At the Committee hearing on 5 February 2024, IAG took three questions on notice. We now provide answers as follows:

1. The dates IAG was on the ground in Eugowra following the 14 November 2022 flood.

It is always our intent to be on the ground to assist customers as soon as it is safe to do so. We collect and assess information from local emergency services, those already on the ground and the Insurance Council of Australia (ICA) to understand the safe, practical, and timely way to enter a disaster zone.

The following timeline provides an overview of our response to the Eugowra floods.

Date	Activity
Monday 14 November 2022	<ul style="list-style-type: none">Notified of extreme flooding in Eugowra with depths exceeding one metre covering most of the town. Access to the town was limited.IAG activated its Major Event Plan, triggering the allocation of resources and prepared to deploy assessors, claims consultants and mobile claims unit vehicles when advised it is safe to do so.
Tuesday 15 November 2022	<ul style="list-style-type: none">IAG's local towing operator in Eugowra commenced the immediate removal of flood affected vehicles.
Wednesday 16 November 2022	<ul style="list-style-type: none">IAG's local partner builders commenced make safes and assessments for flood affected homes. Local partner resources who could safely access Eugowra arrived.Other main roads into flood impacted areas remained closed.ICA advised IAG that a disaster recovery centre would likely open the following week.

Sunday 20 November 2022	<ul style="list-style-type: none"> Roads re-opened (based on information from NSW transport authorities and the local council). IAG property assessing joined our partner builders on location.
Monday 21 November 2022	<ul style="list-style-type: none"> IAG Major Events team received notification that the recovery centre would open that day and claims teams were mobilised to travel to Eugowra.
Tuesday 22 November 2022	<ul style="list-style-type: none"> IAG claims team arrived at the Eugowra Showgrounds recovery centre to commence assisting customers.
Wednesday 23 November 2022	<ul style="list-style-type: none"> Additional IAG claims resources arrived at the Eugowra Showgrounds recovery centre.
Thursday 24 November 2022	<ul style="list-style-type: none"> IAG's two mobile claims unit vehicles arrived at the Eugowra Showgrounds recovery centre, operating 7 days a week until 13 December 2022.
Friday 9 December 2022	<ul style="list-style-type: none"> Eugowra Showground recovery centre and recovery tent closed.
Tuesday 13 December 2022	<ul style="list-style-type: none"> IAG mobile claims units departed.

2. Resources, training and funding allocated to respond to complaints.

Resourcing

- IAG operates a tiered dispute resolution model.
- IAG monitors resourcing levels so that we can manage and resolve complaints appropriately.
- IAG records complaints in-line with ASIC's Regulatory Guide 271 which defines a complaint as any "...*expression of dissatisfaction made to or about an organisation—related to its products, services, staff or the handling of a complaint—where a response or resolution is explicitly or implicitly expected or legally required.*"
- One complaint may consist of single or multiple issues.
- Most complaints are identified by customer-facing employees, with the majority resolved during the same customer interaction.

Tiered Model

The tiered dispute resolution model is set out below:

Level 0	Complaints are identified by customer-facing employees via a range of communication channels.
Level 1	When a Level 0 complaint is not resolved, it is escalated to Level 1 and a Team Lead or Senior Consultant attempts to resolve it.
Level 2	If the complaint is not resolved at Level 1, it is escalated to Level 2 and managed by our specialised complaints team.
Level 3	Customers can also refer their complaint to AFCA. AFCA complaints are managed by our specialised complaints team.

Over 4,000 employees in our Australian business are involved in complaints management across Levels 0-3. The average effort required from these teams to record, manage, and resolve complaints equates to approximately 300 full-time employees (FTE) and an investment exceeding \$30 million annually.

The equivalent of 222 FTE engage in Levels 0-1 complaints, and 78.5 FTE resources are dedicated to managing Levels 2-3 complaints. Since February 2022, IAG's specialised complaints resourcing for Levels 2-3 has increased by 16% from 67.7 FTE to 78.5 FTE.

Training

All customer-facing employees and their leaders are trained in complaints management and resolution. New employees complete the following:

- Training modules on understanding and managing complaints covering the complaint management processes, requirements under RG271 and the General Insurance Code of Practice (GICOP), systems training and writing complaint responses to customers.
- GICOP New Employee training. This training explores the General Insurance Code of Practice outlining the way we do business with customers including our obligations in relation to handling complaints.

As appropriate, the following is also provided:

- Customer Service Framework training.
- Customer Experience Behaviours training.

Onboarding for new employees includes taking customer calls under the support and guidance of a supervisor. Supervisors guide new employees through the process of identifying, capturing, and responding to the complaint, and provide feedback in real-time.

Our targeted training addresses team or individual learning needs. We assess complaints management effectiveness and identify targeted training needs through:

- Leaders listening to calls,
- Quality assurance checks, and
- Complaint management reporting dashboards showing individual performance in handling complaints.

We review training regularly and embed learnings from experiences, including from natural perils events.

3. How many customers made complaints.

From 63,722 claims arising from the relevant events, IAG received 8,336 complaints. The total number of customers who made a complaint was 6,168 (some customers lodged more than one complaint).

The majority of complaints were resolved with the customer via IAG's internal dispute resolution process (at Levels 0-2). 613 complaints progressed to AFCA's case management stage. Details are provided in the table below.

	CAT221	SE222	CAT223	SE224	Total
# Claims	44,872	6,885	6,917	5,048	63,722
# Complaints	6,291	816	746	483	8,336
# Customers with Complaint ¹	4,812	662	348	346	6,168
# Resolved IDR (incl Level 0-2) ²	5810	764	698	451	7,723
# Escalated to AFCA Case Management	481	52	48	32	613

¹ *Joint policy holders are counted as one customer, for example a household comprising a husband and wife.*

² *Includes complaints resolved during AFCA registration which did not escalate to case management.*

I trust this information is of assistance to the Committee and welcome any further questions.

Sincerely

Nick Hawkins
Managing Director and Chief Executive Officer