

HOUSE OF REPRESENTATIVES

Standing Committee on Economics

Flood insurance inquiry: Additional questions, March 2024

Additional data

20. Please complete this workbook of additional data requests, covering:
- a. Flood-related claims categories
 - b. Complaint numbers
 - c. Number and percentage of claims initially denied or partially denied
 - d. Complaints to IDR, and IDR decisions
 - e. Referral to the Australian Financial Complaints Authority (AFCA)
 - f. Decisions at AFCA
 - g. Main sources of disputes referred to AFCA
 - h. Claims-handling staff numbers
 - i. IDR staff numbers

If you do not collect some/all of this data, please indicate why not.

If alternative relevant data is available, please provide this.

If there are particular caveats around data interpretation, please include these.

a: Flood insurance-related claims categories

| Total no. flood-related claims | % home and contents | % contents | % motor vehicle | % small business |
|--------------------------------|---------------------|------------|-----------------|------------------|
| 14,748 | 74.97% | 8.05% | 16.98% | 0% |

Data caveats:

Data is CAT221 claims for the period February 2020 to October 2023

Figures include all claims (all loss causes) under CAT221 but excludes food spoilage claims

"Home and contents" totalling 74.97% includes "building only" claims (50.49%) plus "building and contents combined" claims (24.48%)

b: Complaint numbers

| Flood event | Total no. claims lodged | Total number complaints | % of claims for which complaints were lodged | % of total complaints that went to IDR | IDR cases as a % of total claims lodged |
|--------------|-------------------------|-------------------------|--|--|---|
| CAT 221 | 14762 | 3914 | 16.85% | 23.94% | 6.35% |
| SE 222 | | | | | |
| CAT 223 | | | | | |
| SE 224 | | | | | |
| Total | | | | | |

Data caveats:

Figures are based on complaint volumes as of October 2023

RACQ did not receive any claims for SE222, CAT223 or SE224

Insurers are required to meet the Internal Dispute Resolution (IDR) standards in ASIC's Regulatory Guide 271 Internal Dispute Resolution for all complaints (i.e. there is no distinction between complaints and IDR). Given the breadth of the definition of a complaint, we understand the Committee is seeking information to distinguish complaints of a more escalated nature from complaints of a more simple nature. As such, the data provided under column E are those escalated to Tier 2 Complaints as per QoN report.

The % of complaints that went to IDR is including the cases that were then further escalated to EDR.

To be consistent both the % of IDR Cases of total claims and the % of claims for which complaints were lodged is using the total complaint volumes vs claims lodged and does not account for when multiple complaints were made on the same claim.

Percentages are rounded to the nearest 2 decimal points

c: Number and % of claims initially denied or partially denied

| Flood event | No. claims denied | No. claims partially denied | % of denied claims due to no flood cover | % of denied claims due to other policy exclusion |
|--------------|-------------------|------------------------------------|--|--|
| CAT 221 | 572 | 867 | 0% | 100% |
| SE 222 | | | | |
| CAT 223 | | | | |
| SE 224 | | | | |
| Total | | | | |

Data caveats:

Claim outcomes are as at March 2024 as this data field cannot be reported retrospectively

Flood cover is standard on all RACQ policies

Figures include household claims only

RACQ did not receive any claims for SE222, CAT223 or SE224

d: Complaints to IDR, and IDR decisions

| Flood event | Total no. complaints handled | No. cases – insurer’s decision upheld | No. cases resolved in full favour of policyholder. | No. cases resolved in partial favour of policyholder; whether in relation to claim or in the form of a financial or non-financial remedy | No. unresolved cases at IDR |
|--------------|------------------------------|---------------------------------------|---|---|------------------------------------|
| CAT 221 | 937 | 617 | N/A | 99 | 221 |
| SE 222 | | | | | |
| CAT 223 | | | | | |
| SE 224 | | | | | |
| Total | | | | | |

Data caveats:

Figures are based on complaint volumes as of October 2023 however complaint outcomes are as at March 2024

Insurers are required to meet the Internal Dispute Resolution (IDR) standards in ASIC’s Regulatory Guide 271 Internal Dispute Resolution for all complaints (i.e. there is no distinction between complaints and IDR). Given the breadth of the definition of a complaint, we understand the Committee is seeking information to distinguish complaints of a more escalated nature from complaints of a more simple nature. As such, the data provided for tab D are those escalated to Tier 2 Complaints as per QoN report including those that have escalated further to EDR.

Of the 617 cases that were upheld in column C. There were 64 instances where the insurer’s decision was upheld, however an ex-gratia payment was made to resolve the complaint.

*RACQ does not record if the decision IDR is in partial or full favour of complainant so all decisions in the complainant favour are in column E
 Cases that were escalated to EDR are considered as unresolved at IDR (221)*

e: Referral to AFCA

| Flood event | No. claims that went to AFCA | % of total claims referred to AFCA |
|--------------|------------------------------|------------------------------------|
| CAT 221 | 221 | 1.50% |
| SE 222 | | |
| CAT 223 | | |
| SE 224 | | |
| Total | | |

Data caveats:

*Figures are based on complaint volumes as of October 2023
RACQ did not receive any claims for SE222, CAT223 or SE224
Percentages are rounded to the nearest 2 decimal points*

f: Decisions at AFCA

| Flood event | No. cases – insurer’s decision/handling upheld | No. cases – insurer’s decision/handling partially upheld | No. cases – insurer’s claim decision overturned/rejected in full favour of policyholder | No. of unresolved cases at AFCA | % cases to AFCA that were resolved early* |
|--------------|--|---|---|--|--|
| CAT 221 | 45 | 3 | 8 | 4 | 72.85% |
| SE 222 | | | | | |
| CAT 223 | | | | | |
| SE 224 | | | | | |
| Total | | | | | |

**AFCA cases referred early = they did not require the appointment of an adjudicator, panel or ombudsman to make determinations*

Data caveats:

AFCA complaints referenced in our accompanying response as IDR tier 3.

Figures are based on complaint volumes as of October 2023 and updated outcomes as at March 2024

RACQ did not receive any claims for SE222, CAT223 or SE224

Percentages are rounded to the nearest 2 decimal points

g: Main sources of disputes referred to AFCA

| | Issue | % of all complaints to AFCA |
|---|------------------|-----------------------------|
| 1 | Claim Decline | 38.91% |
| 2 | Delays | 20.81% |
| 3 | Claim Repairs | 14.48% |
| 4 | Customer Service | 8.14% |
| 5 | Settlement Value | 7.24% |

Data caveats:

Figures are based on complaint volumes as of October 2023

Percentages are rounded to the nearest 2 decimal points

h: Claims-handling staff numbers

| Year | Permanent FTE | Temporary FTE | Total claims lodged | Ratio of clais to perm. FTE | Ratio of claims to total FTE |
|----------|---------------|---------------|---------------------|-----------------------------|------------------------------|
| 2019 | 62.40 | 0 | 29,676 | 475.58 | 475.58 |
| 2020 | 60.85 | 0 | 28,690 | 471.49 | 471.49 |
| 2021 | 56.89 | 33 | 31,225 | 548.87 | 347.37 |
| 2022 | 89.86 | 60 | 39,688 | 441.66 | 264.83 |
| 2023 | 91.33 | 125 | 23,707 | 259.58 | 109.59 |
| 2024 YTD | 89.38 | 65 | 23,064 | 258.04 | 149.40 |

Data caveats:

FTE is average frontline claims processing roles including lodgement and management of claims, excludes leadership and specialist roles

Claim lodgements are household claims only

Figures are based on financial year due to availability of data

Temporary FTE is an average employed during the year, which varies with CAT event caseloads and demand

Note - ratio of claims to FTE may be influenced by claims received in the year prior and higher FTE carries into the next year to manage the claims

i: IDR staff numbers

| Year | Permanent FTE | Temporary FTE | Total cases (complaints) handled | Ratio of perm. FTE to complaints | Ratio of total FTE to complaints |
|----------|---------------|---------------|----------------------------------|----------------------------------|----------------------------------|
| 2019 | 7 | 1 | 2679 | 1:382.71 | 1:334.88 |
| 2020 | 10 | 0 | 2658 | 1:265.80 | 1:265.80 |
| 2021 | 11 | 0 | 1879 | 1:170.82 | 1:170.82 |
| 2022 | 13 | 4 | 3893 | 1:299.46 | 1:229.00 |
| 2023 | 13 | 11 | 4082 | 1:314.00 | 1:170.08 |
| 2024 YTD | 17 | 11 | 900 | 1:52.94 | 1:32.14 |

Data caveats:

Figures are based on calendar year

Total Cases handled is the total number of cases handled by RACQ's dedicated complaints staff

FYI 2024 cases is to 31/03/2024

Ratios are rounded to the nearest 2 decimal points