

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS - INQUIRY INTO INSURERS' RESPONSES TO 2022 MAJOR FLOOD CLAIMS

QBE RESPONSE TO ADDITIONAL QUESTIONS AND INFORMATION REQUEST

The Committee has requested QBE provide additional information for the Committee's consideration in accordance with the notification from the Committee Secretariat on 19 March 2024 (as clarified for the industry by the Insurance Council of Australia (*ICA*)) (*Request*).

Our response to the Request follows and comprises 3 parts:

Part A – Additional questions the Committee has asked specific to QBE

Part B – Additional questions the Committee has asked all insurers

Part C – Additional data the Committee is seeking from all insurers

Our response to the Request is provided on the same basis as previous information was provided to the Committee in QBE's submission dated November 2023 (*QBE's submission*). Unless otherwise specified, information relates to the same products considered in the Deloitte Review (domestic property, private motor and small business insurance policies).

Certain information or data requested, particularly over the requested 10-year period, is not readily available, given system constraints and changes at QBE over that time. We have noted where this is the situation.

Part A – Additional questions specific to QBE

1. We have established a 'property health check process' (page 6 of submission). What is this?

After the 2022 major flood events, we developed and implemented a "property health check" process. This process was initially focused on identifying and examining the most complex claims, or claims experiencing unusual delays, or which were not progressing as expected. These "health checks" were instigated for these matters to enable us to work through and address any unusual obstacles that were causing problems or delays.

A property health check typically involves on-site visits and reviews by QBE's Property Supply Chain and Repair Quality Management teams together with our relevant suppliers (such as loss adjusters and panel builders) in conjunction with the customer. We collectively discuss progress of the claim and look to understand any issues from the customer's perspective (this will generally include consideration of their experience of communication with QBE, engagement with suppliers, and we check their understanding of next steps). We typically will also check in firsthand on the works completed, the customer's temporary living conditions and any other issues or vulnerabilities of which we were not aware. In essence, it's a claims "health check" for particular matters to assess whether there are additional actions or improvements we can make to progress the claim or overcome road blocks.

Noting the benefits of this initiative, for recent catastrophes we are piloting commencing the property health check process at an earlier point in time in the claims management process. In response to Tropical Cyclone Jasper and Far North Queensland flooding, and the Christmas and New Year storms, we have already commenced property health checks on certain matters that we anticipate will assist us identifying any emerging issues at an earlier stage for relevant claims.

For the Committee's awareness, this property health check process is in addition to our processes for the management of complex claims. As outlined in QBE's submission (pages 14-15 and 21-22), complex matters are triaged by QBE into a specialist complex or major loss team trained in handling complex cases. Our specialists in these teams generally manage fewer open claims than others due to the complexity of the claim and the time required to devote to such claims.

Identifying vulnerable customers

'As a claim progresses, circumstances may arise where vulnerabilities are identified' (page 15).

2. *Why do you wait for circumstances to arise? Why don't you check/actively identify vulnerabilities at the start of the claims process?*

The comment in QBE's submission (page 15) relates to circumstances where customer vulnerabilities may not exist at the start of the claims process but may emerge at a later point. Additionally, we are also aware some customers are not comfortable to share this information.

As outlined in QBE's submission (page 20), QBE's *Supporting Customers Experiencing Vulnerability Policy*, establishes a framework for the processes and procedures to support customers experiencing vulnerability and includes our commitments under the General Insurance Code of Practice (**the Code**). As also outlined, we recognise that many of our customers may be considered vulnerable throughout their entire customer journey with us, while others may only experience vulnerability briefly.

We recognise a person's vulnerability may be due to a range of factors and have developed a *Recognise, Respond, Refer (RRR)* framework to support identification in three main ways: direct customers who self-notify and tell us they are experiencing vulnerability, direct customers who we identify through our interactions may be experiencing vulnerability in line with the factors in the Code, and indirect or intermediated customers who are identified as being vulnerable by our partners, intermediaries or other advisors or representatives through their interactions. Our customer-facing employees are regularly trained on how to recognise and identify vulnerabilities as well as how to take appropriate steps to assist those experiencing or susceptible to vulnerabilities.

Our framework and approach applies to all stages of the customer journey, including sale and purchase of an insurance policy (and making amendments to an insurance policy), claims lodgement and throughout the claims management process, and the resolution of any enquiry or complaint.

IDR

3. *How many of the flood-related complaints did you allocate to third parties to resolve? (Page 17.)*

QBE flood-related complaints for the relevant products were not referred to external third parties to manage on behalf of QBE.

The reference to third-party distributors (QBE submission, page 17) relates to intermediaries, such as underwriting agencies, that distribute specialist products on behalf of QBE. Our distribution arrangements with certain intermediaries may provide complaints handling authority that relates to those products.

4. *At what stage, and when, are complaints referred to third parties to resolve? If the CR&A team is too busy?*

a. *How long do you give third parties to resolve complaints?*

As outlined in response to Question 3, we do not refer QBE complaints to external third parties to resolve.

5. *How often do you use third parties to deal with complaints?*

a. *What does it involve – do you have to transfer all claims documentation to the third-party organisation?*

As outlined in response to Question 3, we do not refer QBE complaints to external third parties to resolve.

Inconsistent information provided on early handling of complaints

Page 16 of submission: Complaints first dealt with by frontline staff. Goes to Customer Relations and Advocacy (CR&A) team if not resolved within five days.

Page 17 of submission: Complaints are acknowledged on lodgement... If the complaint is unresolved within 24 hours, QBE will advise the complainant of the direct contact details of the person handling the complaint.

6. How long are complaints dealt with by frontline staff before going to the CR&A team if unresolved? 24 hours or five days?

If a complaint relates to denial of a claim or financial hardship our approach is to immediately escalate the complaint to QBE's CR&A team for review.

Other complaints would typically remain with the relevant front line team for up to five business days from the date of complaint (e.g. claims-related complaints would be managed by the claims team), before they are automatically escalated to the CR&A team. Front line teams can also escalate a complaint to the CR&A team for IDR at any time during the five days based on circumstances.

For the Committee's further information, complaints are acknowledged on lodgement and a QBE complaint brochure outlining our complaint process and providing additional information is provided. If a complaint is unresolved within 24 hours, QBE will also advise the complainant of the direct contact details of the person handling the complaint.

7. When you refer to the 'person handling the complaint', are you referring to someone who would be in the CR&A team?

This refers to the person allocated the complaint at a given stage of the complaint life cycle. This could, for example, be the person in the front-line claims team dealing with a claims-related complaint in the first five days, or a dispute resolution specialist in the CR&A team.

EDR

Submission, page 20. QBE says it paid \$306,000 to AFCA for resolving EDR complaints and its membership and usage fees are in excess of \$3m a year.

8. Please clarify these figures: is \$306,000 part of the \$3 million?

9. As outlined in QBE's submission, \$306,106 represents fees paid by QBE to AFCA specifically for complaints referred to AFCA in respect of the 2022 major flood events. These specific complaints case fees are in addition to the yearly user and membership fees QBE pays to AFCA (being in excess of \$3 million) – that is, the \$306,100 is in addition to the \$3 million. QBE says in its submission that EDR timeframes should be extended. Why, particularly when AFCA and consumer groups say that many disputes that go to AFCA could and should have been solved within insurers' IDR teams?

QBE's submission (page 20) states "...consideration could be given to whether EDR processes and response timeframes could be appropriately extended, as outlined above in the *IDR section*". Our focus and reference to an extension of timeframes was intended to refer to the IDR phase and during surge periods. We did not intend to suggest that EDR timeframes should generally be extended.

As explained in QBE's submission (page 18), adjusting IDR timeframes to accommodate situations where a catastrophe or other significant event has led to a significant surge in complaint volumes, may assist in reducing the potential volume of complaints referred to EDR. By way of example, our CR&A IDR team have authority to seek additional information or reports to consider a complaint, however during surge times this may take longer to obtain. If additional time was available to allow that information to be received before a complaint must be referred to EDR, this may assist with insurers' IDR complaint resolution and avoid the necessity for escalation to EDR.

10. How would this be fair to consumers?

Please refer to our response to Question 9, noting our intention was to suggest consideration could be given to extending IDR timeframes.

Flood mitigation

QBE offers premium discounts for properties with cyclone and flood mitigation features (page 27).

11. How does QBE identify such properties?

As outlined in QBE's submission, a Risk Mitigation Discount is available to owner occupied freestanding homes in Queensland that have been certified for the completion of cyclone mitigation upgrades under the Household Resilience Program (**the Program**). The Program provides funding to help eligible home owners in coastal parts of Queensland improve the resilience of their homes against cyclones. As part of the underwriting process, we ask relevant questions (e.g. through intermediary partners) about cyclone mitigation to customers that may be eligible for the program (i.e. for properties located in Queensland built prior to 1984), that assists to enable us to identify properties that have had cyclone mitigation upgrades under the Program.

As also outlined in QBE's submission, QBE supports household-level mitigation measures through reduced premiums for properties with a higher floor height, including where properties have been raised to mitigate flood risk. To identify such properties, QBE's underwriting process includes additional questions about floor height (e.g. where the property is located in an area with flood risk). Where a property has a higher floor height (including where the property has been raised to achieve this), it is taken into consideration as part of the risk assessment and the premium calculation adjusted.

12. How many of your present customers, or what percentage of your total house and contents customers, receive these discount(s)?

In respect of flood risk mitigation, as noted in response to Question 11, a higher floor height is considered as part of the risk assessment and reflected in the premium calculation. As premiums can vary based on a range of factors (e.g. the nature of the insured risk and exposure to natural perils), and due to system constraints, providing an indication of the proportion of customers with premium variances based on the floor height of their property is not readily available.

QBE has participated in the insurer pilot of the Resilient Retrofit Program (part of the Queensland Resilient Homes Fund established in response to the floods). This initiative was intended to facilitate resilience repair or retrofit works at the same time as insurance repair works are undertaken to a customer's property (page 27).

13. How did/has this arrangement worked? For example, has the fund covered the gap between the sum-insured and the cost of the flood-resilient upgrades?

The operation of the Queensland Resilient Homes Fund as it relates to insurance is outlined by the Queensland Government¹:

The Resilient Homes Fund aims to increase the resilience of as many eligible homes as possible, so it is available to both insured and uninsured homeowners.

For insured homeowners, insurance repairs usually involve 'like for like' replacements (e.g. replacing damaged plasterboard wall linings with new plasterboard). The Resilient Homes Fund finances flood resilient design and materials (e.g. replacing damaged wall linings with flood-resilient wall linings such as fibre cement sheeting).

As indicated, this program was introduced by the Queensland Government in response to the 2021-22 Queensland rainfall and flooding. QBE participated in the insurer pilot of the Resilient Retrofit Program, and, as outlined in QBE's submission, there are several learnings and enhancements to be considered. Given the immediacy and magnitude of flooding, many of the details and parameters of the program were

¹ Available at: <https://www.qld.gov.au/housing/buying-owning-home/financial-help-concessions/resilient-homes-fund/other-assistance/insurance-and-the-resilient-homes-fund#insurance-repairs>

still under development at the time of recovery and insurance claims repairs. Consistent with the ICA's position, we believe however that it is important for these programs to be developed and agreed in advance so the many complex issues can be considered if these programs are to operate at scale.

For the Committee's information, additional examples of resilience works vary but could include insurers' raising external air-conditioning units, and raising power points or use of different materials.

QBE says that, when completed, public mitigation works need to be promptly identified on risk maps that insurers rely on.

14. Are there cases where such works have not been identified on risk maps? Can you give examples? With whom should this responsibility lie?

We are not aware of specific mitigation works in place that are currently missing from broader mapping or from QBE's pricing data, however consider timely updating of risk information is very important.

Insurers typically utilise specialist suppliers to provide peril mapping data including where public mitigation works apply, to provide a picture of risk. The ICA, in its recent pre-Budget submission, has provided an industry view on access to risk information as follows:²

Worsening extreme weather is having a direct impact on the affordability and availability of insurance and the wellbeing of Australian communities, homes, and infrastructure. The development of a robust, national hazard database that streamlines existing national, state and territory datasets, that is accessible to all levels of government, industry and the Australian public can play a critical role in improving and standardising our understanding of climate risk and how we prepare for it.

National public baseline of climate risk and closing data gaps

The Insurance Council and its members welcome the focus of the Australian Climate Service and National Emergency Management Agency on the development of a national hazard data asset currently being established in consultation with insurers via the HIP. As part of establishing this asset, the Commonwealth should work with state, territory and local governments to update, standardise and make publicly available climate hazard data, considering long-term time horizons and prioritising the high impact perils of flood, bushfire, cyclone and coastal erosion. This data would help establish a national public baseline that can better inform land use planning, building codes and standards and understanding of current and future risk. In addition, the Commonwealth should provide immediate funding to address critical hazard data gaps. For example, funding Geoscience Australia to develop robust floor-height data sets in high-risk regions will be critical to improving the government and industry's understanding of current and future flood risk. Providing funding to support the update of local government hazard mapping, such as flood mapping, will also be critical in providing an accurate view of current and future risks. Improved and publicly available data would reduce uncertainty for insurers and improve consumer awareness of vulnerable areas.

Disaster resilience and impact registers

The Commonwealth Government should work with the states and territories to develop a national register of historical disaster impact data to improve understanding of impacted areas. This should be supplemented by a nationally consistent register of buildings – containing important risk and resilience characteristics such construction features – to assist the community, emergency services and insurers to understand risks, and of coastal defences...

...The 2024-25 Budget should:

- Include funding to allow collaboration with state and territory governments to:*
 - Update, standardise and make publicly available climate hazard data;*
 - Develop an impact register which includes a footprint of historical event data;*
 - Develop a Coastal Defence Register which includes a database of coastal defence works; and*

² Available at: [2024-25-Pre-Budget-submission.pdf \(insurancecouncil.com.au\)](https://www.insurancecouncil.com.au/2024-25-Pre-Budget-submission.pdf)

- *Develop a nationally consistent asset register of buildings containing important risk and resilience characteristics, prioritising high hazard zones first.*
- *Provide funding to address critical hazard data gaps. For example, funding Geoscience Australia to develop robust floor-height data sets in high-risk regions.*

The QBE submission says any flood-mitigation work on houses should be certified, so insurers can be sure that such works will be effective.

15. Who does QBE think should/could be responsible for the certification process?

As outlined in QBE's submission, we suggest the Queensland Household Resilience Program is an example of this and we would welcome a similar approach in other government-funded mitigation programs. The Program requires³ the contractor to provide documentation to the homeowner, including specified forms for design compliance by an engineer or supplier of proprietary products (e.g. cyclone shutters), for the installation of proprietary items, or for certification of structural works. Once these items have been provided, an assessor will carry out an inspection of the works and arrange for the grant funding to be paid. Customers can then provide this evidence to QBE to receive QBE's Risk Mitigation Discount.

Sum insured safeguard benefit

For householder policies, QBE provides a sum insured safeguard benefit that in a catastrophe event allows a top-up of the purchased sum insured by a further 30% where customers have used QBE's sum insured calculators to set their sum insured.

16. Please provide a clearer explanation of this arrangement.

QBE's sum insured safeguard benefit applies in the event of a catastrophe for home insurance policies purchased through a range of our intermediated broker distribution channels.

For these policies, if the cost to repair or replace the property is greater than the home sum insured, we will pay up to 30% more to repair or rebuild the home (or pay for the reasonable cost of repair or rebuild). The safeguard applies where the home is so damaged it is considered a total loss, and the cost to rectify is greater either because: the increased cost is a result of the catastrophe event (a surge in pricing due to demand for materials and labour); or the customer used the QBE Home Building Sum Insured Calculator and it estimated an inadequate sum insured for the home.

QBE's insurance policies purchased directly from QBE also have a sum insured safeguard benefit that has been recently modified. The benefit is included where a customer has a sum insured within the estimated range provided by the QBE Home Building Sum Insured Calculator. For these policies, if the cost to repair or replace the property is greater than the home sum insured, we will pay up to 30% more to repair or rebuild the home (or pay for the reasonable cost of repair or rebuild).

17. In what % of house claims was this benefit applied?

The safeguard benefit will apply differently across various home building policies (for example where a customer holds a 'full replacement' policy, the benefit will not be relevant or necessary).

We estimate that for relevant home building policies across the 2022 major flood events, the proportion of instances where the safeguard benefit was utilised represents approximately 1.5% of claims. This number is likely relatively low for a number of reasons, including that the benefit is only relevant if the cost of repair or rebuild exceeds the sum insured and is inadequate.

Cash settlements

18. Has your use of cash settlements increased in the past 10 years? If so, please provide details of the increase.

³ Information on documentation and assessments required is available at [Household Resilience Program | Homes and housing | Queensland Government \(www.qld.gov.au\)](https://www.qld.gov.au/housing/household-resilience-program).

Note: a similar question has been asked at Question 1 of 'Additional questions for insurers' at Part B.

As noted in QBE's submission and in response to question 19 below, QBE's preference is to manage the repair or rebuild process for the customer, not to cash settle. This enables us to better support our customers and provides the customer with a lifetime guarantee on building repairs in accordance with our obligations.

As noted at the outset, certain information or data requested, particularly over the requested 10-year period, is not readily available, given system constraints and changes at QBE over that time. For this question we have been able to provide data dating back to 2021.

More significant cash settlements for home building claims (>\$50,000) represent a relatively low proportion of our home building claims over recent years. There have been fluctuations between 0.8% and 1.8%, with a reduction in the most recent period to 1.4%. Please see Part B Question 1 for further details.

19. Would any increase in insurers' use of cash settlements largely be attributable to an increasing reliance on policy exclusions and people being under-insured?

QBE's preference is to manage the repair or rebuild process for the customer, not to cash settle. This enables us to better support our customers and provides the customer with a lifetime guarantee on building repairs in accordance with our obligations. As outlined in Deloitte's review (*The New Benchmark for Catastrophe Preparedness in Australia*), Australian insurers differ from their counterparts in other advanced economies with insurers taking responsibility for rebuilding or repairing a property, rather than typically providing a cash settlement (which is more common overseas). This reduces the burden for customers.

In some circumstances though, a customer may prefer a cash settlement or it can be the only option. Examples may include when: damage is minor; a customer would prefer to do the rebuild/repair themselves (e.g. has own builder); a customer doesn't want to rebuild or repair or may not be permitted to by local authorities (e.g. may want to/need to re-locate); we are only able to partially accept the claim (e.g. pre-existing structural issues or damage that need repairing first); or the cost of repairs is greater than the sum insured.

Due to the range of factors and circumstances that may occur, it is difficult to provide an indication of the main reasons for, or any trends in, cash settlements over time.

Part B – Additional questions for insurers

Cash settlements

1. What is the proportion of house ~~and/or contents~~⁴ claims you have settled with:
- a. Cash settlements for each year in the past 10 years?
- b. Partial cash settlements for each year in the past 10 years?

As outlined above, unfortunately the requested information over a 10-year period is not readily available, however, we have provided information for more recent years below.

1.a. Cash settlements⁵ for each year:

- 2021: 0.8%
- 2022: 0.8%
- 2023: 1.8%
- 2024 (partial year) 1.4%

1.b. Partial cash settlements⁶ for each year

- 2021: 0.7%
- 2022: 1.0%
- 2023: 3.0%
- 2024 (partial year) 3.3%

2. In what percentage of your cash settlements, in relation to the 2022 flood-related claims, did customers return saying the amount of money was inadequate to cover the required work? In what percentage of these cases did you agree to increase the cash settlement?

While structured data on this is not collected, QBE has not identified any instances where a customer has lodged a complaint on the basis that the amount settled is not sufficient to complete the repairs scoped.

QBE's approach is that a fair and reasonable settlement total is arrived at in alignment with the claim assessment and policy conditions and agreed with a customer at claims settlement.

If a customer did report to us, post settlement, that a settlement amount was considered insufficient, QBE's general approach would be to re-open the claim for review.

Claim denials

3. What are you doing and what have you done to improve the quality of the 'expert' reports on which you rely to deny or partially deny claims?

This is an area of continued focus for QBE and also for the industry. We continue to review our practices and we are participating in the ICA's current initiatives on this matter.

As previously outlined in QBE's submission, where we are proposing to deny or partially accept a claim, our correspondence with customers will explain our reason for the decision and our practice is to provide the reports we relied on making the decision.

⁴ Contents claims not included as agreed with the ICA.

⁵ Please note this relates to claims fully cash settled (for cash settlement values > \$50,000) as a proportion of number of home building claims settled in that year. Fully cash settled is considered to be where the cash settlement represents >95% of the claim total.

⁶ Please note this relates to claims partially cash settled (cash settlement value > \$50,000) as a proportion of number of Home Building Claims Settled in that year.

QBE also has a dedicated Property Supply Chain team that is primarily responsible for managing the quality and effectiveness of third-party suppliers and expert reports for these claims. A range of measures are utilised to monitor and enhance quality including:

- **Procurement processes**

We use established procurement processes to identify and appoint appropriate claims suppliers. This includes ensuring appropriate contractual performance and service level requirements are identified and established.

- **Standardised reporting formats**

QBE has established standard reporting formats for certain third party suppliers (e.g. builders and restorers) which make up the majority of reports utilised in claims decisions.

A review of these formats is currently being undertaken to identify possible areas of improvement.

- **Ongoing education and training**

As previously outlined to the Committee, QBE provides a range of ongoing education and training for our suppliers. QBE also monitors the completion of these training and learning modules for compliance purposes.

- **Quality Assurance Audits** are conducted on expert reports and seek to analyse performance markers including: whether all key information was captured by reports; the efficacy of third party suppliers in undertaking the required services; and whether appropriate next steps were taken by suppliers.
- **Feedback processes:** QBE provides feedback to its external experts as part of regular performance meetings held as part of the contract management processes.

Third-party service providers

4. Describe, in detail, the nature of your arrangements with your third-party service providers. For example:

a. If contracted, what is the nature of the contract?

b. Can they work for other insurers as well?

As previously outlined, QBE has panel arrangements in place to manage access to, and the cost of, materials and resources for claims. These claims supplier panels provide expertise and support across a range of claims handling and fulfillment activities including loss adjusters, loss assessors, claims investigators, builders, motor vehicle smash repairers, restoration providers, and contents providers. We also focus on having access to, and coverage of, services nationally.

These arrangements typically are contractual in nature, and reflect:

- Services to be provided
- Qualifications (if applicable) of service providers and training obligations
- Customer service levels (expectations) and performance measures
- Provisions relating to the General Insurance Code of Practice (where applicable)
- Commercial provisions such as pricing and payment terms
- Compliance obligations such as reporting requirements, data and systems security provisions.

These types of arrangements do not typically involve retainers.

Regular oversight mechanisms of these arrangements form part of QBE's vendor management oversight framework.

QBE claims supplier arrangements do not usually include exclusivity clauses and some providers may also work for other insurers, particularly where there are market supply constraints for particular specialities (e.g. hydrology).

5. How many assessors (damage/building/cost) do you employ directly, i.e. full-time and parttime? Please provide these numbers for all years since 2019.

As outlined in response to Question 4, QBE has panel arrangements in place for certain claims supply services. QBE's loss assessing model is outsourced and property loss assessors are typically not employed directly (either full time or part-time) by QBE.

6. Please provide the number of employed vs contracted assessors for each year since 2019.

Not applicable. Please see response to Question 5.

Transparency

7. Do you always provide external experts' reports to customers when asked, as you are obliged to under the General Insurance (GI) Code?

QBE provides expert reports to policyholders when requested.

In addition, as outlined in QBE's submission (page 13), where we are proposing to deny or partially accept a claim, our process is to explain our reason for the decision and to provide the reports we relied on in making the decision.

8. Do you provide all information related to a claim decision if a customer requests it? If not, why not?

As noted above, QBE's approach is to provide customers with details of relevant information relied upon in deciding the outcome of a claim.

In some limited circumstances, certain information may not be provided to customers. For example, where a law (such as the *Privacy Act 1988*) restricts the provision of certain information or where giving access would have an unreasonable impact on the privacy of other individuals or government agencies.

Where this might occur, we will outline our reasons for doing so and provide details of our complaints process.

9. Consumer groups want insurance companies to CC the customer in on emails between their insurer and contracted third parties. Would you be prepared to do this? If not, why not?

As the Committee is aware, insurers are required to provide regular updates to customers in relation to their claims.

While we support transparent communication with our customers, we would not support copying customers in on all emails between insurers and contracted third parties. As the Committee would appreciate, correspondence with our contracted third parties may cover many different claims matters and cover a range of unrelated topics.

We believe delineating out specific correspondence for particular claims matters, would be administratively complex and costly. Day to day communications between insurers and third-party suppliers can also be voluminous and technical, and may cause unwarranted confusion and concern for customers.

10. Do you record all information relating to a claim, whether assessment reports, case notes, or details of communications with customers, on one site or platform? If not, why not?

Most information relating to a claim is recorded within QBE's specific claims system, however there are other systems and platforms where information relevant to a claim may be received and recorded (for example, our external provider or reports systems). Typically, the Claims Officer will file note or reference this in the claims system.

As previously indicated, prior to the Floods, QBE had already established a strategic priority to modernise our business. In Australia, our program focuses on simplifying and digitising our customer facing and partner engagement technologies and our claims end-to-end processes to increase operational efficiency and uplift our people, customer and partner experience.

11. If a case manager is away, can another staff member quickly and easily access all information relating to a customer's claim should the customer seek information?

Yes, our claims processes require Claims Officers to clearly outline information on a claim and, where appropriate, what is outstanding or the next steps in the claims management. This assists other staff members to more easily identify relevant information if the allocated Claims Officer (QBE's equivalent of a 'Case Manager') is not available when a customer calls.

12. Would it be a good idea for customers to be given, when they buy a policy or renew it, an abridged form of the GI Code of Practice, so they know what is expected of insurers with regard to claims handling and disputes?

The GI Code of Practice operates along with other significant regulatory frameworks that govern and underpin the provision of insurance and claims handling. QBE, through its claims processes, already provides customers with information relating to the GI Code of Practice.

We appreciate that customers already receive considerable information at various stages of the insurance lifecycle and there is a risk of information overload. At purchase or renewal, we suggest increased understanding of the particular risks a customer is exposed to, especially natural peril risk, is likely to be of greater benefit for customers and should be a collective key priority.

Identification of vulnerability

13. Given the significant under-identification of vulnerable claimants, should consumers be asked to nominate/identify any vulnerabilities when they buy or renew policies? (I.e., tick a category, or provide details.)

We recognise that vulnerability can arise at any time during the customer lifecycle, so seeking this information at policy inception or renewal may not be appropriate. We also recognise that some people are not comfortable with being asked about vulnerabilities nor offering information about themselves on this matter. As also outlined, many of our customers may be considered vulnerable throughout their entire customer journey with us, while others may only experience vulnerability briefly.

As outlined in QBE's submission (page 20), QBE's *Supporting Customers Experiencing Vulnerability Policy*, establishes a framework for the processes and procedures to support customers experiencing vulnerability and includes our commitments under the General Insurance Code of Practice (*the Code*).

'Stormchasers'

14. Regarding storm-chasers', those who approach people following a natural disaster offering to manage their insurance claim for a fee:

- a) How prevalent are such storm-chasers?*
- b) Do they encourage policyholders to opt for cash settlements?*
- c) Should these people be regulated?*

As this is an industry-wide issue, the ICA has provided an industry response for these questions, which is included at Appendix 1.

Complaints process

15. For how long are complaints dealt with by your customer service teams before they are moved (if unresolved) to internal dispute resolution (IDR) teams?

As outlined in our response to Question 6 (Part A), if the complaint relates to denial of a claim or financial hardship our approach is to immediately escalate the complaint to QBE's CR&A team for review.

Other complaints would typically remain with the relevant front line team for up to five business days from the date of complaint (e.g. claims-related complaints would be managed by the claims team), before they

are automatically escalated to the CR&A team. Front line teams can also escalate a complaint to the CR&A team for IDR at any time during the five days based on circumstances.

More detailed information in relation to our complaints processes is contained in QBE's submission.

16. For how long are complaints managed by IDR teams before customers are advised that they can take their case to AFCA?

Customers are advised that they can lodge a complaint with AFCA at multiple points during the customer journey – the first notification occurs immediately following complaint lodgement.

Related information is also available through a variety of other mechanisms including:

- The PDS
- Denial or partial acceptance letters
- Our website
- QBE's Resolving Complaints Brochure (provided at claim acknowledgement)
- 'Notification of delay' correspondence

Post-flood clean-ups

Consumer and legal-rights advocates have told the inquiry that many consumers were informed by their insurer that they could not begin a clean-up until an assessor inspected the damage. Yet people often waited weeks for an assessor to visit, which resulted in more damage and more stress. They say that this response is wrong and unfair.

17. What is your policy with regard to accepting photographic/video evidence of damage where there are delays in damage assessments.

QBE encourages customers following flooding/inundation to begin cleaning-up when it is safe to do so, advising customers to take photographs or videos of damage to support any claim.

In particular, we suggest customers remove water damaged goods from the property that might pose a health risk, such as saturated carpets and soft furnishings and again suggest the taking of photographs.

This photographic or video evidence will be considered by QBE when assessing a claim.

QBE provides this information in various ways including in 'leave behind' flyers, phone discussions at the claims stage, and on our website.

18. If you don't accept such evidence, why not? In what circumstances would you accept it?

As noted above, where a customer has photographic / video evidence QBE will consider this information as part of managing the settlement of the claim.

Additional evidence will generally only be requested if practical for specified policy items where photos or video could not substantiate the loss. For claims that indicate a total loss due to the severity and extent of damage/impact, in most instances, there is no requirement to provide substantiation of content losses (dependant on a customer's policy or sum insured).

19. In what percentage of your claims arising from the 2022 floods did you accept photographic/video evidence of damage?

QBE does not capture this data.

Part C - Additional data the Committee is seeking from all insurers

20. Please complete the attached spreadsheet (Flood insurance – additional data, March)

Provided in separate spreadsheet.

21. Please provide the average cost of a hydrology report for each of the 2022 flood events (i.e. for CAT 221, SE 222, CAT 223 and CAT 224 separately).

In our experience, across the major flood events, the average cost of a report was \$5,500.

Appendix 1 – Insurance Council of Australia – Question 14

Stormchasers'

14. Regarding storm-chasers', those who approach people following a natural disaster offering to manage their insurance claim for a fee:

- a) How prevalent are such storm-chasers?
- b) Do they encourage policyholders to opt for cash settlements?
- c) Should these people be regulated?

Disaster chasers typically offer services to disaster affected property owners ranging from repair and assessment to end-to-end claims management.

Disaster chasers have been consistently present and highly active during the last five years, with the first organised examples appearing around five years before that. The ICA estimates the current number of claims under the management of disaster chasers to be in the several thousands based on market intelligence and outstanding claims portfolios.

ICA's members have reported instances of disaster chasers approaching consumers at their home, including elderly Australians or those from culturally and linguistically diverse backgrounds.

The ICA has generally issued alerts to consumers and media about disaster chasers following declared Insurance Catastrophes and Significant Events.

Examples of the types of practices observed involving disaster chasers are outlined below.

- Representing they have been sent by an insurer (when they have not) to inspect the customer's home assess damage and provide a quote.
- Taking advantage of the customer's vulnerability and belief they are dealing with a representative from an insurer, including by asking customers to sign a blank consent form or entering into a contract with the disaster chaser which is unlikely to include a cooling-off period, and on terms that might be unfavourable to the customer.
 - Examples of unfavourable terms include the customer having to pay the disaster chaser a percentage of the value of repairs if the customer receives a cash settlement payment from the general insurer or uses the disaster chaser's preferred repairer (also requiring a cash settlement). This percentage can be up to 20% or equivalent to \$20,000 and can leave the consumer with insufficient funds to undertake the necessary repairs or owing an amount to the disaster chaser.

Note that (as per part b of the question), either option above will involve the disaster chaser encouraging the customer to opt for a cash settlement.
- Where a customer has given written authorisation to the disaster chaser, the actions taken by disaster chasers might prejudice a customer's rights under the policy terms and conditions in the general insurer's Product Disclosure Statement. For example, the ICA has been informed of instances where a disaster chaser prevents the general insurer's access to the customer's property, or the disaster chaser has authorised a replacement or rebuild to their associated repairer without the general insurer having an opportunity to assess and authorise the customer's claim.
- If a customer commits to the repair work with the disaster chaser, the customer may not realise they will lose the general insurer's quality of repair guarantee and that any customer complaints about repair defects or issues would need to be progressed through court instead of accessing the free and independent Ombudsman, AFCA.

Disaster chasers are already covered under the auspices of standard consumer protection and financial services laws. The ICA understands some disaster chaser businesses became licensed and regulated by ASIC when claims handling became a financial service. The ICA and insurers continue to bring deleterious disaster chaser examples to the attention of regulators. We are not aware of any regulatory enforcement action being contemplated, however enforcement action under the current regulatory regime may be useful in discouraging this activity.