

HOUSE OF REPRESENTATIVES

Standing Committee on Economics

Flood insurance inquiry: Additional questions, March 2024

Additional data

21. 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 claim | %building only claim | % contents only claim | % motor vehicle claim | % small business claim |
|--------------------------------|---------------------------|----------------------|-----------------------|-----------------------|------------------------|
| 18,648 | 31% | 51% | 8% | 5% | 4% |

Data caveats (if any):

The provided total claim number is representative of all relevant claims lodged with regards to the four CAT events (not solely flood-related claims).

For clarity, the '%building only claim' category has been added.

Please note that as per guidance from the ICA, the data provided reflects data as at October 2023; for the four events specifically covered by the Committee's terms of reference; and only for home and contents, motor, and commercial lines. Please also refer to Attachment B, Preliminary Matters of our previous submission.

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 | 16,044 | 8,433 | 29% | 14% | 7% |
| SE 222 | 1,887 | 798 | 26% | 31% | 13% |
| CAT 223 | 589 | 289 | 24% | 25% | 12% |
| SE 224 | 128 | 68 | 27% | 34% | 18% |
| Total | 18,648 | 9,588 | 28% | 15% | 8% |

Data caveats (if any):

The provided claim numbers are representative of all relevant claims lodged with regards to each of the four CAT events (not solely flood-related claims).

Hollard interpreted 'went to IDR' as complaints managed by IDR team, rather than frontline teams.

For columns E and F, this data was not captured in a reportable format prior to Oct-2022.

There may be multiple complaints for one claim.

Please note that as per guidance from the ICA, the data provided reflects data as at October 2023; for the four events specifically covered by the Committee's terms of reference; and only for home and contents, motor, and commercial lines. Please also refer to Attachment B, Preliminary Matters of our previous submission.

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 | 2970 | 1020 | 2% | 98% |
| SE 222 | 470 | 132 | 1% | 99% |
| CAT 223 | 58 | 30 | 0 | 100% |
| SE 224 | 9 | 14 | 0 | 100% |
| Total | 3507 | 1196 | 2% | 98% |

Data caveats (if any):

The provided claim numbers are representative of relevant claims denied or partially denied with regards to each of the four CAT events (not solely flood-related claims).

Please note that as per guidance from the ICA, the data provided reflects data as at October 2023; for the four events specifically covered by the Committee's terms of reference; and only for home and contents, motor, and commercial lines. Please also refer to Attachment B, Preliminary Matters of our previous submission.

The data included in column E provides the '% of denied claims due to other policy exclusion' as a percentage of all denials (i.e. claims partially denied and claims fully denied).

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 | 8,433 | 2589 | Not Available | Not Available | 26 |
| SE 222 | 798 | 329 | Not Available | Not Available | 1 |
| CAT 223 | 289 | 96 | Not Available | Not Available | 4 |
| SE 224 | 68 | 22 | Not Available | Not Available | 0 |
| Total | 9,588 | 3036 | Not Available | Not Available | 31 |

Data caveats (if any):

Hollard categorises a complaint referred to IDR as 'insurer's decision upheld' in circumstances where there is no change to the insurer's decision and there was no apology issued or ex-gratia payment offered. Where the claim decision remain unchanged, but an apology was issued or ex-gratia payment made, this would be categorised as in favour of the customer.

The breakdown associated with no. of cases resolved in full favour or partial favour of policy holder is not available.

The 'total no. complaints handled' includes all frontline, IDR and EDR complaints.

Please note that as per guidance from the ICA, the data provided reflects data as at October 2023; for the four events specifically covered by the Committee's terms of reference; and only for home and contents, motor, and commercial lines. Please also refer to Attachment B, Preliminary Matters of our previous submission.

e: Referral to AFCA

| Flood event | No. claims that went to AFCA | % of total claims referred to AFCA |
|--------------|------------------------------|------------------------------------|
| CAT 221 | 426 | 3% |
| SE 222 | 30 | 2% |
| CAT 223 | 60 | 10% |
| SE 224 | 0 | 0% |
| Total | 516 | 3% |

Data caveats (if any):

We have used the AFCA Portal and AFCA's definition of a complaint to provide this data. AFCA has the authority to refer complaints back to the financial firm for a final opportunity to resolve at IDR (as indicated on page 37 of AFCA's Submission to the Committee in October 2023). The AFCA data as reflected in column B captures complaints that AFCA referred back to Hollard at IDR, as well as EDR complaints.

% of total claims referred to AFCA¹ has been interpreted as a % of total claims referred to AFCA for the specific flood event.

Please note that as per guidance from the ICA, the data provided reflects data as at October 2023; for the four events specifically covered by the Committee's terms of reference; and only for home and contents, motor, and commercial lines. Please also refer to Attachment B, Preliminary Matters of our previous submission.

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 | 15 | 9 | 12 | 32 | 90.86 |
| SE 222 | 1 | 0 | 0 | 10 | 95.24 |
| CAT 223 | 0 | 0 | 0 | 18 | 100 |
| SE 224 | 0 | 0 | 0 | 0 | N/A |
| Total | 16 | 9 | 12 | 60 | |

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

Data caveats (if any):

We have used the AFCA Portal and AFCA's definition of a complaints to provide this data. AFCA has the authority to refer complaints back to the financial firm for a final opportunity to resolve at IDR (as indicated on page 37 of AFCA's Submission to the Committee in October 2023). The AFCA data captures complaints that AFCA referred back to Hollard at IDR, as well as EDR complaints.

Please note that as per guidance from the ICA, the data provided reflects data as at October 2023; for the four events specifically covered by the Committee's terms of reference; and only for home and contents, motor, and commercial lines. Please also refer to Attachment B, Preliminary Matters of our previous submission.

g: Main sources of disputes referred to AFCA

| | Issue | % of all complaints to AFCA |
|---|-------------------------|-----------------------------|
| 1 | Denial of Claim | 37 |
| 2 | Delay in claim handling | 37 |
| 3 | Claim amount | 22 |
| 4 | Other | 4 |
| 5 | Total | 100 |

Data caveats (if any):

We have used the AFCA Portal and AFCA's definition of a complaint to provide this data. AFCA has the authority to refer complaints back to the financial firm for a final opportunity to resolve at IDR (as indicated on page 37 of AFCA's Submission to the Committee in October 2023). The AFCA data captures complaints that AFCA referred back to Hollard at IDR, as well as EDR complaints.

Please note that as per guidance from the ICA, the data provided reflects data as at October 2023; for the four events specifically covered by the Committee's terms of reference; and only for home and contents, motor, and commercial lines. Please also refer to Attachment B, Preliminary Matters of our previous submission.

h: Claims-handling staff numbers

| Year | Permanent FTE | Temporary FTE | Total claims lodged | Ratio of perm. FTE to claims | Ratio of total FTE to claims |
|--------------|---------------|---------------|---------------------|------------------------------|------------------------------|
| 2019 | 272 | 25 | 149572 | 1:550 | 1:503 |
| 2020 | 300 | 25 | 154805 | 1:516 | 1:476 |
| 2021 | 349 | 86 | 155520 | 1:446 | 1:358 |
| 2022 | 490 | 119 | 160348 | 1:327 | 1:263 |
| 2023 | 605 | 81 | 130763 | 1:216 | 1:191 |
| 2024 (March) | 637 | 113 | 38785 | N/A | N/A |

Data caveats (if any):

Number of claims lodged based on all claim reported calendar year e.g. 1 Jan 2019 - 31 Dec 2020.

FTE data reflects data as at end Dec of the allocated year, except for 2024, where figures were provided for end March 2024.

2024 ratios are not comparable, given mid time period and therefore have not been included.

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 | 30 | 0 | We do not have the breakdown of data between IDR and frontline prior to October 2022. | N/A | N/A |
| 2020 | 31 | 0 | We do not have the breakdown of data between IDR and frontline prior to October 2022. | N/A | N/A |
| 2021 | 36 | 0 | We do not have the breakdown of data between IDR and frontline prior to October 2022. | N/A | N/A |
| 2022 | 50 | 0 | We do not have the breakdown of data between IDR and frontline prior to October 2022. | N/A | N/A |
| 2023 | 50 | 0 | 12169 | 1:243 | N/A |
| 2024 | 49 | 0 | 2558 | N/A | N/A |

Data caveats (if any):

These staff numbers are for customer resolution team staff who manage both IDR and EDR complaints. Hollard does not have separate teams that solely manages IDR complaints or EDR complaints.

FTE data reflects data as at end Dec of the allocated year, except for 2024, where figures were provided for end March 2024.

2024 ratios are not comparable, given mid time period and therefore have not been included.