

## Parliamentary joint Committee on Corporations and Financial Services

**Oversight of ASIC, the Takeovers Panel and the Corporations Legislation, 20 October 2023**

**Australian Financial Complaints Authority**

### **QoN no. 2**

**CHAIR:** Is this is an example of what you've been calling a systemic problem? Fleshing these things out in a way that people can understand is important; that's part of our role, that there's communication with the Australian people in language that they can access quite easily. ASIC, according to this article by Mr Walsh, filed a Federal Court lawsuit against IAG for allegedly misleading customers about advertised loyalty discounts. We see these ads coming through on telly all the time or on social media. While that action focuses on advertised discounts, the eye-popping claim was how IAG allegedly operated a secret algorithm deliberately inflating premiums for customers predicted to be more likely to tolerate higher prices. He goes on to say that IAG is defending the action, saying it did not mislead customers. Is this an example of one of those systemic matters you are talking about, Mr Locke? Or is this separate again?

**Mr Locke:** That sort of conduct would be a systemic issue that we would raise if AFCA saw that. I'm not aware off the top of my head. I'd have to take on notice whether that was raised by us as a systemic issue or whether that has come to ASIC through other approaches. But that is the sort of matter we are talking about in terms of systemic issues, yes.

**Page 15 Hansard record**

### **Answer:**

The conduct that is described by Chair Senator O'Neil where 'IAG allegedly operated a secret algorithm deliberately inflating premiums for customers predicted to be more likely to tolerate higher prices' was not an issue that AFCA raised with ASIC. It did not come to ASIC via AFCA's systemic issues reporting.