



Committee	Parliamentary Joint Committee on Corporations and Financial Services
Inquiry	Oversight of ASIC, the Takeover Panel and the Corporations Legislation
Question No.	056
Topic	Remediation and claims handling
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Committee member	Senator Deborah O'Neill

Question

Ms Chester: When we were finalising the claims handling report, the AFCA data became known to us and we realised what was happening here. We have very close relationships with AFCA, and we were aware that this was happening before they identified it as a systemic issue. When they were hit with the floods, all the resources that they had were redirected to claims handling for the floods but all the business-as-usual claims handling was slowed down, and that's where a lot of complaints were. Within the AFCA data, there's a large bucket that's about slow claims handling due to a lack of resourcing and then there's part that's also due to what would be considered to be unfair claims handling, which is more to do with the major flood events and disputes there. So we put the industry on notice. When we finalised the claims handling report, we asked for an update on their resourcing for both claims handling and complaints handling to see how it was tracking against the denominator of claims and complaints. On the claims side, it looked like the resourcing quantum was about right—it was keeping track—but there were not enough permanent staff. It was just casual surge staff coming in. That's where a lot of the issues that we found were, with poor communications and different handling for different claims by one insurer. So we've asked them to come back to us on what they're going to do to fix that. I'll come back to that in a moment.

On the complaints handling side though, resources had simply not kept pace with complaints internally and externally with AFCA. So we immediately put the industry on notice that we wanted that to be addressed. We're now just about to send another letter to them asking them to respond to us very shortly on we're they're up to with the resourcing. We'll be appearing, I think, before Dr Mulino's committee. The House of Representatives Economics Committee is looking at the insurer's handling of the claims in 2022.

CHAIR: Could you just provide any documentation with regard to that to this committee—not separately, just as a duplication—so we know what's going on in this space as well?

Ms Chester: We are happy to do so.

CHAIR: Thank you. Communicate with the secretariat.

Ms Chester: We'll make sure you've got the claims handling report and then the follow-up submission.

Answer

See [ASIC Report 768 Navigating the storm: ASIC's review of home insurance claims](#).

ASIC will provide a copy of its submission to the House of Representatives Standing Committee on Economics Inquiry into insurers' responses to 2022 major flood claims once it has been submitted.