

## 2. Strategic alignment



## Parliamentary Inquiry evidence

PARLIAMENT OF AUSTRALIA

### Media Release

The [House Standing Committee on Economics](#) has released its [report on the inquiry into insurers' responses to 2022 major floods claims](#).

The Chair of the committee, [Dr Daniel Mulino MP](#), said the title *Flood failure to future fairness* reflected "the collective failure by insurers to meet their obligations to policyholders after the 2022 floods, and our hope for a fairer system in the future through the 86 recommendations in this report."

Dr Mulino said that "too many cases were badly mishandled. Inconsistent decision-making meant neighbours received different outcomes after the same event. Long delays caused emotional, mental health and financial strain. More than two years on, many people still can't go home. Initial offers were often too low, which was especially problematic for cash settlements."

Recommendations in the report include:

- registration of the General Insurance Code of Practice with ASIC; and that the Code be made enforceable through insurance contracts
- standardising key terms across all insurance contracts through legislated definitions, including "rainfall runoff", "storm surge", "wear and tear" and "lack of maintenance"
- new regulatory guidance by ASIC to clarify that insurers cannot deny claims based solely on expert reports that do not link the damage observed with the reported cause, including for hydrology and building reports
- requiring insurers to provide guidance to policyholders on any maintenance obligations up front, and that there be a presumption of coverage in cases where maintenance would be infrequent, costly and highly irregular (for example, stumps)**
- requiring insurers to make a decision on whether to accept or deny a claim within 12 months, and if that doesn't occur, that they be required to accept the claims in full
- requiring insurers to report key data on claims management performance to ASIC quarterly and, after a natural disaster, monthly; and that this data be published at the insurer and brand level, along with data on breaches of the Code of Practice.

Source:

[https://www.aph.gov.au/About\\_Parliament/House\\_of\\_Representatives/About\\_the\\_House\\_News/Media\\_Releases/Flood\\_insurance\\_inquiry\\_reports\\_on\\_industry\\_failures#:~:text=%E2%80%9CThe%20Committee%20recognises%20that%20insurers,for%20the%20highest%20Drisk%20properties.](https://www.aph.gov.au/About_Parliament/House_of_Representatives/About_the_House_News/Media_Releases/Flood_insurance_inquiry_reports_on_industry_failures#:~:text=%E2%80%9CThe%20Committee%20recognises%20that%20insurers,for%20the%20highest%20Drisk%20properties.)




## Industry association evidence

### NIBA

The National Insurance Brokers Association is the peak representative body for the intermediated insurance industry in Australia. This extract is from their Code of Practice demonstrating the requirement for Professional Commitment which includes continued education but also Transparency and Accountability which speaks to the core of the Insurance Risk Management Program, delivering the best possible outcomes for customers.

**3.1 Code Principles**

The Code is underpinned by a set of guiding principles outlined below (**Code Principles**). As Subscribers to the Code, we commit to the Code Principles and will work to embed them and the standards expressed in the Code in our organisation in a timely manner.

 <b>(a) Professional commitment</b>	 <b>(b) Ethical behaviour</b>	 <b>(c) Transparency and accountability</b>
<ul style="list-style-type: none"><li>(i) We will ensure we and our staff maintain and improve our competency through relevant qualifications, continued education and training.</li><li>(ii) We will promote and uphold the ethical standards of this profession, including promoting the Code and the Code Principles within and outside our organisations.</li></ul>	<ul style="list-style-type: none"><li>(i) We, our staff, and representatives will act honestly and with integrity in all dealings.</li><li>(ii) We will comply with all relevant laws and obligations, including those obligations set out in this Code.</li><li>(iii) We will not engage in any conduct with the intent to avoid or limit our obligations under the Code.</li></ul>	<ul style="list-style-type: none"><li>(i) We will communicate with clients and prospective clients in a clear and timely manner.</li><li>(ii) We will assist regulators, the Insurance Brokers Code Compliance Committee and external dispute resolution schemes (such as the Australian Financial Complaints Authority (AFCA)) to the best of our ability.</li><li>(iii) We will hold each other accountable for the promotion and implementation of the Code, and for observing Code obligations.</li></ul>

Source: page 8

[https://www.niba.com.au/sites/default/files/content-files/Code%20of%20Practice\\_251023\\_Final.pdf](https://www.niba.com.au/sites/default/files/content-files/Code%20of%20Practice_251023_Final.pdf)

### Insurance Council of Australia

The Insurance Council of Australia leverages its unique position to build partnerships with governments, communities and regulators to ensure the strength and sustainability of the general insurance sector. The below is an extract from their Code of Practice demonstrating the requirement for continuous improvement of the industry through education and training of which this initiative contributes and provides evidence of Code compliance.

**Part 1: Objectives of the Code**

1. The objectives of the Code are:

- a. to commit us to high standards of service;
- b. to promote better, more informed relations between us and you;
- c. to maintain and promote trust and confidence in the general insurance industry;
- d. to provide fair and effective mechanisms for resolving Complaints you make about us; and
- e. to promote continuous improvement of the general insurance industry through education and training.

2. We will pursue the above objectives of the Code with regard to the law and acknowledging that every contract of insurance is a contract based on the utmost good faith.


Source: <https://insurancecouncil.com.au/cop/#the-code-new-cop>


# ISO31000

ISO31000 is an international standard that provides guidelines for risk management practices and procedures. Following is a blog post providing evidence to support the inclusion of ISO31000 in the Insurance Risk Management program as a guiding principle.

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## ISO 31000 Risk Management: Benefits for Your Company

 December 16, 2022

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The ISO 31000 risk management standard has been around for quite some time now, but it's only recently that it has gained traction in the business world.

The ability to use the current data to predict upcoming risks can be a huge win for any organization.

While it is almost impossible to dodge everything that lies ahead it is a fact that oftentimes when risk management is done right it can bring opportunities instead of problems in an enterprise.

We hope this article will help you understand what ISO 31000 risk management is and why it's important for your company's success—and give you a better understanding of its potential benefits.

But before we jump into the benefits let's first quickly talk about ISO 31000 itself:

### What is ISO 31000?

ISO 31000 is a risk management standard that specifies the principles of risk management and provides a framework for implementing these principles.

In other words, ISO 31000 is a risk management framework that can be used by any organization, regardless of size. It helps you to identify and manage your risks.

Source: <https://blog.gsdcouncil.org/what-is-iso-31000-risk-management-and-how-can-it-benefit-your-company/>