



Insurance Brokers Code of Practice Completion of the 2017 Annual Compliance Statement

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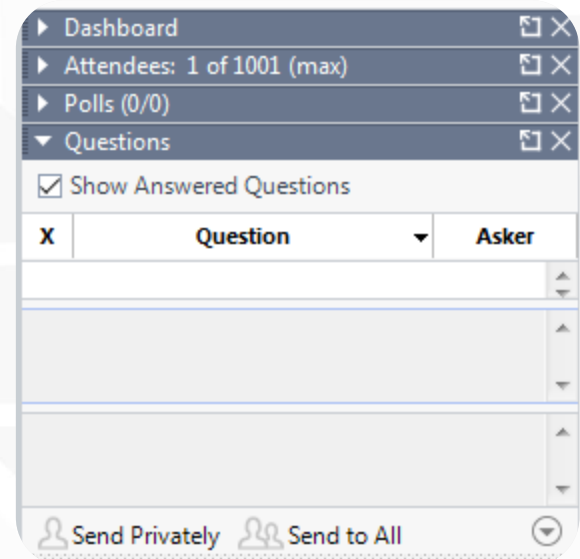
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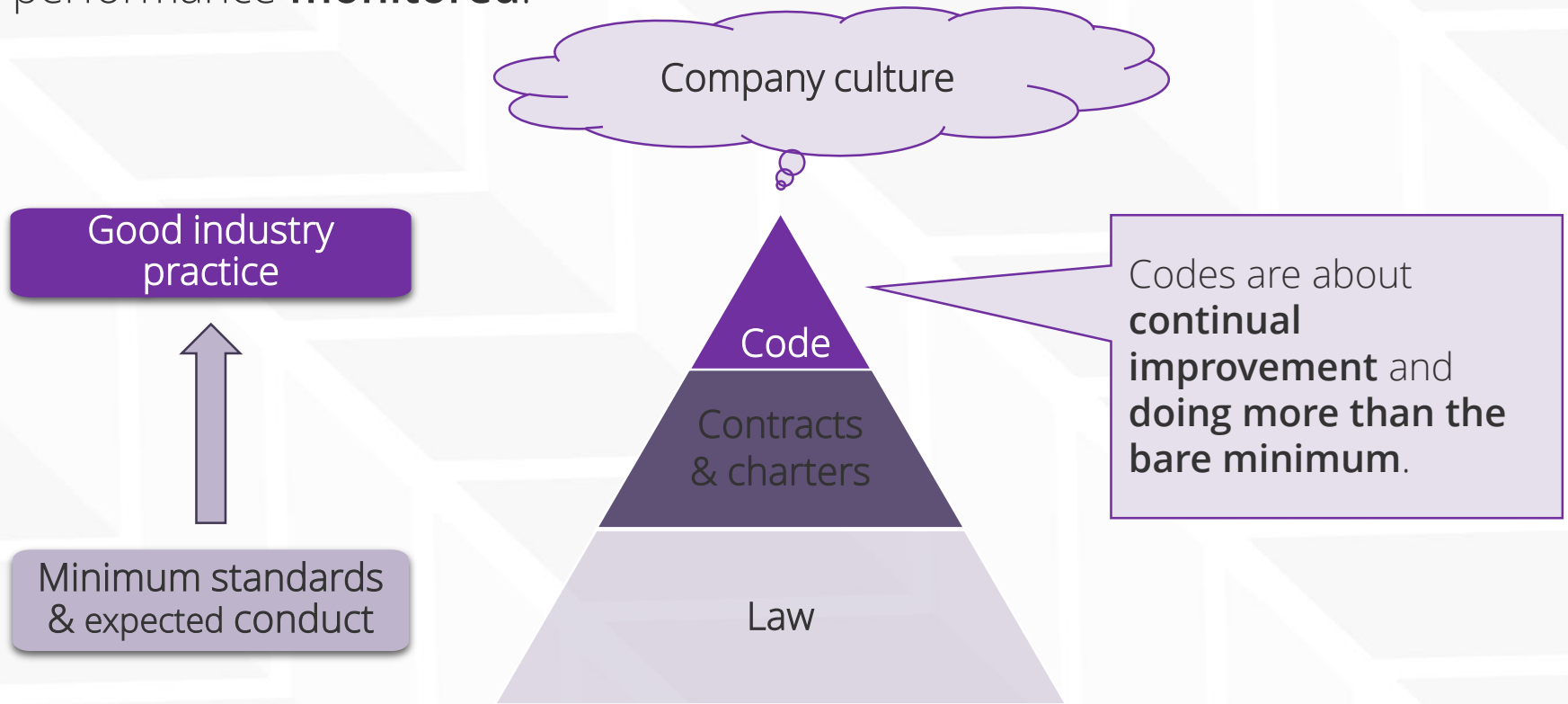


Agenda

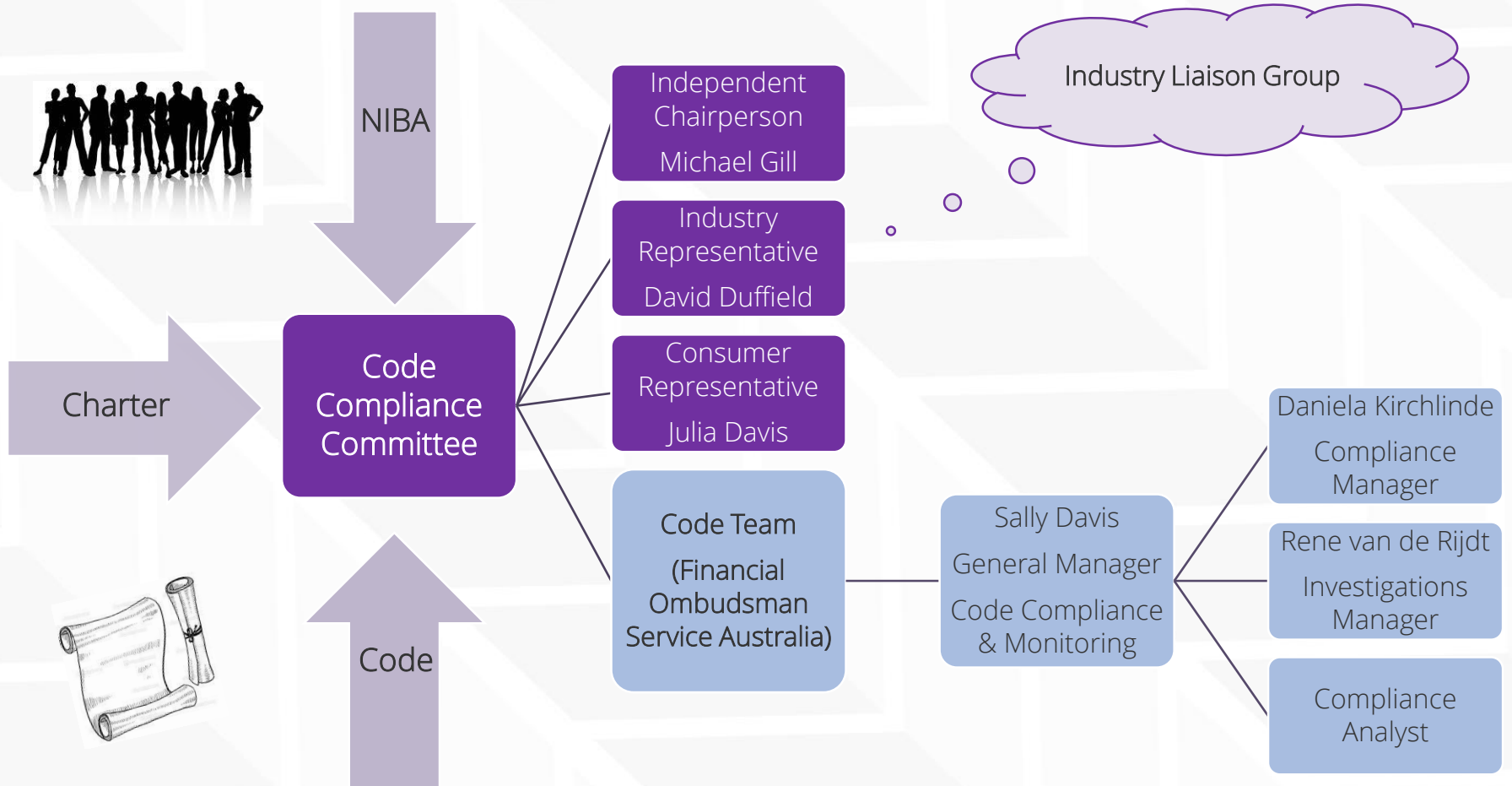
- ▶ The Insurance Brokers Code of Practice and the Insurance Brokers Code Compliance Committee
- ▶ 2017 Annual Compliance Statement
- ▶ What do we do with all the data
- ▶ Benchmarking
- ▶ Code obligations
- ▶ Breach reporting (including multiple breaches and significant breaches)
- ▶ Complaints reporting
- ▶ Complaints resolved within five days *NEW*
- ▶ Impact of own motion inquiry 'Internal Dispute Resolution process' *NEW*
- ▶ Where to find guidance

Code = good industry practice

- ▶ Code is a **set of promises** by you in your profession as insurance broker towards your client
- ▶ By adopting a Code, you agree to **comply** with the standards and have its performance **monitored**.



Insurance Brokers Code Compliance Committee



2017 Annual Compliance Statement

1 January 2017
→ 31 December 2017



- ▶ Code breaches
- ▶ Significant Code breaches
- ▶ Complaints data
- ▶ Examples for good industry practice
- ▶ Impact of Code monitoring activities

NEW



What do we do with all this data?

Breaches

- 34 self-reported significant Code breaches. Up from 11 in 2015.
- 1,410 self-reported Code breaches. Up from 862 in 2015.
- 42% organisations self-reported Code breaches. Up from 32% in 2015.

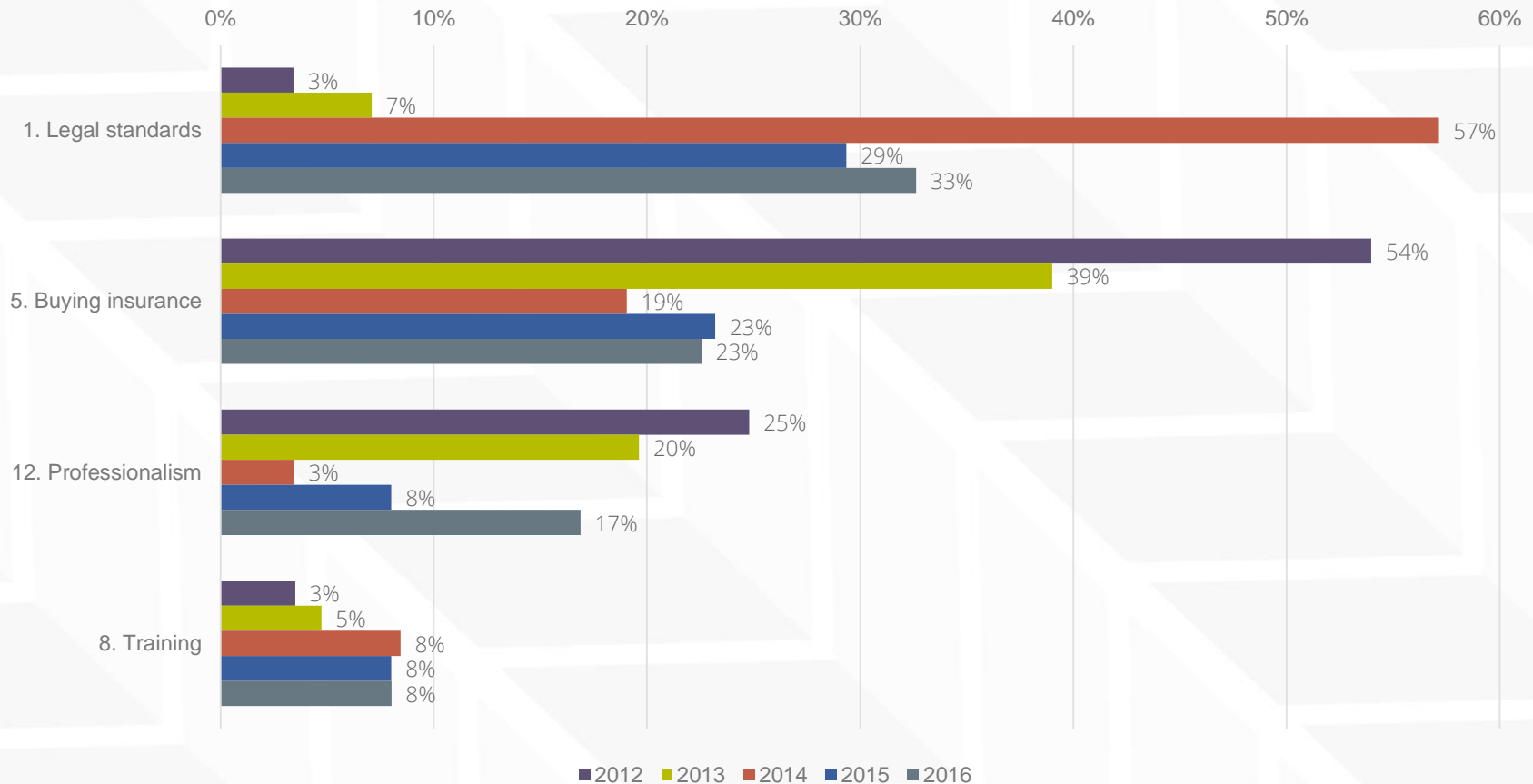
Areas of concern

- **Legal obligations** - 33% of self-reported Code breaches concern legal obligations (Service Standard 1), including 6 significant Code breaches.
- **Buying insurance** - 23% of self-reported Code breaches concern providing insurance broking services (Service Standard 5 'buying insurance').
- **Professionalism** - 17% of self-reported Code breaches concern professionalism (Service Standard 12), including 8 significant Code breaches.

Complaints

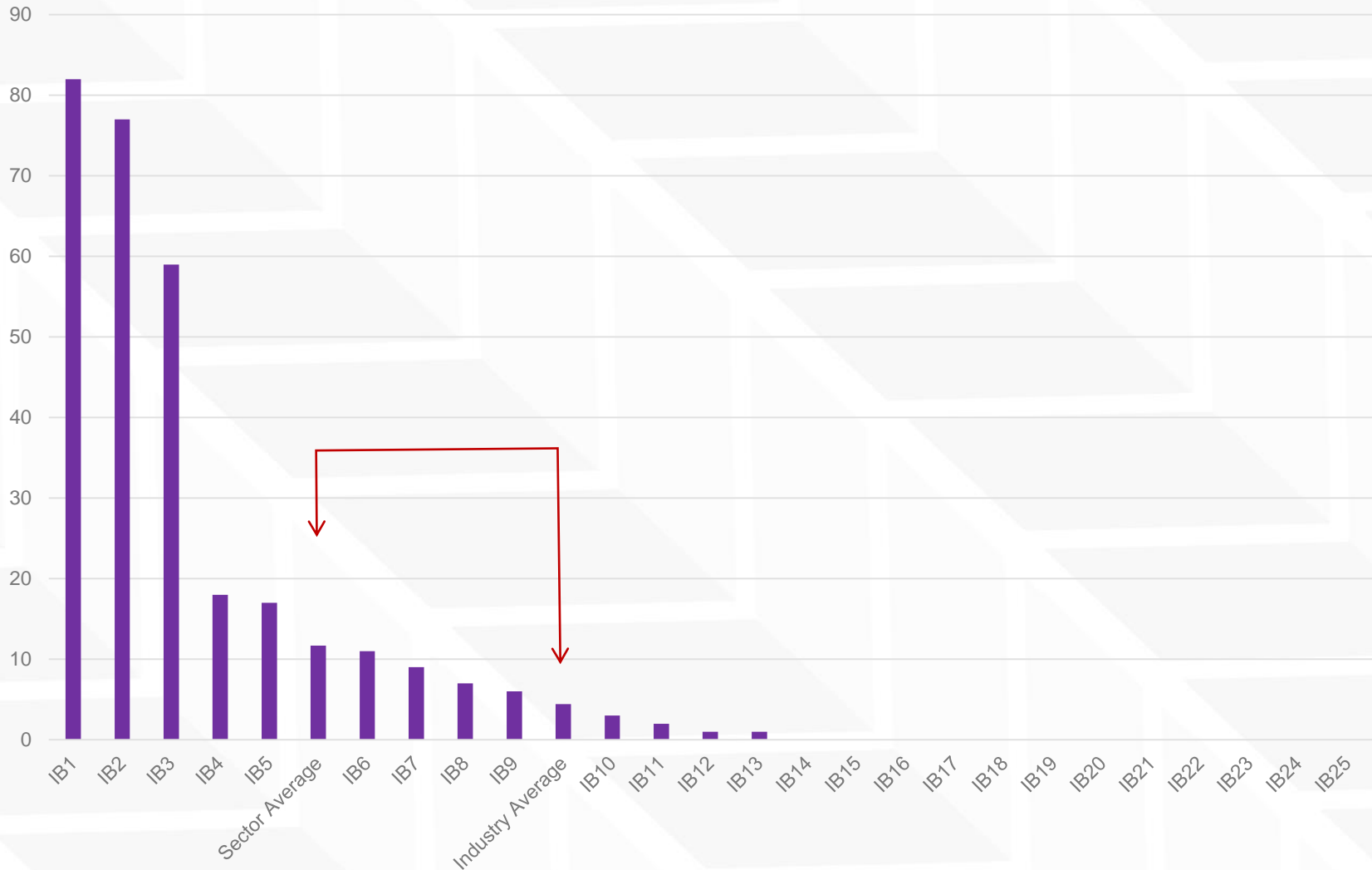
- 1,026 self-reported IDR complaints. Similar to 1,023 in 2015.
- 54% organisations self-reported IDR complaints. Similar to 52% in 2015.
- 78% of complaints resolved within 21 days. Similar to 79% in 2015.
- 21% of self-reported complaints involved small business policies.
- 24% of self-reported complaints resolved by mutual agreement.

Top four self-reported Code breaches over past five years



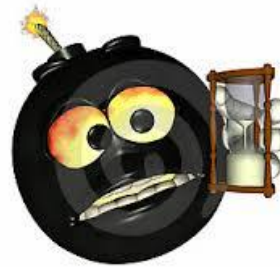
Note that only since 2015 all Code subscribers were requested to self-report breach and complaints data. Prior to that only a selection of 35% of Code subscribers were requested to provide such data.

Comparative data for individual insurance brokers





Breach



**Significant
breach**



Complaint



Code obligations



Recording a breach

Failure to
comply with
Code
obligations

▶ Section 1.1 to 1.4 of ACS:

- ▶ General obligations (standards 1, 12)
- ▶ Disclosure obligations (standards 2, 3, 6)
- ▶ Services provided (standards 4, 5, 9)
- ▶ Other obligations (standards 7, 8, 10, 11)

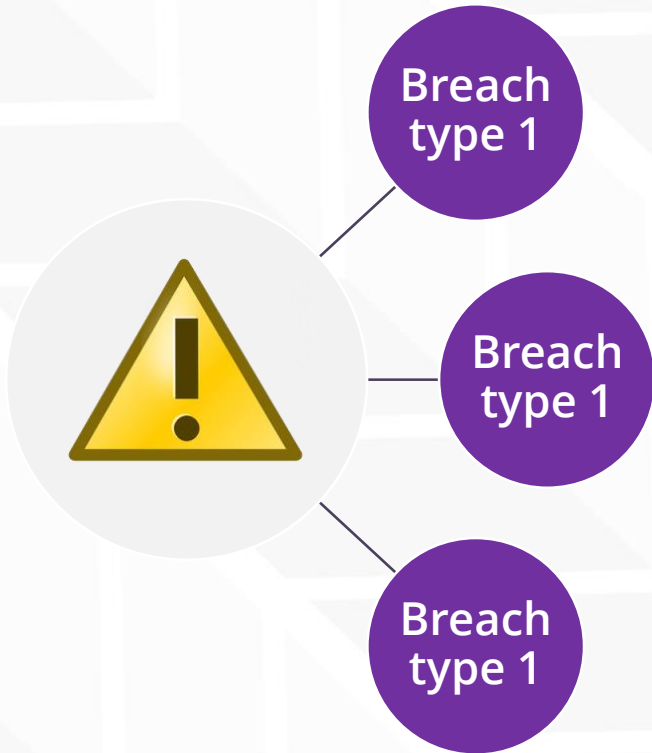
▶ Section 2. - **details**

numbers only

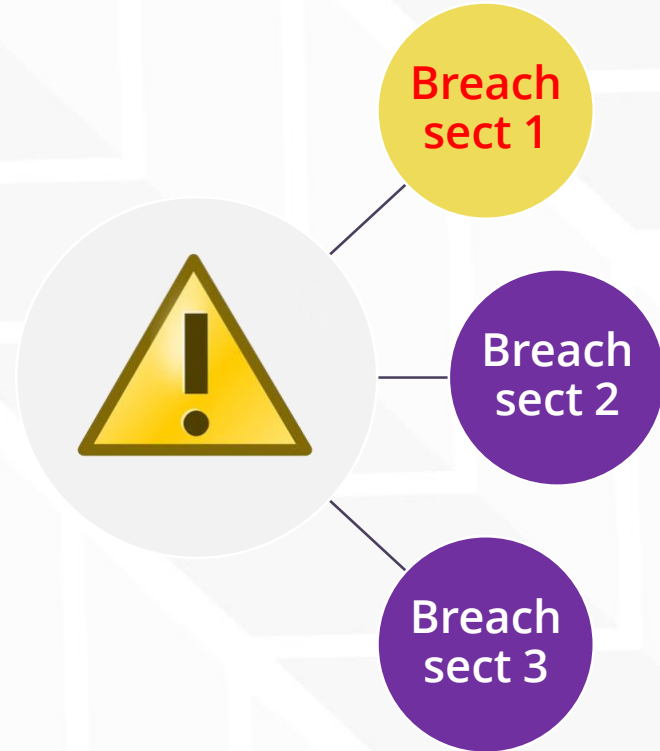
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Recording multiple breaches



▶ Record as single breach



▶ Record as single breach against primary reason

Recording a significant breach

Determined to be significant by reference to nature, number of affected customers, adequacy of compliance, extent of loss to customer, duration, rectification and other costs occurred.

▶ Section 3

- ▶ Details
- ▶ Underlying cause
- ▶ Magnitude (\$ amount, number of affected clients)
- ▶ Remedial action



See also ASIC definition of significant breach ▶ RG78

Recording a complaint

Any expression of dissatisfaction where a response or resolution is explicitly or implicitly expected

▶ Section 4.1 to 4.5

- ▶ 4.1 overall amount
- ▶ 4.2 to 4.5
 - Products involved
 - Issues involved
 - Outcome
 - Timeframe

▶ 4.6 resolved within five days

- Requirement beyond RG165
- What kind of information do you record?

▶ Section 5 to 8

numbers only
0123456789

NEW



Own Motion Inquiry 'Internal Dispute Resolution Process'

Establish an internal disputes resolution (IDR) process that meets the Code Complaints and Dispute Resolution Process standards

▶ Section 9, follow up on recommendations

- ▶ 9.1 to 9.3 - Accessibility
- ▶ 9.4 to 9.6 - Simplicity
- ▶ 9.7 to 9.8 - Responsiveness
- ▶ 9.9 to 9.11 - Fairness
- ▶ 9.12 – Confidentiality
- ▶ 9.13 – Complaint outcomes
- ▶ 9.14 to 9.15 – Recording
- ▶ 9.16 to 9.17 - Feedback

NEW



Where do I find guidance?

- Check out <http://www.fos.org.au/publications/code-compliance-publications/> for guidance, fact sheets and examples of Code breaches and good industry practice.
- Check out <https://www.niba.com.au/codeofpractice/index.cfm> for a copy of the Code and NIBA's guidance notes.
- Own Motion Inquiries
 - Internal Dispute Resolution, 2017
 - Website Review, 2015
- For breach examples – Annual Reports
- Code breach classifications (see Guidance Note 1: Classification, Reporting and Remediation of Breaches, September 2015)
- For feedback or comments, please email dkirchlinde@codecompliance.org.au