



# Member forums

General Insurance  
17 November 2020

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**Helen Moye, Ombudsman**

# Welcome

## Session presenters

John Price

Chris Liamos

Helen Moye

Tim Goss



# Today's session includes



2019-20 complaints  
COVID-19



Fairness project update  
Engagement charter



BI Insurance  
Travel Insurance



Complaints  
713229,  
722084 and 741016  
727682



# General insurance complaints



## Complaints received

**19,103** complaints received

**46%** resolved at Registration and Referral stage

### Top five general insurance complaints received by product <sup>1</sup>

Product	Total
Motor vehicle – comprehensive	4,104
Home building	3,616
Travel	3,168
Motor vehicle – uninsured third party	1,189
Home contents	946

### Top five general insurance complaints received by issue <sup>1</sup>

Issue	Total
Delay in claim handling	3,521
Claim amount	3,171
Denial of claim – exclusion/condition	3,032
Denial of claim	2,337
Service quality	1,353

## Complaints closed

**17,564** complaints closed <sup>2</sup>

More than **\$62.6** million <sup>3</sup> in compensation and refunds was awarded or obtained through AFCA's dispute resolution work

**70%** of complaints resolved by agreement, or in favour of complainants

Average time to close a complaint  
**77 days**

### Stage at which general insurance complaints closed

Stage	Total
At Registration	8,389
At Case Management	5,185
Preliminary Assessment	2,046
Decision	1,944

### Average time taken to close general insurance complaints

Time	Total
Closed 0–30 days	23%
Closed 31–60 days	35%
Closed 61–180 days	33%
Closed greater than 180 days	9%

<sup>1</sup> One complaint can have multiple products/issues.

<sup>2</sup> This includes 3,468 complaints received before 1 July 2019, and 14,096 received from 1 July 2019 to 30 June 2020.

<sup>3</sup> This includes matters previously received by AFCA's predecessor, Financial Ombudsman Service, and resolved by AFCA between 1 July 2019 and 30 June 2020.

# COVID-19 stats



# COVID-19 complaints

## General Insurance: open and closed complaints by product

Product	Total	Open	Closed
<b>Total</b>	9,386	1,926	7,460
<b>General Insurance (including Travel insurance)</b>	3,693	690	3,003
<b>Travel insurance</b>	3,122	466	2,656

Figures current as at 8 November



# General Insurance



## Travel insurance

- > Travel insurance complaint volumes continue to decline – most complainants would have already sought credits/refunds or lodged claims with their insurer.
- > Claim declines now moving more towards policy exclusions (pandemic/epidemic) and where insurers say consumers have not established a valid claim.
- > Growing discussion about ‘known event’ dates and what knowledge consumers had about COVID-19 at the time they entered into their travel insurance contract.
- > Cancellation of travel plans.
- > Changes to travel plans.
- > Refunds of premiums following cancellation of travel.

# Travel Insurance 741016 / 722084

## Natural disaster

Based on the exchanged material, I am satisfied Covid-19 is a natural event. I do not believe it is an artificial or manmade event. I also accept, and do not believe there is any argument to suggest otherwise, that it is an event that has had a disastrous impact worldwide and resulted in great misfortune, suffering and loss of life.

The purpose of the policy was to provide cover in the event of one of a series of travel disruptions that leads to loss.

AFCA has identified in other travel insurance policies, where insurers have defined what is intended to be covered by the term 'natural disaster'. Alternatively, insurers have specifically excluded cover for pandemics, epidemics and outbreaks of viruses, either as general exclusions or under the definition of 'natural disaster'.

The fact some policies define 'natural disaster' in a way that specifically excludes epidemics and pandemics from its meaning reflects industry's recognition that the term could include epidemics and pandemics. There would no need for policies to specifically exclude epidemics and pandemics from the meaning of 'natural disaster' if the term had a settled, clear or uncontroversial meaning.



# General Insurance



## Business interruption test case developments.

- > 73 cases before AFCA
- > Issues with:
  - Prevention of access ...
  - Radius
  - Action by a public authority

# Fairness in decision making

The following cases cover a range of different disputes and illustrate how applying the fairness principles we have discussed at previous forums play out in factual circumstances.

The approach is no new it has been around as long as ombudsman schemes have existed.

## The AFCA Engagement Charter

Whilst we provide some information in our Operational Guidelines as to how we expect parties to engage with EDR we think that we should provide more detail on the following principles

That the parties will engage with each other and with AFCA in a way that is:

- > transparent and honest
- > respectful and fair
- > in good faith and with “clean hands”
- > efficiently
- > co-operative and reasonable with a common goal to resolve the complaint.

# Application of Section 54(5) ICA

## Determination 713229

On a strict application of the terms of the policy, the insurer would not be liable for the 'valuable contents' – the artworks – destroyed by fire, since they were away from the insured home at the time of the loss.

However, section 54 of the Insurance Contracts Act 1984 (Cth) assists the complainant in this case. That is because – under sub-section 54(5) – it is fair in the particular circumstances to treat the complainant's act of removing the artwork from the home (in the face of a bushfire threat) as being necessary to preserve it.

# Duty of disclosure / Unclear questions

Determination 727682

## **It is also fair for the claim to be accepted**

Further, and in the alternative, I consider this is fair. As the insurer says it will not insure any property with asbestos in the roof, a simple question to this effect should have been asked. This would remove any doubt to a reasonable person about its importance to the insurer's assessment of the risk.

That is not the case here. The proposal makes no reference to this matter. Further, the proposal is unclear about the insurer's expectation that all materials in the roof needed be disclosed. In such circumstances, it would be unfair to conclude the complainant should have known that any asbestos in the roof needed to be disclosed.

**Thank you**

