

MARKET BULLETIN

REF: Y4588

Title	Australia: Revised General Insurance Code of Practice
Purpose	To advise the market of changes to Australian General Insurance Code of Practice.
Type	Event
From	Adrian Humphreys Lloyd's General Representative for Australia +61 (0)2 9223 1433 Adrian.Humphreys@lloyds.com
Date	20 April 2012
Deadline	To be implemented by 1 July 2012
Related links	www.codeofpractice.com.au

1. Background

In February 2012 the Insurance Council of Australia's Board approved a number of changes to the General Insurance Code of Practice in response to consumer feedback following the 2011 floods. The revised [General Insurance Code of Practice](#) (the Code) applies to all policies written by Australian domiciled service companies, coverholders under a binder with Lloyd's underwriters and claims adjusted either by the coverholder or an Australian domiciled claims administrator (TPA). The Code covers all general insurance policies except workers compensation, marine, medical indemnity and compulsory third party insurance. Additionally, it does not cover reinsurance.

Steps should be taken to implement the changes as soon as possible to ensure compliance from 1 July 2012. All service company, coverholder and TPA staff as well as any of their authorised representatives will be required to be trained in the new Code requirements by this date.

Lloyd's Australia is a member of the Insurance Council of Australia and as such is both a signatory to the Code and a member of the Financial Ombudsman Service (FOS) on behalf of the Lloyd's Market.

Please note that this Market Bulletin is intended to serve as a general summary and overview of the changes to the Code. Practitioners are urged to familiarise themselves with the [full text of the revised Code](#) as soon as possible. It is underwriters' responsibility to ensure that those acting on their behalf are adhering to the Code.

2. Changes to the Code

New requirements for 'Specified classes of policies', defined as: Motor vehicle, home building, home contents, sickness and accident or travel.

2.1 Claims Decisions - Where a claim has been made and further information, assessment or investigation is required, a decision to accept or deny a claim must be made within four months (including catastrophes) unless 'exceptional circumstances' as defined by the Code apply. If no decision is made, the customer must be informed of their right to access the Lloyd's internal dispute resolution process and the Australian Financial Ombudsman Service. Where 'exceptional circumstances' apply, a decision to accept or deny a claim must be made within 12 months.

However, this new requirement does not alter the existing requirements under the Code, including providing the customer with a decision within 10 business days of receipt of a claim if insurers have all the necessary information.

2.2 Right to Claim - If a customer asks whether a policy provides cover for a loss they have suffered, insurers are required to ask whether they would like to lodge a claim, explain that if they do the question of coverage will be fully assessed and not discourage them from lodging a claim even if it is unlikely to be accepted.

2.3 Claims Reports - External experts engaged to provide a report which is necessary to assess a claim, must be instructed to provide their final report within 12 weeks. If they fail to do so, the customer must be notified and updated regularly.

New requirements for all policy classes:

2.4 Claims Handling - Timeframes set under 3.1 & 3.2 of the Code in relation to claims handling now must be met at all times including during catastrophes.

2.5 Disclosure - If a claim is denied the policyholder must be informed of their right to ask for copies of all information relied upon in assessing their claim and to request a review of any decision to decline to release such information. On request a copy of any reports from service providers and external experts must be provided within 10 business days.

2.6 Training - Service company, coverholder and TPA staff are required to be trained to deal professionally with policyholders during a catastrophe.

3. Code Audits

All Australian domiciled service companies, coverholders and TPAs will be required to complete a desktop audit and two 'self certification' documents over a three year cycle. The desktop audit will involve completing a standard form and providing documentation in support. The 'self-certification' will require the CEO and/or Board Chair to certify that:

- They have procedures in place to facilitate compliance with the Code standards;

- Their relevant procedures have been sighted and verified against Code standards;
- Report all Code breaches over the last 12 months, including outcomes, arising from their monitoring of their compliance with the Code.

Annual reports of the Code Compliance Committee relating to Code Participant compliance will be publicly released and made available on the Insurance Council website.

4. Next Steps

4.1 Audits - The audit documents will need to be provided to Lloyd's Australia each year. Lloyd's Australia and/or the Financial Ombudsman Service will undertake a more detailed audit where required and may conduct site visits by exception. Lloyd's will provide more detailed advice directly to the relevant parties when the final information is released by the FOS and ICA.

4.2 Coverholder Approval – When approving new coverholders and service companies Lloyd's will ensure that they have an adequate understanding of the Code and have taken steps towards compliance. A 'self-certification' will also be carried out by new coverholders.

5. Further information

If you have any queries, please contact either of the following:

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