

## **Report shows life insurers need a stronger commitment to their Code compliance obligations**

**26 June 2020**

A number of life insurers appear not to be taking their obligations under the Life Insurance Code of Practice (the Code) seriously, according to a report released today by the Life Code Compliance Committee (the Committee) – the independent Committee which monitors and enforces industry compliance with the customer service standards set out in the Code.

The **2018–19 Annual Industry Data and Compliance Report** (the Report) aggregates data collected from Code subscribers together with Committee compliance information for the year and is intended to provide a snapshot of the life insurance industry and its compliance with the Code for the reporting period.

Commenting on the Report, independent Committee Chair Anne Brown said:

“The Committee’s intention was to publish a Report that would provide meaningful insights into how subscribers have improved their Code compliance since the Code came into formal operation in 2017. Unfortunately, inconsistencies in the content and quality of last year’s data and its collation has not enabled this to happen.”

The Committee was able to determine a number of key findings through the Report, including:

- The Code’s smaller subscribers generally provided high-quality data but larger subscribers need to improve their data quality assurance and reporting.
- Although recent improvements have been noted, the corporate culture of many subscribers appears not to align with the standards set out in the Code.
- The effectiveness of subscribers’ staff training programmes and monitoring frameworks is questionable, as evidenced by the large volume of breaches caused by human error.
- The under-reporting of breaches relating to claims decision timeframes indicates that subscribers lack sufficient processes for recording and reporting such breaches.
- Increases in claims-related complaints and claims handling timeframes show that subscribers need to improve their claims management processes.

Ms Brown said she hoped that subscribers would maintain efforts – in particular, around enhanced signalling and penetration of Board and executive messaging - to ensure that the Code is implemented more effectively throughout the operations and culture of their organisations.

“Self-regulation is a privilege. With that privilege comes an obligation to ensure that appropriate mechanisms are in place to comply with the Code and report, via complete and accurate quantitative data, both internally and externally.”

### **Further information:**

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### **Life Insurance Code of Practice**