

INSURANCE BROKERS CODE OF PRACTICE
CODE COMPLIANCE COMMITTEE

Our impact

Annual review

2017–18

AUGUST 2018



Our vision

We support insurance brokers to achieve best practice in service and advice to their clients.

Our mission

We independently monitor compliance and provide guidance to stakeholders about the Insurance Brokers Code of Practice to enhance professionalism and maintain high standards of practice and service in the insurance broking industry.

Focus on professionalism

This year was a turbulent one for the financial services industry as the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry brought the industry's integrity into sharp and very public focus.

The Royal Commission and the issues it has raised serve as a reminder of the important role that industry codes, including the Insurance Brokers Code of Practice, can play. As the Australian Securities and Investments Commission (ASIC) chair, James Shipton, recently reminded industry professionals, the regulatory system goes beyond formal rules to include norms, industry practices and community expectations.

For the insurance broking industry, the Code represents norms and expectations that exceed the bare regulatory minimum, challenging Code subscribers to achieve a higher standard of service to clients. This year, for example, the Committee's recently published own motion inquiry into professionalism and competency both acknowledged existing good practice and highlighted where insurance brokers can continue to improve.

In a complex and ever-changing legal and regulatory environment, maintaining and reporting on compliance can put the insurance broking industry – particularly small and micro organisations – under pressure. Recognising this, rather than unduly burdening Code subscribers with requests for information, we try to find better ways to measure compliance. For example, we've now incorporated data collection for our in-depth own motion inquiries into the Annual Compliance Statement, so that Code subscribers can complete all Code compliance reporting in one step.

We do expect, however, that Code subscribers will provide meaningful and accurate data in a timely manner. Making an effort to quickly identify and report on breaches is one practical way that Code subscribers can demonstrate their commitment to good industry practice.

As the insurance broking industry evolves, the Code must also adapt, and the National Insurance Brokers Association (NIBA) has scheduled a review of the Code in 2018. We look forward to contributing to this review and working to update and strengthen the Code for the continued benefit of insurance brokers and their clients.



Michael Gill, Chairperson
Insurance Brokers Code Compliance Committee

How insurance brokers complied with the Code

The number of breaches remained relatively stable, while significant breaches dropped

In 2017-18, Code subscribers self-reported 1,359¹ breaches of the Code, slightly fewer than the 1,410 breaches reported in 2016-17. Significant breaches decreased more markedly, down from 34 to 17 in 2017-18.

Self-reported Code breaches:

 **1,359**
CODE BREACHES
↓ DOWN FROM 1,410 IN 2016

 **17**
SIGNIFICANT BREACHES
↓ DOWN FROM 34 IN 2016

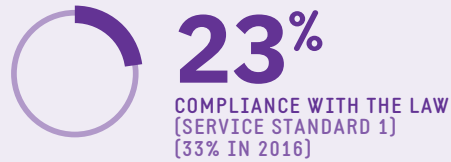
Most breaches were about buying insurance or compliance with the law

Breaches most commonly concerned failure to adhere to the Code's standards on buying insurance – this accounted for just over half of all self-reported breaches. These breaches were typically the result of late renewal notices rather than the incorrect issue of policy documents. The number of breaches reflects the fact that most of the work insurance brokers perform every day relates to buying insurance for their clients.

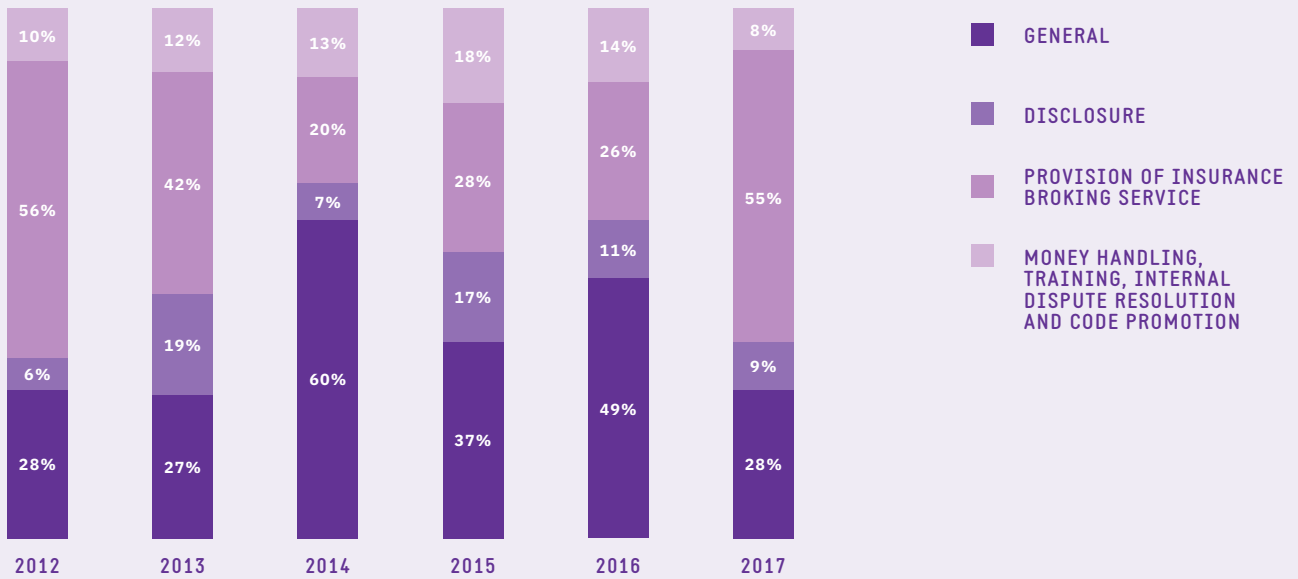
Compliance with the law, covered in Service Standard 1, accounted for almost a quarter of breaches. Most often, these breaches occurred when Code subscribers did not lodge ASIC forms related to Australian Financial Services Licence requirements within the required timeframes; or when Code subscribers failed to provide disclosure documents. Some breaches of other standards – such as a failure to provide timely renewal notices – also constitute breaches of Service Standard 1 and are recorded as breaches under both standards.

¹ One Code subscriber reported 9,355 individual Code breaches of Service Standard 5. Based on the operating system, all renewals not invoiced within 14 days are recorded as a breach. This has been counted as one breach in this report.

Top four breach areas:



Self-reported Code breaches by general categories since 2012:





1,047

COMPLAINTS RECEIVED BY INSURANCE BROKERS ↑ UP FROM 1,026 IN 2016

The number of complaints remained relatively stable

This year, Code subscribers received 1,047 complaints that were handled via their internal dispute resolution processes – only slightly more than in 2016. This should be understood in the context of the major role that insurance brokers play in the general insurance space.

Over the period from 1 June to 31 December 2017, 42% of the \$19.7 billion of direct premium written by general insurers was placed by licensed intermediaries,² more than one-third of whom are Code subscribers.

² APRA Intermediated General Insurance Statistics December 2017, released 7 March 2018, see <https://www.apra.gov.au/publications/intermediated-general-insurance-statistics>

Complaints related to service issues, small business and home building policies

With regard to products, complaints most commonly involved small business or home building insurance. During 2018-19, the Committee will engage with the small business sector to learn more about the insurance related issues in this industry sector.

The most common issue of complaint was service, most often specific to claims. This high level of complaint about service issues mirrors high breaches of the services-related provisions in Service Standard 5.

Top products of complaint:



20%

SMALL BUSINESS
POLICIES
21% IN 2016



16%

HOME BUILDING
POLICIES
16% IN 2016

Top issue of complaint:



58%

SERVICE

32% CLAIMS SERVICE

42% OTHER

26% GENERAL SERVICE



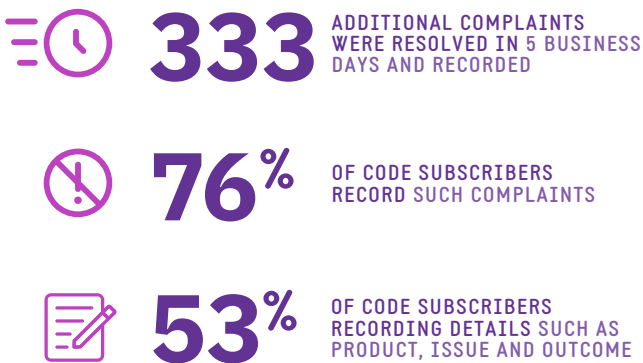
Although complaint resolution timeframes worsened, outcomes were positive

Concerningly, the number of complaints resolved within 21 days fell to 61% in 2017-18. Despite this worsening timeframe, the outcomes achieved suggest a positive relationship between insurance brokers and clients.

Around half of all complaints were resolved with an apology and explanation (26%) or by mutual agreement (23%).

Another 333 recorded complaints were quickly resolved

Insurance brokers are only required to record complaints that are not resolved to the customer's complete satisfaction within five business days. Nevertheless, around three-quarters of Code subscribers also record these quickly resolved complaints, with most of those recording not just complaint numbers, but detailed complaint information.



Breach and complaint reporting remains a concern

The Committee is concerned that many Code subscribers are not doing enough to identify and report Code breaches and customer complaints. In 2017-18, a majority of Code subscribers reported no breaches of the Code, while close to half reported no customer complaints.

Code subscribers that capture breaches and complaints are better placed to identify the root causes of any problems and to improve their service to customers. Code subscribers that are not currently reporting breaches or complaints need to review their recording trigger points; assess the internal framework for recording complaints and breaches; investigate how complaints and breaches are recorded in practice; and consider how staff are trained.



What the Committee achieved

We published an in-depth report on professionalism and competency

In June, we finalised our Own Motion Inquiry into Professionalism and Competency in the Insurance Broking Industry. The inquiry found that insurance brokers demonstrate a commitment to professionalism by developing competency frameworks; drawing on a range of data sources to proactively monitor staff performance; requiring staff to meet – and often exceed – minimum training and qualification requirements; and supporting on-the-job competency development with a broad range of competency-based training activities. The findings were published in August 2018.

"Given that Code subscribers do not face a heavy Code reporting burden, we expect subscribers to report on time and accurately."

We are improving how we collect and use breach data

The Annual Compliance Statement (ACS) – a detailed questionnaire on Code compliance – is our main compliance monitoring activity, and one that we continue to refine. We want to make it easy for Code subscribers to meet their Code reporting obligations. This year, we incorporated data collection for an own motion inquiry into the ACS, so Code subscribers only had to complete one questionnaire. We also hosted a webinar³ showing Code subscribers across Australia how to complete the ACS – a successful approach that we will use again in future.

Given that Code subscribers do not face a heavy Code reporting burden, we expect subscribers to report on time and accurately.

As well as making the ACS easier for Code subscribers to complete, we are also improving the quality of our data collection and how we utilise this information. We are revising the ACS to collect more detailed breach data, which will enable a more robust analysis of breaches. And we're working towards providing all Code subscribers with benchmark reporting that uses ACS data to show how they are performing relative to similar organisations.

³ See <https://www.youtube.com/watch?v=mLFaPsAl7ik&feature=youtu.be> and <http://www.fos.org.au/custom/files/docs/insurance-brokers-code-compliance-committee-webinar-2017-annual-compliance-statement.pdf>



"Investigations provide good examples of what is considered to be a breach, and show how complaints and breach recording are linked."

We investigated nine Code breach allegations

We considered nine alleged breaches in 2017-18, most of which related to record-keeping and communication issues. Whilst customer external dispute resolution complaints are about rectifying an individual client's issue, investigations of an alleged Code breach are future-oriented: they are about reviewing a situation and learning from mistakes in order to make improvements. While investigating Code breach allegations is only a small part of the Committee's work, investigations provide good examples of what is considered to be a breach, and show how complaints and breach recording are linked.

CASE STUDY

A Committee investigation highlights the critical importance of good record-keeping

After placing cover for their business through an insurance broker, the client made a claim. However, the claim was declined because the actual risk wasn't covered. The client alleged that the broker had failed to arrange appropriate cover despite being informed about the risk. The broker, on the other hand, said that the client never told them about the risk.

With such starkly different accounts of what had been discussed, the Committee turned to the broker's file notes for evidence about what had happened. Unfortunately, the notes were inadequate. They didn't state the time, date or location of interactions, and there wasn't any information about what risks had been discussed.

The Committee found that by failing to keep proper file notes, the broker had breached her obligation to discharge her duties 'diligently, competently, fairly and with honesty and integrity.' To meet Service Standard 5, brokers must record in detail the enquiries they make to identify risks, confirm cover, and discuss any relevant exclusions with clients.

We engaged with our stakeholders

In 2017-18, we engaged with Code subscribers, industry, regulators and consumer advocates. In addition to conducting our Code subscribers' webinar, we communicated with Code subscribers with articles in Financial Ombudsman Service (FOS) Australia publications and 'Tips of the month' in *Insurance Adviser*. We met regularly with NIBA and ASIC. Although we also met regularly with consumer advocates, we received little feedback from them about insurance broking issues. In the coming year, we will focus on engaging with small business representatives, whose constituents have more interactions with insurance brokers.

Insurance Adviser Tips of the Month

August 2017 (p.18)

– The importance of record keeping

September 2017 (p.22)

– Review highlights areas of improvement, compliance with legal standards, particularly privacy obligations, and professionalism are two areas that brokers can improve

November 2017 (p.17)

– Competency vs professionalism; what is your understanding of professionalism? Do you tick the box on compliance or do you go beyond?

December 2017 (p.24)

– Breach and complaints reporting: it is that time of the year again when you will have to complete your Annual Compliance Statement. Some key points to note

February 2018 (p.17)

– Insurance Brokers Code Key Dates in 2018

March 2108 (p.18)

– Flood non-cover: a lack of effective communication between brokers, clients and insurer can land you in deep water

April 2018 (p.15)

– Competency and compliance: the IBCCC is seeking to determine industry-wide definitions of competency and professionalism, while also reinforcing the need to effectively self-identify, report and remedy breaches of the Code

May 2018 (p.18)

– Asbestos roof not covered for fire: why poor communication and incomplete information can lead to disaster

June 2018 (p.19)

– Annual Compliance Statement: the ACS is an opportunity to reflect on your service to your clients and your own professionalism

Appendices

APPENDIX A: ABOUT THE CODE	12
Table 1: The 12 key service standards	12
APPENDIX B: CODE COMPLIANCE COMMITTEE.....	13
Committee members	14
APPENDIX C: COMPLIANCE MANAGER.....	16
Compliance Manager Staff.....	16
APPENDIX D: CODE SUBSCRIBERS AS AT 30 JUNE 2018.....	17
Table 2: Code subscribers by state (head office) and size of operation	21
APPENDIX E: INVESTIGATIONS.....	22
Table 3: New investigations registered in 2017-18	22
Table 4: Earlier investigations finalised in 2017-18	27
APPENDIX F: COMPARATIVE DATA OF SELF-REPORTED CODE BREACHES.....	29
Table 5: Self-reported Code breaches since 2012.....	29
Chart 1: Self-reported Code breaches by general categories since 2012.....	31
Table 6: Number of organisations (in % of total Code subscribers) self-reporting Code breaches since 2012	31
APPENDIX G: SELF-RECORDED CODE BREACH DATA BY ORGANISATION SIZE.....	32
Table 7: Self-reported Code breach categories by size of organisation in 2017	32
Table 8: Self-reported Code breach numbers by size of organisation in 2017	32
Chart 2: Self-reported Code breaches by size of organisation since 2015	33
APPENDIX H: SIGNIFICANT SELF-REPORTED CODE BREACHES.....	34
Table 9: Self-reported significant breaches by Code section for calendar years 2013 to 2017 ..	34
Table 10: Details of significant self-reported Code breaches in 2017	34
APPENDIX I: EXAMPLES OF SELF-REPORTED CODE BREACHES.....	39
APPENDIX J: COMPARATIVE DATA OF SELF-REPORTED IDR COMPLAINTS.....	44
Table 11: Self-reported IDR complaints since 2013.....	44
Chart 3: Percentage of self-reported IDR complaints by service/product involved for calendar years 2013 to 2017.....	46
Chart 4: Percentage of self-reported IDR complaints by issue for calendar years 2013 to 2017.....	46
Table 12: Definitions for issues	47
Chart 5: Percentage of self-reported IDR complaints by outcome for calendar years 2013 to 2017	49
Chart 6: Percentage of self-reported IDR complaints by resolution time for calendar years 2013 to	49
Table 13: Number of organisations (in % of total Code subscribers) self-reporting IDR complaints since 2012.....	50
APPENDIX K: SELF-REPORTED IDR COMPLAINTS DATA BY ORGANISATION SIZE.....	51
Table 14: Self-reported IDR complaints categories by size of organisation in 2017	51
Table 15: Self-reported IDR complaints by size of organisation	52
Chart 7: Self-reported Code breaches by size of organisation since 2015	53
APPENDIX L: DEFINITIONS	54

Appendix A: About the Code

The 2014 Insurance Brokers Code of Practice (the Code) sets standards of good industry practice for the 300 insurance brokers that have agreed to follow its standards when dealing with current and prospective individual and small business clients. The Code is owned and published by the NIBA and forms an important part of the broader national consumer protection framework and financial services regulatory system.

NIBA is undertaking to review the Code in 2018. Any stakeholders with feedback about the 2014 Code should contact [NIBA](#).

Service standards

The Code contains 12 key service standards that apply to all insurance broking services delivered to individuals and small businesses by Code subscribers across Australia.

Table 1: The 12 key service standards

1. We will comply with all relevant law.
2. We will transparently manage any conflicts of interest that may arise.
3. We will clearly tell you if we do not act for you.
4. We will clearly tell you about the scope of our covered services.
5. We will discharge our duties diligently, competently, fairly and with honesty and integrity.
6. We will clearly tell you how our covered services are paid for before we provide them and answer any questions you have.
7. We will handle any money received in accordance with relevant law and any agreement with you.
8. We will ensure that we and our representatives are competent and adequately trained to provide the relevant services and will maintain this competence.
9. We will respond to catastrophes and disasters in a timely, professional, practical and compassionate manner in conjunction with any industry-wide response.
10. We will ensure that we have an internal complaints and disputes handling process that meets the Code Complaints and Dispute process standards.
11. We will support NIBA in promoting the Code and make information on the Code (including how to make a complaint) and our Covered Services readily available to you.
12. We will not engage in activity or inactivity that is reasonably likely to bring the insurance broking profession into disrepute.

By subscribing to the Code, insurance brokers have committed to continuously improving standards of practice and service in their sector; promoting informed decision-making about their services; and acting fairly and reasonably in delivering those services. Code subscribers as at 30 June 2018 are listed in [Appendix D](#).



Appendix B: Code Compliance Committee

The Code Compliance Committee (the Committee) is an independent compliance monitoring body established under section 3 of the Insurance Brokers Code Compliance Committee Charter and formally approved by NIBA on 5 September 2014.

The diagram below sets out the Committee's vision and principles, along with its key focus on industry-wide compliance issues, good practice and continuous improvement as set out in its annual work plan.





Committee members

	<p>Michael Gill Independent Chairperson LLB (Sydney) FAICD Solicitor of the Supreme Court of New South Wales, Solicitor of the High Court of Australia, Solicitor and Barrister of the Supreme Court of Victoria</p> <p>Appointed: 1 January 2014 Term expires: 31 December 2018¹</p>	<p>Michael has practised at DLA Piper (Phillips Fox and other predecessors) since 1968, mainly as a specialist insurance lawyer and in management roles within the firm. Since 2008 he has been a Consultant to the firm. He was Chairman of Phillips Fox and Managing Partner of its Sydney office.</p> <p>He is recognised as one of the leading lawyers in the field. For many years he was the principal lawyer for NIBA and many of its members. He was instrumental in the drafting of the original Code of Practice. He has represented insurance brokers in professional indemnity, regulatory and compliance matters.</p> <p>Michael is also passionate about work in the not-for-profit sector. Within the firm he assists with pro bono activities in Australia and overseas and is an Ambassador for New Perimeter, which provides long-term, high-impact pro bono legal support in less developed and post-conflict countries.</p> <p>Michael was President of the International Insurance Law Association, founding Chairman of the Australian Insurance Law Association, Independent Chair of the Code Compliance Committee for the General Insurance Industry, President of the Law Council of Australia and the Law Society of NSW, inaugural Chairman of the Motor Accidents Authority, and Chairman of the Solicitors Mutual Indemnity Fund.</p>
	<p>Julia M Davis Consumer Representative BA, JD, LLM, GradDip (Law)</p> <p>Appointed: 1 January 2014 Term expires: 31 December 2018²</p>	<p>Julia is an admitted solicitor in NSW and is the Policy and Communication Officer at the Financial Rights Legal Centre in NSW, a community legal centre that specialises in helping consumers understand and enforce their legal rights. She has developed and managed several important initiatives for the Centre, and drafted its submissions to government inquiries and independent reviews with a particular focus on the insurance industry.</p> <p>She has vocational experience in the private sector as well as experience as a consumer advocate, having worked for several law firms in Sydney and Florida (USA). She is passionate about helping disadvantaged consumers. She is also serving as the Chair of the board of the NSW peak body for community legal centres as well as on the board of the Tenants' Union NSW.</p> <p>Julia completed a Masters in Law with Distinction at the London School of Economics. Prior to this, she graduated with honours from the University of Florida in 2010, and was subsequently admitted as a lawyer in Florida, USA.</p>

¹ Eligible for re-appointment.

² Eligible for re-appointment.

	<p>David Duffield Industry Representative (incoming) FAII, ARM, QPIB Appointed: 1 January 2017 Term expires: 31 December 2019³</p>	<p>David commenced his insurance career as an insurance broker in 1973 working with Marsh Pty Ltd or its predecessor companies.</p> <p>David has held the role of Australian Chief Executive for Marsh and, more recently, has been Chief Client Officer for Marsh in the Pacific. He worked actively with clients to understand their risk profile and design optimal risk financing and insurance solutions. David has also worked with clients on the settlement of large or complex claims. David retired from Marsh Pty Ltd in April 2018</p> <p>He was a NIBA Director for over 15 years, completing a two-year term as President, and has chaired the Finance Committee, Marketing Committee and Conference Committee for the Association. The Insurance Broker Code was developed and implemented during David's term as NIBA President</p> <p>With over 45 years' experience in the insurance industry, David has strong professional links and a well-established network in the insurance industry both in Australia and Europe.</p>
	<p>John JT Phillips Alternate Industry Representative FAIM Appointed: 1 January 2014 Term expires: 31 December 2019⁴</p>	<p>John is current director of J & R Phillips Services Pty Ltd and Non-Executive Director of Resilium Insurance Broking Pty Ltd, providing consultancy services to insurance brokers, claims providers and insurance underwriters.</p> <p>He has wide experience in the insurance broking industry, including having been CEO of Steadfast Group Limited for 12 years.</p>

Committee meetings



In 2017–18, the Committee formally met four times, in September and December 2017 and in March and June 2018.

³ Eligible for re-appointment.
⁴ Eligible for re-appointment.

Appendix C: Compliance Manager

FOS⁵ provides Code monitoring and administration services to the Committee and NIBA by agreement. FOS has appointed a dedicated team of staff (Compliance Manager⁶) within its office to undertake that task.

Compliance Manager Staff

 <p>Sally Davis General Manager Code Compliance and Monitoring B.Comm, LLB, Grad Dip (Arts)</p>	 <p>Daniela Kirchlinde Compliance Manager B.Comm, Grad Dip (Finance and Investment)</p>
<p>Appointed: September 2015 – current</p>	<p>Appointed: October 2009 – current</p>
<p>Sally commenced as General Manager of Code Compliance and Monitoring at FOS in September 2015.</p> <p>Sally previously worked as Senior Manager of Systemic Issues at FOS and has worked at FOS and its predecessor schemes for 18 years. Sally is an accredited mediator and holds a Bachelor of Commerce and a Bachelor of Laws degree from the University of Melbourne, a Graduate Diploma (Arts) from Monash University and is a Graduate of the Australian Institute of Company Directors.</p> <p>Sally brings to this position extensive experience in financial services, as well as good relationships with regulators, industry and consumer groups.</p> <p>Her work as General Manager involves the oversight of four other codes of practice in the financial services industry in addition to the Insurance Brokers Code of Practice.</p>	<p>Daniela has a background in dispute resolution and broad insurance industry experience in Australia, England and Germany. Daniela previously worked as Complaints and Compliance Manager at FOS and its predecessor schemes for over 21 years.</p> <p>In addition to her Compliance Management role, she manages compliance for the Customer Owned Banking Code of Practice.</p> <p>Daniela holds a Bachelor of Commerce from the Cologne University (Germany) and a Graduate Diploma in Finance and Investment from the Australian Securities Institute Melbourne.</p>

⁵ As per *Insurance Brokers Code Compliance Committee Administration Deed and Charter (Charter)* section 1.1 (a) (iv) the Code Administrator means FOS or such other person appointed by NIBA from time to time to act on NIBA's behalf in administering the Code.

⁶ As per *Charter* section 1.1 (a) (vii) means the person appointed by the Code Administrator to act on its behalf for the purpose of the Code Procedures.

Appendix D: Code subscribers as at 30 June 2018

20:20 Insurance Services Pty Ltd
AB Phillips Pty Ltd
Abico Insurance Brokers Pty Ltd
ACME Insurance Brokers
ACN 054 261 371 Pty Ltd
Action Insurance Brokers Pty Ltd
Acumen Insurance Pty Ltd
Adroit Insurance Group Pty Ltd
AFA Insurance Brokers
Agririsk Services Pty Ltd
AIB Pty Ltd
AIS Insurance Brokers Pty Ltd
Allegiant Irs Pty Ltd
Alliance Insurance Broking Services Pty Ltd
Allsafe Insurance Brokers Pty Ltd
AMACIS Pty Ltd
Andrews Insurance Services Pty Ltd
Aon Risk Services Australia Limited
Apollo Risk Services Pty Ltd
Ardrossan Insurance Brokers Pty Ltd
Arena Underwriting Pty Ltd
Arrowsmith & Petruccelli Insurance Brokers Pty Ltd
Arthur J. Gallagher & Co (Aus) Limited
Asset Insurance Brokers Pty Ltd
ATC Insurance Solutions Pty Ltd
Atia Insurance Services Limited
Atlantic Insurance Brokers Pty Ltd
Aughtersons Insurance Brokers Pty Ltd
Austbrokers AEI Pty Ltd
Austbrokers Canberra Pty Limited
Austbrokers CE McDonald Pty Ltd
Austbrokers Central Coast Pty Ltd
Austbrokers City State
Austbrokers City State Macarthur
Austbrokers Dalby Pty Ltd
Austbrokers HCI
Austbrokers Ris Pty Ltd
Austbrokers SPT Pty Ltd
Austbrokers Sydney Pty Ltd
Austcover Pty Ltd
Austgroup Insurance Brokers
Austral Anglo Pty Ltd
Austral Insurance Brokers Pty Ltd
Australasia Insurance Brokers Pty Ltd (AAIB)
Ausure Pty Ltd
Aviation Insurance Brokers of Australia
Avoca Group Pty Ltd
AWIB Pty Ltd
Ballarat Insurance Brokers Pty Ltd
Barrenjoey Lifestyle Pty Ltd
Bayside Brokers Pty Ltd
Bellrock Broking Pty Limited
Berkrey Insurance Consultants Pty Ltd
Bestmark Pty Ltd
BJS Insurance Brokers Pty Ltd
Blackburn (Insurance Brokers) Pty Ltd
BMG Aviation Pty Ltd
Bmt Insurance Brokers Pty Ltd
Body Corporate Brokers Pty Ltd
Bolderston & Associates Insurance Brokers
Bourchier Nominees Pty Ltd
Bovill Risk & Insurance Consultants Pty Ltd
Brett Grant & Associates Pty Ltd
Bricher Insurance Brokers
Brokers National
Brookvale Insurance Brokers Pty Ltd
Bruce Chiene Pty Ltd
Caip Services Pty Ltd
Cambridge Insurance Brokers
Capital Innovation Insurance Group Pty Ltd

Capital Insurance (Broking) Group Pty Ltd
 Capital Insurance Brokers Pty Ltd
 Capricorn Insurance Services Pty Ltd
 Carriers Insurance Brokers Pty Ltd
 Cartwright Insurance Brokers Pty Ltd
 Central Insurance Brokers
 Centrewest Insurance Brokers
 Cerberos Brokers Pty Ltd
 City Rural Insurance Brokers Pty Ltd
 Citycover (Aust) Pty Ltd
 CKA Risk Solutions Pty Ltd
 CN Botting & Associates (Broking) Pty Ltd
 Coastal Financial Services Group Pty Ltd
 Commercial Reality Insurance Brokers Pty Ltd
 Compass Insurance Brokers (Tas) Pty Ltd
 Comsure Insurance Brokers Pty Ltd
 Consolidated Insurance Agencies Pty Ltd
 Country Mile Insurance Brokers
 Countrywide Tolstrup Financial Serv Group P/L
 Coverforce Pty Ltd
 Coversafe Insurance Brokers Pty Ltd
 Cowden (NSW) Pty Ltd
 Cowden (SA) Pty Ltd
 Cowden (VIC) Pty Ltd
 Cowden Limited
 Darling Downs Insurance Brokers Pty Ltd
 Davelcorp Insurance Brokers Pty Ltd
 De Conno & Blanco Insurance Brokers
 Delaney Kelly Golding Pty Ltd
 Dennis Foster Insurance Brokers Pty Ltd
 DIB Insurance Brokers Pty Ltd
 Direct Insurance Brokers Pty Ltd
 Domina General Insurance Brokers Pty Ltd
 Don Hutton Insurance Brokers Pty Ltd
 Donnelly Insurance Brokers Pty Ltd
 Dove Insurance Brokers Pty Ltd
 Drakco Insurance Brokers Pty Ltd
 Driessen Insurance Brokers Pty Ltd
 EA Insurance Services Pty Ltd
 East West Insurance Brokers Pty Ltd
 Edgewise Insurance Brokers Pty Ltd
 Elite General Insurance Services Pty Ltd
 Elkington Bishop Molineaux Insurance Brokers Pty Ltd
 Emjay Insurance Brokers Pty Ltd
 Endeavour Insurance Broking Group Pty Ltd
 Enrizen Pty Ltd
 FD Beck & Sons Pty Ltd
 Finance And Insurance (Brokers) Australia
 Finsura Insurance Broking (Australia) Pty Ltd
 Fitzpatrick & Company Insurance Brokers
 FP Insurance Brokers
 Fraser and Associates Insurance Brokers Pty Ltd
 G.W.S. Pty Ltd
 Gale Insurance Brokers Pty Ltd
 Gardian Group Pty Ltd
 Gary Morton Insurance Brokers Pty Ltd
 Ginn & Penny Pty Ltd
 Glenowar Pty Ltd
 Goulburn Insurance Brokers Pty Limited
 Gow-Gates Insurance Brokers Pty Ltd
 Grampians Insurance Brokers Pty Ltd
 Grange Insurance Solutions Pty Ltd
 Great Wall Insurance Services Pty Ltd
 Greater National Limited
 Griffiths Goodall Insurance Brokers Pty Ltd
 GSA Insurance Brokers Pty Ltd
 Guardian Insurance Brokers Pty Ltd
 Hann Insurance Brokers Pty Ltd
 HIB Insurance Brokers Pty Ltd
 Holdfast Insurance Brokers Pty Ltd
 Holland Insurance Brokers (Qld) Pty Ltd
 Honan Insurance Group Pty Ltd
 HQ Insurance Pty Limited
 HW Wood Australia Pty Ltd
 Ian Bell Insurance Brokers Pty Ltd
 IBL Limited
 IC Frith & Associates (SA) Pty Ltd
 IMC Insurance Brokers
 Insurance Advisernet Australia Pty Limited
 Insurance Advisory Service (NSW) Pty Ltd

Insurance Aid General Brokers Partnership Pty Ltd
 Insurance Brokers of NSW Pty Ltd
 Insurance House Pty Ltd
 Insurance Logic Pty Ltd
 Insurance Marketing Group of Aust Pty Ltd (IMGA)
 Insurance Solutions Tasmania Pty Ltd
 Insure That Insurance Broking Pty Limited
 Insurex Pty Ltd
 Intercharge Pty Ltd
 Interlink Insurance Brokers
 Interpacific Insurance Brokers Pty Ltd
 Interrisk Australia Pty Ltd
 IPS Insurance Brokers Pty Ltd
 IRT Insurance Pty Ltd
 Jardine Lloyd Thompson Pty Ltd
 JDI (Young) Pty Ltd
 JHR Corporate Risk Services Pty Ltd
 JMD Ross Insurance Brokers Pty Ltd
 Joe Vella Insurance Brokers Pty Ltd
 Johansen Insurance Brokers Pty Ltd
 Johnson Pacific Pty Ltd
 KE Skilton & Associates Pty Ltd
 Kelly & Coe Insurance Brokers Pty Ltd
 Kinnane Insurance Brokers Pty Ltd
 KJ Risk Group Pty Ltd
 Knightcorp Insurance Brokers
 Knights Guard Pty Ltd
 Lanyon Partners Insurance Brokers Pty Ltd
 LEA Insurance Brokers Pty Ltd
 Leed Insurance Group Pty Ltd
 Link Insurance Brokers
 Lockton Companies Australia Pty Ltd
 Logan Insurance Brokers Pty Ltd
 Logan Livestock Insurance Agency Pty Ltd
 M & S Insurance (Brokers) Services Pty Ltd
 Macey Insurance Brokers Pty Ltd
 Mackellar Insurance Brokers Pty Ltd
 Macquarie Insurance Brokers (Australia) Pty Ltd
 Made Easy Financial Group Pty Ltd
 Malcolm Hutson & Associates Pty Ltd
 Management & Risk Insurance Brokers
 Mandurah Insurance Brokers Pty Ltd
 Markey Group Pty Ltd
 Marsh Advantage Insurance Pty Ltd
 Marsh Pty Ltd
 Masefield Holdings Pty Ltd
 Maxton Insurance Brokers
 MCA Insurance Brokers Pty Ltd
 McCormick Harris & Associates Pty Ltd
 McKenzie Ross & Co Pty Ltd
 McKillop Insurance Brokers Pty Ltd
 McNaughton Gardiner Insurance Brokers Pty Ltd
 Medisure Indemnity Australia Pty Ltd
 MFP Insurance Brokers
 MGA Insurance Brokers Pty Ltd
 Midas Insurance Brokers Pty Ltd
 Midland Insurance Brokers Australia Pty Ltd
 Milne Alexander Pty Ltd
 Moran Insurance Brokers Pty Ltd
 Mutual Brokers Pty Ltd
 NAS Insurance Brokers
 National Corporate Broking Pty Ltd
 Nationwide Insurance Brokers Pty Ltd
 Nexus (Aust) Pty Ltd
 North Coast Insurance Brokers Pty Ltd
 North Queensland Insurance Brokers Pty Ltd
 Northern Tablelands Insurance Brokers Pty Ltd
 Northlake Holdings Pty Ltd
 Oceanic Marine Risks Pty. Ltd
 One Underwriting Pty Ltd
 Online Insurance Brokers Pty Ltd
 Oracle Group (Australia) Pty Ltd
 O'Regan Group Pty Ltd
 O'Sullivan Insurance Brokers Pty Ltd
 Oxley Insurance Brokers Pty Ltd
 P. I. Direct Insurance Brokers Pty Ltd
 Paul Donnelly Insurance Brokers Pty Ltd
 Perryman O'Grady Philpott Pty Ltd
 Peter L Brown & Associates Pty Ltd
 Philp Newby & Owen Pty Ltd

Pollard Insurance Brokers
 Poole & Partners Investment Services Pty Ltd
 Portclip Pty Ltd
 Professional Insurance Brokers (McKinnon)
 Professional Insurance Brokers (NSW) Pty Ltd
 Professional Services Corporation Pty Ltd
 PSC Coast Wide Insurance Brokers Pty Ltd
 PSC Connect Pty Ltd
 PSC Insurance Brokers (Aust) Pty Ltd
 PSC Reliance Franchise Partners Pty Ltd
 Quattro Risk Services Pty Ltd
 Regional Insurance Brokers
 Resilium Insurance Broking Pty Ltd
 Richard Ray & Associates Pty Ltd
 Risk Insure Pty Ltd
 Rivers Insurance Brokers Pty Ltd
 RJ Vaughan and Monaghan Pty Ltd
 Robinson Insurance Broking Services Pty Ltd
 Roderick Insurance Brokers Pty Ltd
 RSM Group Pty Ltd
 Safeguard Insurance Brokers Pty Ltd
 Safeguard Insurance Solutions Pty Ltd
 SBS Insurance Brokers
 Scott & Broad Pty Ltd
 Scott Winton Nominees Pty Ltd
 Sear & Associates Insurance Brokers Pty Ltd
 Shadforth Insurance Brokers Pty Ltd
 Shortland Insurance Brokers Pty Ltd
 Simplex Insurance Solutions Pty Ltd
 SMS Insurance Pty Ltd
 South Coast Insurance Brokers WA Pty Ltd
 SRG Group Pty Ltd
 Steadfast Brecknock Insurance Brokers Pty Ltd
 Steadfast Eastern Insurance Brokers Pty Ltd
 Steadfast IRS Pty Limited
 Steadfast Taswide Insurance Brokers Pty Ltd
 Steel Pacific Insurance Brokers
 Stening Simpson (International) Pty Ltd
 Sterling Insurance Pty Ltd
 Strata Solutions International Pty Ltd
 Teamcare Pty Ltd
 Terrace Insurance Brokers Pty Ltd
 The Insurance Broker (NSW) Pty Ltd
 The Protectors Insurance Brokers Pty Ltd
 Thomas Insurance Brokers Pty Ltd
 Trans-West Insurance Brokers Pty Ltd
 Trident Insurance Group Pty Ltd
 TRITON BROKING SERVICES (WA) PTY LTD
 Tucker McNeil Pty Limited
 Tudor Insurance Australia (Ins Brokers) Pty Ltd
 Tymar (WA) Pty Ltd
 United Insurance Group Pty Ltd
 Unity Insurance Brokers
 Virtus Insurance Brokers Pty Ltd
 Warren Saunders Insurance Brokers (Aust) Pty Ltd
 Watkins Insurance Brokers
 Webber Insurance Group Pty Ltd
 Webmere Pty Ltd
 Webster Hyde Heath Insurance Brokers Pty Ltd
 Western United Financial Services Pty Ltd
 Westlawn Insurance Brokers Pty Ltd
 Westminster Broking House Pty Ltd
 Whitbread Associates Pty Ltd
 Wilkinson Insurance Brokers Pty Ltd
 William Inglis & Son Limited
 Willis Australia Limited
 Willis Temby Insurance Brokers (WA) Pty Ltd
 WRI Insurance Brokers Pty Ltd
 Wymark Insurance Brokers Pty Ltd
 Your Insurance Broker

Table 2: Code subscribers by state (head office) and size of operation⁷

	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total	In %
Large organisation	0	7	0	3	1	0	8	2	21	7%
Medium organisation	0	18	0	5	3	1	10	9	46	15%
Small organisation	0	10	0	8	3	1	10	7	39	13%
Micro organisation	2	68	1	28	16	4	50	25	194	65%
Total	2	103	1	44	23	6	78	43	300	
In %	<1%	34%	<1%	15%	8%	2%	26%	14%		
In comparison to 30/06/2017	2	106	1	46	22	7	89	45	318	

Note: The decrease in the number of Code subscribers from 318 to 300 (as at 30 June 2018) follows a series of mergers and acquisitions within the industry over the last 12 months. For information about Code subscription please contact NIBA at niba@niba.com.au or telephone (02) 9964 9400.

⁷ Organisations are counted by AFSL.

Appendix E: Investigations

The Code empowers the Committee to investigate and determine any complaint alleging that an insurance broker has breached the Code. The Committee can also initiate its own investigations into Code breaches. These investigations aim to identify the cause of alleged Code breaches; whether the complaint indicates broader compliance issues; and the effectiveness of Code subscribers' remedial actions to minimise the impact of breaches on clients.

While the Committee cannot consider claims for compensation and loss, it can initiate Code investigations without needing a complaint to act as a trigger. These Committee-initiated investigations are mainly used to identify and assess:

- the presence of non-compliant behaviour that may not have been identified by the Code subscriber's internal compliance monitoring systems or ACS
- whether non-compliant behaviour identified through complaint investigations is systemic, either within a Code subscriber or across the sector in general
- emerging Code compliance risks that may affect Code subscribers and their clients.

Following a review of an alleged Code breach, the Committee expects Code subscribers to:

- positively engage with the Committee
- thoroughly review the incident to assess if it constitutes a breach of the Code
- report the breach in their breach register (if a breach of the Code has occurred)
- report the breach to executive management
- identify all clients potentially affected by the events
- assess if the breach is systemic and/or significant
- take remedial action to address the cause of non-compliance
- review and enhance processes and procedures
- train staff and authorised representatives accordingly.

Case work

In 2017–18 the Committee received nine new referrals. Referrals mainly come through the external dispute resolution process (EDR) or through the systemic issue review of FOS. The subsequent investigations are summarised below according to the relevant service standards.

Table 3: New investigations registered in 2017–18

Service Standard 10 – Dispute resolution and Code breach reporting	Source: Committee determination. Issue: Following a determination issued in 2017 regarding a Code breach, the insurance broker failed to report this breach in its ACS. Status and outcome: Open, pending assessment of the insurance brokers' breach recording and monitoring process
---	---

<p>Service Standard 5 – Buying insurance</p> <p>Service Standard 6 – Remuneration</p>	<p>Source: Referral from FOS</p> <p>Issue: The client engaged an agent to arrange insurance cover for the client’s taxi business. The agent was acting as an authorised representative for an insurance broker.</p> <p>A dispute arose regarding the refund received when the client instructed the Agent to cancel the policy. The client sought reimbursement for the insurance broker’s commission and fees that were not disclosed and refunded.</p> <p>A FOS determination on the matter found that the insurance broker was to refund the client the total amount of commission and fees, because evidence showed that:</p> <ul style="list-style-type: none"> • the agent marked-up the premium, levy and stamp duty when there was no entitlement to do so • the agent charged fees that were not disclosed in the Financial Services Guide (FSG) and therefore should be refunded • the insurance broker is not entitled to retain the refunded commission as it cannot show the applicant was given the FSG. <p>Following a meeting with FOS Lead Ombudsman General Insurance, the insurance broker reviewed its FSG and agreed to clarify its wording and application. During the meeting it was noted that the FSG does not include a definition of the term ‘Adviser service fee’, and the Ombudsman recommended that the insurance broker consider including a definition for this term in addition to a definition for the term ‘cancellation service fee’.</p> <p>Status and outcome: Open, pending breach investigation</p>
<p>Service Standard 5 – Buying insurance and claim service</p>	<p>Source: Referral from client</p> <p>Issue: The client of the insurance broker alleged financial losses relating to a commercial policy as consequences of an authorised representative’s failure of its duty of care to:</p> <ul style="list-style-type: none"> • arrange adequate cover • renew insurance cover • communicate adequately • cover the claim (e.g. theft of chainsaw and motor vehicle accident) • stop a direct debit authority once alternate insurance had been sought from applicant. <p>Status and outcome: Open – breach investigation on hold pending outcome of FOS EDR investigation</p>

<p>Service Standard 5 – Claim service</p> <p>Service Standard 1 – Comply with law (hardship obligations)</p> <p>Service Standard 12 – Professionalism</p>	<p>Source: Referral from client</p> <p>Issue: A third party involved in a motor vehicle accident with a client of an insurance broker lodged a complaint regarding the practices of a claims management service (agent), which was a division of the insurance broker. The client did not want to lodge a claim through his insurance company and asked the insurance broker to contact the third party involved in the accident.</p> <p>The third party said felt intimidated and harassed during the settlement negotiation process. When she provided evidence of her financial hardship, the agent used this to search online for further information about her and her family. As a result, she was afraid to provide the agent with any further information.</p> <p>The agent also engaged a debt collection company and a litigation lawyer (a division of the debt collection company), all acting on the instruction of the insurance brokers' client. The client was not clear about the relationships between the insurance broker, the claims management service, the debt collector and the litigation lawyer.</p> <p>Status and outcome: Closed – the third party was advised that the Committee was not able to deal with the matter as Code obligations do not extend to third parties. However, the Committee agreed to use this issue as a case study in a future article to highlight the importance of transparent relationships and clear correspondence with both clients and third parties.</p>
<p>Service Standard 6 – Remuneration</p> <p>Service Standard 12 – Professionalism</p>	<p>Source: Identification from ASIC press release</p> <p>Issue: ASIC permanently banned an insurance broker from the financial services industry for misleading, deceptive and dishonest conduct. The person was employed as an insurance broker and was also an authorised representative for another insurance broker.</p> <p>ASIC found that the insurance broker engaged in misleading and deceptive conduct by creating client invoices that failed to disclose the broker fees charged and/or the true premium payable for the products. The insurance broker also charged clients excessive broker fees to meet his broking budget, thereby misrepresenting the true cost of those services to both his clients and the other insurance broker.</p> <p>ASIC found that the insurance broker continued these practices and engaged in dishonest conduct while he worked as an authorised representative.</p> <p>Outcome: Following discussions, the insurance brokers whom the banned person acted for as an authorised representative:</p> <ul style="list-style-type: none"> • self-reported the breach as a significant incident • undertook appropriate action to rectify the breach

	<ul style="list-style-type: none"> • reviewed and improved its procedures and processes as a learning outcome following the breach. <p>Status: Closed – Code breach</p>
<p>Service Standard 5 – Buying insurance (e.g. failure to keep good records)</p>	<p>Source: Referral from FOS</p> <p>Issue: The client held a business insurance policy arranged through an insurance broker with an insurer. Following a fire at the property the client lodged a claim.</p> <p>The insurer declined the claim on the grounds that the client had misrepresented the construction of the roof and breached their duty of disclosure by failing to disclose the roof was of asbestos fibre cement construction. The insurer would never have offered to cover the client’s business had it been aware the roof of the building was constructed from asbestos.</p> <p>The client maintained at no time was he asked any specific questions regarding the roof construction by either the insurer or the insurance broker. Furthermore, he was not aware of the roof construction materials. The claim should be paid as the client could not disclose the roofing material as it was unaware of the construction.</p> <p>In its determination, FOS found:</p> <ul style="list-style-type: none"> • The client did not breach their duty of disclosure on inception or renewal of the policy as on the balance of probabilities, the client had no actual knowledge or belief as to the construction material used in the roof. • The roof was misrepresented on inception of the policy and on renewal of the policy by the client through their insurance broker to be of metal construction rather than asbestos. • The insurer is entitled to reduce its liability to nil pursuant to section 28(3) of the <i>Insurance Contracts Act 1984</i> (the Act) as it would not have been on risk but for the misrepresentation. The insurer is required to refund any premium paid by the clients. • The insurance broker breached its duty of care as it completed the relevant proposal and renewal forms on behalf of the clients without making all relevant enquiries. • The client has established a loss as a result of the breach of duty of care. <p>Status and outcome: Closed – Code breach. Following discussions, the insurance broker confirmed it had recorded of the complaint and breach in its register. It also confirmed that the authorised representative was investigated and the matter determined to be an isolated incident. It also said that the incident was discussed at its professional development day.</p>

<p>Service Standard 5 – Buying insurance (e.g. failure to keep good records)</p>	<p>Source: Referral from FOS</p> <p>Issue: The client lodged a dispute with FOS stating that he had provided the insurance broker’s authorised representative with details of his driving and claims history, but this information was not given to the insurer. The insurer denied a claim by the client in relation to damage to the insured vehicle. The insurance broker stated that the client did not provide correct details about his claims or his driving history.</p> <p>In its determination, FOS found the insurance broker was not required to pay the client in respect to the damage to the insured vehicle. However, it did have to refund the premium paid by the client, as well as \$3,000 in non-financial loss compensation. Legal principles require insurance brokers to exercise reasonable care and skill in the performance of their duties. The relevant standard is that expected of a competent and experienced insurance broker. Insurance brokers are held up to the same standard as any professional person.</p> <p>Given the exchanged material, the FOS determination accepted the client’s statement that he provided more information than was revealed by authorised representative or the insurance broker’s records. Noting the difference in the statements made by the authorised representative, FOS determined that the insurance broker, through its authorised representative, had breached its duty to the client.</p> <p>Status and outcome: Closed – Code breach. Following discussions, the insurance broker confirmed a Code breach caused by staff failure to keep accurate records of client conversations. While the insurance broker believed this to be an isolated incident, it agreed to undertake a full audit and follow up with training requirements identified through the audit.</p>
<p>Service Standard 5 – Buying insurance (e.g. failure to arrange appropriate cover)</p>	<p>Type: Referral from FOS</p> <p>Issue: The client advised that a flood claim following tropical Cyclone Debbie in 2017 was denied by the insurer, although the client had requested flood cover from the insurance broker.</p> <p>Flood cover was originally included in the policy issued by the insurance broker for the 2014–2015 period of insurance. The insurance broker stated that the insured purchased the business in 2014 and at that time requested the insurance broker to provide the same insurance that was in place for the previous owners. Based on these instructions, the insurance broker arranged insurance including a sub-limit for flood cover. Flood cover was again included when the insurance was renewed in 2015 and 2016.</p> <p>The insurer stated that it informed the insurance broker in 2015 that it was unable to provide flood cover at all and that it would need to be referred to head office for approval. The insurer requested the insurance broker to amend the closings to remove flood cover and to</p>

	<p>refer any future renewals or new business to it before offering terms to the insured, as cover needed to be authorised on a case-by-case basis.</p> <p>The insurer also stated that the inclusion of flood cover for the period 2014–2015 was an oversight on its part, which needed to be corrected for the 2015–2016 renewal. Given this advice, it is unclear why the 2015–2016 period of insurance included flood cover.</p> <p>Status and outcome: Closed – Code breach. Following discussions, the insurance broker confirmed and explained the cause of the Code breach. It confirmed that the breach was an isolated incident and described the steps taken to correct it.</p>
<p>Service Standard 10 – Dispute handling process</p> <p>Service Standard 12 – Professionalism</p>	<p>Type: Referral from FOS</p> <p>Issue: FOS issued a determination indicating a possible Code breach. The client lodged a dispute against her insurance broker because her claim was partially declined as she did not have the relevant theft cover. The insurance broker stated that the client never sought cover for theft. Since the dispute was lodged, the client had another theft event occur. The insurance broker stated that they added the cover for theft since the initial disputed claim and sent the client the relevant tax invoice which she did not acknowledge or pay.</p> <p>Once the client made the second claim, she paid the insurance broker. The second claim was approved and due to be paid to the client. The insurance broker then wrote to the client suggesting her claim will not be paid if she did not withdraw her dispute with FOS against the insurance broker.</p> <p>Status and outcome: Closed – the matter was outside scope because the insurance broker was no longer a subscriber to the Code. The Committee requested the insurance broker to remove any reference to Code from its website and other material.</p>

In 2017–18 the Committee finalised one investigation that was received in the previous 2016–17 period and remained open as at 30 June 2017 (Table 4).

Table 4: Earlier investigations finalised in 2017–18

<p>Service Standard 1 – Comply with the law</p> <p>Service Standard 5 – Buying insurance</p> <p>Service Standard 7 – Money handling</p> <p>Service Standard 12 – Professionalism</p>	<p>Source: Identification from ASIC media release</p> <p>Issue: Following an investigation, ASIC banned a former director from an insurance broker from providing financial services for seven years. ASIC found that the former director engaged in misleading and deceptive conduct in relation to business insurance. Specifically, the director altered the insurance policies of clients without their instruction, and misled clients as to the level of cover held and the fees for service he would charge. The conduct involved 74 incidents.</p>
--	--

	<p>The insurance broker did not self-report any breaches or complaints to the Committee.</p> <p>Outcome: Closed – Code breach. Following discussions, the insurance broker confirmed that the breach management protocol was amended to include the reporting of breaches to the Committee. In addition, it provided the summary of the outcomes of a review by an independent external auditor. An internal review had also been undertaken to follow up on the circumstances of the breach and the outcome of the external review, and the breach was recorded as a significant breach.</p>
--	--

Appendix F: Comparative data of self-reported Code breaches

Table 5: Self-reported Code breaches since 2012

Category	2012	2013	2014	2015		2016		2017	
Reporting period	01/07/11– 30/06/12	01/07/12– 30/06/13	01/01/14– 31/12/14	01/01/15– 31/12/15		01/01/16– 31/12/16		01/01/17– 31/12/17	
Code	2007	2007	2014	2014		2014		2014	
	<i>in %</i>	<i>in %</i>	<i>in %</i>	<i>in %</i>	<i>Total</i>	<i>In %</i>	<i>Total</i>	<i>In %</i>	<i>Total</i>
General	28%	27%	61%	37%	322	50%	698	28%	384
Legal standards, Standard 1	3%	7%	58%	29%	253	33%	460	23%	316
Professionalism, Standard 12	25%	20%	3%	8%	69	17%	238	5%	68
Disclosure	6%	19%	7%	17%	148	11%	154	9%	122
Conflict of interest, Standard 2	2%	7%	1%	2%	14	1%	12	2%	24
Who we act for, Standard 3	2%	0%	0%	<1%	2	1%	10	<1%	4
Scope of covered services, Standard 4	<1%	1%	3%	8%	71	5%	69	4%	56
Remuneration, Standard 6	1%	11%	3%	7%	61	4%	63	3%	38
Provision of insurance broking service	56%	42%	20%	28%	240	26%	363	55%	746
Buying insurance, Standard 5	54%	39%	19%	24%	208	23%	318	52%	707
Claim handling, Standard 5	2%	3%	1%	4%	31	3%	43	3%	37
Acting for insurer, Standard 5	0%	0%	0%	0%	0	<1%	2	<1%	2
Disasters, Standard 9	0%	0%	0%	<1%	1	<1%	0	0%	0
Other	10%	12%	12%	18%	152	13%	195	8%	107
Money Handling, Standard 7	5%	6%	4%	6%	49	5%	69	5%	66
Training, Standard 8	3%	5%	8%	8%	69	8%	113	3%	35
Dispute resolution, Standard 10	1%	1%	0%	4%	33	<1%	10	<1%	5
Promotion of Code, Standard 11	1%	0%	0%	<1%	1	<1%	3	<1%	1

Category	2012	2013	2014	2015		2016		2017	
<i>Reporting period</i>	01/07/11– 30/06/12	01/07/12– 30/06/13	01/01/14– 31/12/14	01/01/15– 31/12/15		01/01/16– 31/12/16		01/01/17– 31/12/17	
<i>Code</i>	2007	2007	2014	2014		2014		2014	
	<i>in %</i>	<i>in %</i>	<i>in %</i>	<i>in %</i>	<i>Total</i>	<i>In %</i>	<i>Total</i>	<i>In %</i>	<i>Total</i>
Total of self-reported breaches	1,686	423	466		862		1,410		1,359 ⁸
Percentage of insurance brokers self-reporting breaches	34%	36%	33%		32%		42%		41%
Number of brokers participating in the ACS program⁹	438	91	126		323		318		300

⁸ One Code subscriber reported 9,355 individual Code breaches of Service Standard 5. Based on the operating system all renewals not invoiced within 14 days are recorded as a breach. This is reflected as one breach only for the purpose of this report.

⁹ See [Appendix L](#) for details of data collection

Chart 1: Self-reported Code breaches by general categories since 2012

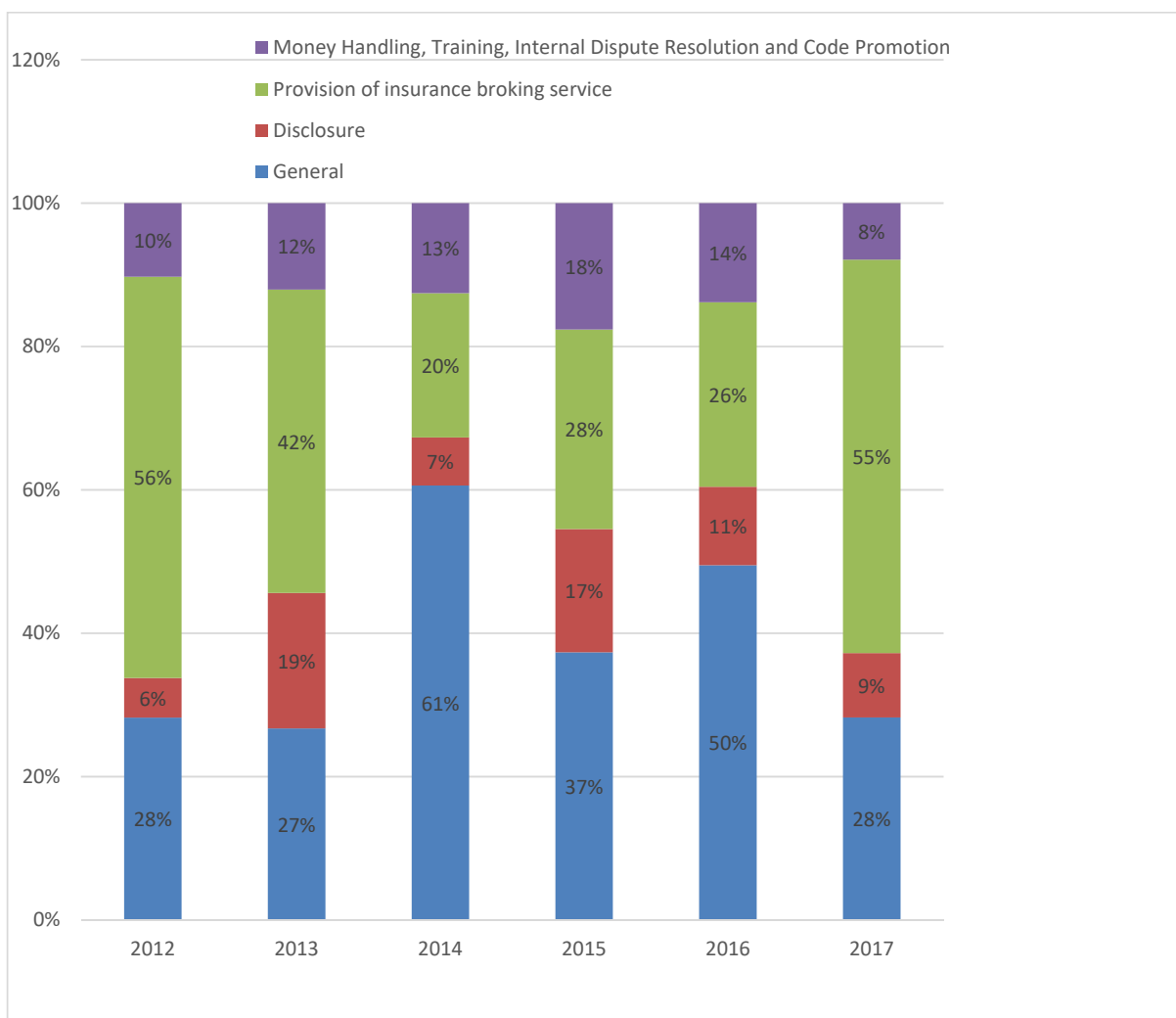


Table 6: Number of organisations (in % of total Code subscribers) self-reporting Code breaches since 2012

Number of self-reported Code breaches	2012	2013	2014	2015	2016	2017
Nil	65%	64%	68%	68%	58%	59%
1 to 10	28%	24%	25%	26%	32%	31%
11 to 20	4%	6%	2%	4%	6%	4%
21 to 50	2%	4%	3%	2%	3%	4%
51 to 100	0%	2%	1%	0%	1%	1%
Over 100	1%	0%	1%	<1%	<1%	<1%

Appendix G: Self-recorded Code breach data by organisation size

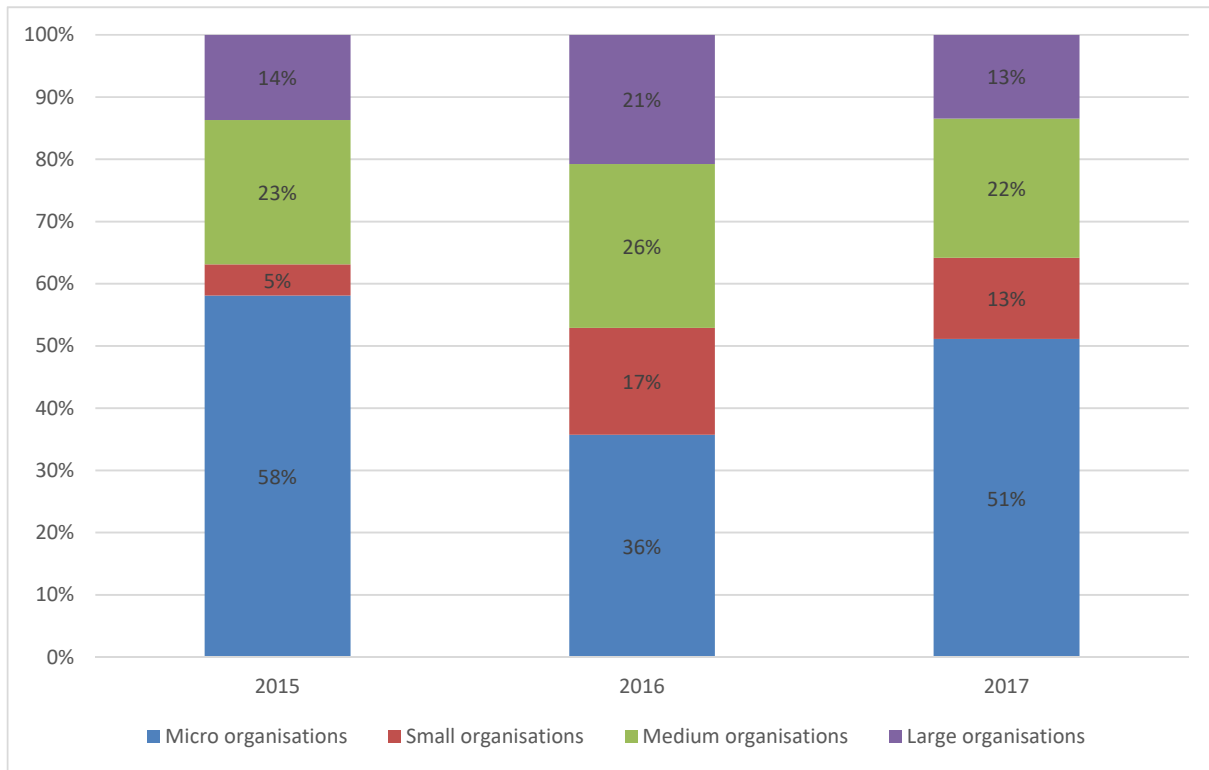
Table 7: Self-reported Code breach categories by size of organisation in 2017

Code standards	Micro organisation	Small organisation	Medium organisation	Large organisation	Total
General	22%	21%	45%	32%	28%
Legal Standards, Standard 1	16%	20%	38%	29%	23%
Professionalism, Standard 12	5%	1%	8%	3%	5%
Disclosure	9%	6%	11%	8%	9%
Conflict of interest, Standard 2	1%	1%	3%	2%	2%
Who we act for, Standard 3	<1%	1%	1%	0%	<1%
Scope of covered services, St. 4	6%	3%	1%	3%	4%
Remuneration, Standard 6	2%	2%	6%	3%	3%
Provision of ins. broking service	62%	67%	35%	48%	55%
Buying insurance, Standard 5	60%	65%	30%	45%	52%
Claim handling, Standard 5	2%	2%	4%	2%	3%
Acting for insurer, Standard 5	<1%	0%	0%	<1%	<1%
Disasters, Standard 9	0%	0%	0%	0%	0%
Other	6%	6%	10%	12%	8%
Money Handling, Standard 7	4%	2%	9%	4%	5%
Training, Standard 8	2%	5%	1%	7%	3%
Dispute resolution, Standard 10	<1%	0%	0%	1%	<1%
Promotion of Code, Standard 11	<1%	0%	0%	0%	<1%
Total	100%	100%	100%	100%	100%

Table 8: Self-reported Code breach numbers by size of organisation in 2017

Number of self-reported Code breaches	Micro organisation	Small organisation	Medium organisation	Large organisation	TOTAL
Nil	67%	47%	50%	6%	59%
1 to 10	27%	43%	33%	59%	31%
11 to 20	1%	3%	9%	24%	4%
21 to 50	4%	3%	7%	12%	4%
51 to 100	1%	3%	2%	0%	1%
Over 100	1%	0%	0%	0%	<1%
Mean number of self-reported breaches 2017	3.5	5.9	6.6	10.8	4.7
Mean number of self-reported breaches 2016	2.3	8.6	7.6	11.7	4.4
Mean number of self-reported breaches 2015	2.3	1.9	4.4	8.8	2.7

Chart 2: Self-reported Code breaches by size of organisation since 2015



Appendix H: Significant self-reported Code breaches

Table 9: Self-reported significant breaches by Code section for calendar years 2013 to 2017

Category	Section	Standard	2013	2014	2015	2016	2017
General	Legal standards	1	3	3	2	6	4
	Professionalism	12	-	-	1	8	3
Disclosure	Conflict of interest	2	-	-	-	-	-
	Remuneration	3	-	-	1	3	2
	Who we act for	4	-	1	-	3	-
	Scope of covered services	6	-	-	1	-	-
Provision of insurance broking service	Buying insurance	5	-	1	2	3	1
	Claim handling	5	-	-	-	3	-
	Acting for insurer	5	-	-	1	-	-
	Disasters	9	-	-	-	-	-
Money handling, Training, Internal Dispute Resolution (IDR) and Code Promotion	Money handling	7	1	-	1	5	7
	Training	8	1	-	1	3	-
	Dispute resolution	10	-	-	-	-	-
	Promotion of Code	11	-	-	1	-	-
Total			5	5	11	34	17

Table 10: Details of significant self-reported Code breaches in 2017

Issue and cause	Exposure	Outcome
<p>Service Standard 1 – ‘We will comply with all relevant law.’ Including Service Standard 5 – We will discharge our duties diligently, competently, fairly and with honesty and integrity. Service Standard 6 – We will clearly tell you how our covered services are paid for before we provide them and answer any questions you may have. Service Standard 7 – We will handle any money received in accordance with relevant law and any agreement with you.</p>		

Issue and cause	Exposure	Outcome
Service Standard 12 – We will not engage in activity or inactivity that is reasonably likely to bring the insurance broking profession into disrepute.		
<p>Following an investigation, ASIC banned a former director of an insurance broker from providing financial services for seven years.</p> <p>ASIC found that the former director engaged in misleading and deceptive conduct in relation to business insurance. Specifically, the former director altered the insurance policies of clients without their instruction, and misled clients as to the level of cover held and the amount of fees for service he would charge.</p> <p>The insurance broker did not self-report any breaches or complaints in its ACS for any of the periods during which this incident occurred.</p>	<p>The conduct involved 74 incidents and cost the insurance broker about \$500,000 to refund and/or place insurance cover for each client.</p>	<p>The insurance broker's breach management protocol was amended to include reporting of breaches to the Committee.</p> <p>The insurance broker undertook an audit of its process and procedures, and all recommendations have been implemented and acknowledged.</p> <p>The breach was recorded retrospectively in the 2017 ACS.</p>
Service Standard 1 – 'We will comply with all relevant law.'		
<p>One <i>Corporations Act 2001</i> (Cwlth) breach was assessed as significant and reported to ASIC. The breach related to the over-extraction of the trust account funds due to error in internal calculation methodology.</p>	<p>None.</p>	<p>The preventative actions identified in the ASIC report are confirmed to have been implemented.</p>
<p>Failure to notify of expiration of contract of general insurance and comply with financial services law.</p> <p>The insurance broker cancelled one of its Australian Financial Services (AFS) licenses. As part of this process, all clients, systems and processes were transferred to the new team. This included an online 'quote and bind' system.</p> <p>The Binding Authority required the insurance broker to issue expiry, renewal and cancellation notices to clients in</p>	<p>The breaches did not result in any actual loss to clients.</p>	<p>To ensure that no clients were adversely impacted, the insurance broker completed a review of the online system processes, documentation generated and reports (including renewals).</p> <p>New policies were incepted for all clients who did not receive a notice or received a non-compliant notice.</p> <p>All clients were contacted and advised of the issue and that cover has been</p>

Issue and cause	Exposure	Outcome
<p>accordance with section 58(2) of the ICA.</p> <p>During a compliance review of the online system, the insurance broker identified technical and process issues, where no or non-compliant renewal notices had been issued to clients and these policies were subsequently cancelled.</p>		<p>placed on their behalf pending their instructions.</p> <p>To ensure future compliance, the insurance broker processed mapped the online system quote, bind and renewal processes and all associated reporting. Documentation of the renewal process was revised.</p>
<p>Failure to renew one householder policy.</p> <p>The householder policy was listed under a separate code under which the procedure had been that the renewal information be send to the person who needed to process the policy.</p> <p>The relevant information was sent, but the policy continued to remain on the control reports. No staff took action to renew the policy.</p> <p>The Operations Manager and the Account Manager did not take action as the process was delegated to a different staff member based on the process in place.</p> <p>Control reports were not looked at closely by staff members, who appeared to be checking their own codes only.</p>	<p>Appeared to be a one-off error in process.</p>	<p>The process was reviewed and adjusted accordingly.</p> <p>An email was sent to all staff to advise them that the Account Manager is responsible for ensuring the policy is processed or renewed.</p> <p>Staff were also advised that they are to check other Account Manager codes and not just their own, especially as control reports are issued weekly.</p> <p>The Operations Manager will also look more closely at reports.</p>
<p>For a Motor Fleet Policy, vehicles were left off a renewal due to a previous endorsement not being processed correctly.</p> <p>The vehicles were listed in the notation section but not updated on the schedule. Following a review for renewal, the client noticed vehicles missing.</p> <p>The schedule appeared not to have been updated correctly – there was a double-up with cutting and pasting the schedule into the Notation section. The Notation</p>		<p>Procedures were reviewed and amended. The Notation section was revised to no longer include the schedule, preventing doubling-up or cutting and pasting.</p> <p>All staff received an email advising them of the new process.</p>

Issue and cause	Exposure	Outcome
appeared to have been updated, but not the schedule.		
Service Standard 6 – ‘Remuneration’		
An outdated FSG was provided to 99 clients. The FSG referred to intra-departmental commissions that were no longer in place. The breach was identified during a review of disclosure documents.	99 clients affected.	<p>Following the discovery of the breach, the FSG was updated accordingly and all affected clients were contacted and provided with an updated FSG.</p> <p>The breach was reported to ASIC who responded that no further action was required.</p> <p>No complaints were raised by clients in relation to this breach.</p>
Service Standard 7 – ‘We will handle any money received in accordance with relevant law and any agreement with you.’		
A staff member in a branch stole clients’ money. Four clients paid cash and were issued with a handwritten receipt. Policies were later lapsed by the staff member.	4 Clients effected for a premium of under \$3,000.	The matter reported to the police and ASIC. The internal receipt process was altered in response. Additionally, the insurance broker engaged a third party to review cancelled policies to make sure no other clients were affected.
<p>One of the referrers attached to a business was receiving client premiums and not promptly passing them to the trust bank account. The referrer was providing a mix of financial and non-financial services to clients. This person was not authorised to provide financial services advice nor receive insurance premiums.</p> <p>Premiums were used to operate the referrer business, unknown to the insurance broker and despite assurances from the referrer that all premium funds had been passed to the insurance broker.</p>	The insurance broker had a shortfall of \$300,000 in premiums paid to the referrer and not passed to the insurance broker.	<p>The insurance broker met the shortfall to the insurers to ensure no clients were disadvantaged.</p> <p>The referrer was dismissed and reported to ASIC. After investigation, ASIC banned the individual from the financial services industry.</p> <p>The insurance broker now deals with the client directly and has ensured no clients had been disadvantaged in terms of</p>

Issue and cause	Exposure	Outcome
		premiums or claim payments.
<p>The insurance broker failed to pay insurance monies to clients within the requisite seven-day timeframe.</p> <p>The insurance broker identified that it did not have processes in place to ensure it met the obligation to repay client monies within seven days or as soon as practicable after acquiring another insurance broker.</p>	<p>The breach was systemic across the business.</p> <p>There were 521 clients affected with a total value of \$2,355.02 plus interest refunded to clients.</p>	<p>An internal investigation was conducted and actual refunds that were held for more than seven days were refunded to clients.</p> <p>This deficiency has now been rectified.</p>
<p>Service Standard 12 – ‘We will not engage in activity or inactivity that is reasonably likely to bring the insurance broking profession into disrepute.’</p>		
<p>A policy commencement date was backdated via the insurer’s online portal along with misrepresentation of information that would have deemed a decline on the system.</p>	<p>One client.</p>	<p>The insurance broker’s representative authority was revoked immediately and the incident was reported to ASIC.</p> <p>The insurer’s external investigator also recommended that the incident be reported to the relevant authorities.</p>

Appendix I: Examples of self-reported Code breaches

Service Standard 1: We will comply with all relevant law.

- A document was sent to the wrong client.
- There was a privacy breach where credit card details were emailed (details came from outside office to staff).
- The insurance broker failed to obtain three strata insurance quotes prior to placement (a requirement under the *Strata Law Reform - Strata Scheme Management Act 2015 (NSW)*). Both breaches related to the same Strata Plan and were considered an isolated oversight.
- A representative made errors processing a policy as wholesale instead of a retail policy. As a result, some of the required retail-client level disclosures were not included with the policy documentation or not provided at the right time. These related primarily to the commission dollar disclosures, either being missed or not updated upon policy adjustments. However, a few related to the timing of issuing disclosure documents such as FSGs and PDSs. These errors were addressed via additional training and resources supplied to all representatives of the Licensee. The errors are a specific focus of ongoing client file reviews, which are conducted by an external compliance service provider quarterly.
- An agreed policy had a lower specific sub-limit than was advised to the client. The insurance broker subsequently obtained the client's agreement to the lower sub-limit.
- Staff incorrectly provided clients with the privacy policy rather than the privacy collection statement. Although all invoices include a brief statement about privacy and instructions on how to obtain a copy of the correct document online, the wrong document was used in the first instance. In response, the privacy collection statement was consolidated within the FSG, removing the possibility of providing the wrong document.
- In 2015 a change to reporting requirements meant licensees were required to notify ASIC of changes to their controlling entities. Although there had been no change to the controlling entity, the insurance broker did not inform ASIC of the standing arrangement.
- The insurance broker inadvertently disclosed information via email. Remedial actions were taken as soon as practicable and recipients were asked to delete the emails. Preventative measures included informing and sensitizing staff on the issue; training staff on data breaches; and sending a communication from the CEO to all staff highlighting the issue.
- HR failed to maintain the Continuing Professional Development (CPD) training register. Upon discovering the breach, HR updated the CPD register, and the compliance team subsequently followed up to ensure that the obligation was being complied with.
- The insurance broker failed to provide dollar disclosure of commission to a retail client on one policy. On another policy there was a slight timing issue in the provision of the FSG and Statement of Advice for a PS&A policy for a retail client.

- The licensee's AFS licence name and number were omitted from the front page of an electronic tax invoice sent to a client. It was noted that the invoices were sent via email with all relevant licensee identification and capacity information on the email, as well as the other documentation sent with the tax Invoice (e.g. advice letter). This omission was rectified by ensuring the mandatory inclusion of licensee information on the front page of the invoices.
- The insurance broker lodged the APRA 701 form late. To rectify this, the APRA 701 form was lodged after the due date. The breach occurred because the staff member responsible for compiling this data was unexpectedly away for an extended period. To prevent future breaches, the insurance broker has ensured that there are now multiple staff members with access and sufficient experience to prepare the APRA 701 form.
- The insurance broker did not send the FSG within 5 days. The policy and Code obligation was revisited with all staff members. Monthly peer audits are conducted to ensure obligations are being met.
- An email meant for the insurer was sent to a client in error. The email did not contain any sensitive information. The insurance broker telephoned the client and asked them to delete the email.
- The insurance broker changed its business location but did not update the FSG accordingly.
- The insurance broker accidentally disclosed 250 client emails by using 'cc' in the rather than 'bcc' for the distribution list.

Service Standard 2: We will transparently manage any conflicts of interest that may arise.

- Staff occasionally receive gratuities from insurers, which can be considered a conflict as the insurance broker may receive a financial benefit by using partner insurers.

Service Standard 3: We will clearly tell you if we do not act for you.

- Transactions were marked as wholesale instead of retail, and therefore the correct disclosures were not provided. In both instances the staff involved were further trained on the need to provide the correct disclosures to all clients and the correct disclosures were provided to the client with a letter of explanation.
- An incorrect Australian Business Number and AFS licence was found on a template. This only occurred for one client and was actioned.

Service Standard 4: We will clearly tell you about the scope of our covered services.

- The insurance broker identified a gap in cover for the management liability section of a policy offered to clients. The gap was quickly identified and the affected clients were contacted and offered alternative cover options to cover the management liability section. There were no complaints and the breach was noted on the Incident & Breach register.

Staff were made aware of the issue so that they could be more vigilant in checking wordings prior to renewal.

Service Standard 5: We will discharge our duties diligently, competently, fairly and with honesty and integrity.

- The client felt he was not getting the appropriate attention with his business package renewal. The principal of the insurance broking business personally intervened, meeting with the client several times and making recommendations (none of which were taken up). The client acknowledged the attention he was given and remains a satisfied client.
- The insurance broker failed to send out renewals within the 14-day timeframe. Regular audits are now being conducted to ensure compliance. Internally, staff are to run a listing for outstanding renewals at least weekly to ensure all items are being attended to in the appropriate timeframes. Where a staff member has repeated breaches for failing to send out renewals within 14 days, this is discussed with the individual.
- The insurance broker noted multiple 'Buying of Insurance' breaches, each of which were addressed with the individual to identify any gaps in training knowledge. The insurance broker implemented compulsory weekly training to cover the legislation, Code, organisational procedures and so on.
- The insurance broker cancelled insurance on a building when the client only instructed to cancel the contents insurance. The employee concerned resigned before the error was discovered. Cover was immediately reinstated and backdated so there was no gap in cover for the client.
- The breach involved binding cover after a policy had lapsed due to the relevant staff member being away on holidays. Preventative controls were put in place so that all staff members now have a 'handover' before going on leave.
- The breach involved a misunderstanding between client and broker regarding the type of cover required on a motor vehicle (market versus agreed value). Staff have been reminded about the importance of taking clear notes during meetings with clients and confirming the information to the client after the meeting.
- Breaches were caused by a combination of delayed response to client requests and human error in processing and communication.
- The PDS was sent to the client, but the version and sent date were not recorded in the system.
- Following a premium dispute controls were put in place; a system error rectified; and staff training undertaken.
- Most breaches relate to delays in communication, passing on of renewal notices and promptly making available documentation such as policy wordings.
- A breach occurred when the insurance broker delayed advising the client of a policy cancellation.
- Handling of a claim was poor and in breach of the claims process. Following a review, staff were reminded of the correct claims process.

- The PDS not being provided to a retail client at the time of quoting. During the quoting process, the staff member involved did confirm to the client the differences between existing and recommended policies. The client accepted the quote and the PDS was then provided. The staff member involved has received further training to ensure they understand that the PDS must be provided before the client makes the decision to purchase a policy, regardless of how much information was provided in the recommendation.
- The policy received from the insurer did not exactly match the policy sent to the insured.
- A 'needs analysis' form was returned by the client to the insurance broker's office and filed, however, the contents of the form was (inadvertently) not immediately provided to the insurer. The insurer was then advised and a higher excess was imposed on the client.
- There was an error and omission in arranging cover for an additional asset of the client. There was no claim during the seven months before the error was discovered as part of an annual client review process. There was no material disadvantage to the client.
- The insurance broker failed to send a Statement of Advice with a Sickness and Accident insurance quote. The Statement of Advice was subsequently sent. The staff member was spoken with and reminded of the importance of attaching the SOA.
- The insurance broker failed to highlight to a client an endorsement that had a negative impact on their cover. The client was contacted both via phone and email and advised of the endorsement, and the staff member was coached.

Service Standard 6: We will clearly tell you how our covered services are paid for before we provide them and answer any questions you have.

- Due to a typo, the insurance broker showed a brokerage fee as underwriting fee on an invoice. The renewal report to the client disclosed the broker fee correctly as a broker fee. The invoice was reissued.
- Three client cheques were deposited in the General Account in error. Funds were immediately transferred to the Trust Account as soon the error was identified.
- An invoice was accidentally paid from the trust account instead of the trading account. The insurance broker transferred money between accounts to rectify the issue. It communicated with staff about the need to prevent future errors.
- An incorrect commission (98% higher percentage) was taken in error. This was reversed and corrected as advised by the insurer.

Service Standard 7: We will handle any money received in accordance with relevant law and any agreement with you.

- The insurance broker held money in unallocated cash longer than 30 days when the broker tried to obtain correct account details from the client. The client specifically asked to hold onto the refund to allocate it against renewal debits that were coming up but had not yet been processed.

- The breach involved a processing error where the underwriter was chosen when processing rather than the underwriting agency used by the insurance broker. The policy was 'closed' to the new underwriting agency, however, this resulted in the underwriter being paid the premium, which was realised when the underwriting agency contacted the insurance broker requesting payment. The money was subsequently returned to the insurance broker and the underwriting agency paid. The underwriting agency held cover at all times; therefore, the client was not compromised at all.
- There were breaches relating to client refunds not being returned to the client within the required 7 days. Some were missed due to the staff member responsible being away. Others were refunded within the required time through the insurance broker's system, however, the bank account details in the system were incorrect and the money bounced. By the time the correct details were obtained it had gone into breach.
- The wrong insurer was paid due to a setup error in the operating system – the operating system was rectified and the money was returned from the incorrect insurer and sent to the right one. The correct insurer was kept updated and cover for the client was confirmed at all stages. There was no detriment to the client.
- The underwriter was not paid within credit terms; therefore, an extension of cover was requested. Once paid, the underwriter was paid immediately.

Service Standard 8: We will ensure that we and our representatives are competent and adequately trained to provide the relevant services and will maintain this competence.

- Two employees failed to achieve their 25 CPD point requirement in 2017. One employee fell short by 3.35 points due to an oversight. The other was part-time employee who only worked 10 hours a week, and who changed from a client-facing to a data processing role. There was an incorrect assumption that she did not need to maintain this point requirement. Both staff members were made aware of the breach and proactively took up more training.
- Some staff during the 2017 calendar year did not complete their 25 points of CPD. This has been reviewed, with clear instructions to staff about the requirements. The insurance broker also implemented a training and development program to ensure that staff have additional training opportunities.

Appendix J: Comparative data of self-reported IDR complaints

Table 11: Self-reported IDR complaints since 2013

	Category	2013		2014		2015		2016		2017	
		01/07/2012– 30/06/2013		01/01/2014– 31/12/2014		01/01/2015– 31/12/2015		01/01/2016– 31/12/2016		01/01/2017– 31/12/2017	
Products involved in complaint	Home Building	39	12%	28	9%	88	9%	143	14%	171	16%
	Home Contents	19	6%	21	7%	41	4%	47	5%	34	3%
	Personal Motor Vehicle	31	9%	29	9%	205	20%	157	15%	102	10%
	Commercial Motor Vehicle	28	8%	25	8%	84	8%	69	7%	105	10%
	Personal and Domestic Property	7	2%	14	4%	81	8%	19	2%	41	4%
	Strata Title	11	3%	11	3%	39	4%	44	4%	50	5%
	Sickness and Accident	49	15%	4	1%	24	2%	38	4%	28	3%
	Travel	3	1%	4	1%	13	1%	6	1%	9	1%
	Extended Warranty	0	0%	3	1%	2	<1%	2	<1%	1	<1%
	Professional Indemnity	7	2%	14	4%	42	4%	27	3%	47	4%
	Small Business	76	23%	73	23%	167	16%	212	21%	205	20%
	Farm	5	1%	18	6%	36	4%	23	2%	26	2%
	Life	4	1%	2	1%	2	<1%	2	<1%	4	<1%
	Consumer Credit	0	0%	0	0%	1	<1%	1	<1%	6	1%
	Income Protection	6	2%	0	0%	6	1%	2	<1%	1	<1%
	Other ¹⁰	50	15%	75	23%	192	19%	234	22%	217	21%
Issues involved in complaint	Advice	29	9%	18	6%	57	6%	105	10%	75	7%
	Charges	16	5%	18	6%	71	7%	95	9%	56	5%
	Disclosure	7	2%	11	3%	31	3%	45	4%	24	2%
	Financial Difficulty	2	1%	10	3%	9	1%	11	1%	9	1%
	Financial Service Provider Decision	85	25%	31	10%	51	5%	68	7%	43	4%
	Instructions	21	6%	20	6%	57	6%	82	8%	65	6%
	Privacy	3	1%	4	1%	11	1%	35	3%	12	1%

¹⁰ 'Other' represents the number of complaints that were identified by the Code subscriber in the total number of complaints, but not specified further.

	Category	2013		2014		2015		2016		2017	
		01/07/2012– 30/06/2013		01/01/2014– 31/12/2014		01/01/2015– 31/12/2015		01/01/2016– 31/12/2016		01/01/2017– 31/12/2017	
	Service - general	91	27%	133	41%	317	31%	154	15%	271	26%
	Service - claims ¹¹	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	340	32%
	Transactions	13	4%	2	1%	42	4%	51	5%	34	3%
	General feedback or improvement suggestion ¹²	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	28	3%
	Other	68	20%	74	23%	377	37%	380	38%	90	9%
Outcome of complaint	In favour of insurance broker	49	15%	27	8%	196	19%	164	16%	90	9%
	In favour of client	113	34%	67	21%	199	19%	212	21%	185	18%
	Mutual agreement	89	27%	44	14%	262	26%	243	24%	240	23%
	Referred to External Dispute Resolution	27	8%	18	6%	51	5%	35	3%	36	3%
	Withdrawn	33	10%	25	8%	49	5%	43	4%	68	6%
	Client taken legal action	0	0%	4	1%	7	1%	9	1%	4	<1%
	Apology, explanation and/or acknowledgement of feedback ¹³	n/a	n/a	90	28%	252	25%	210	20%	272	26%
	Outstanding	10	3%	8	2%	0	0%	44	4%	55	5%
	Other	14	4%	38	12%	7	1%	66	7%	97	9%
Timeframe	Within 21 days	227	67%	206	64%	808	79%	809	78%	637	61%
	Within 45 days	38	11%	46	14%	144	14%	89	9%	134	13%
	Beyond 45 days	49	15%	34	11%	64	6%	78	8%	173	17%
	Unresolved	7	2%	8	2%	0	0%	43	4%	71	7%
	Other	14	4%	27	8%	7	1%	7	1%	32	3%
Total number of self-reported complaints¹⁴		335		321		1,023		1,026		1,047	
Total number of self-reported complaints involving breaches of the Code		54	17%	13	4%	132	13%	192	19%	271	26%
Number of Code subscribers participating in the ACS program that self-reported complaints		51	56%	76	60%	162	50%	173	54%	166	57%

¹¹ New category introduced in the 2017 ACS.

¹² Prior to 2017 ACS included in 'Service – general' category.

¹³ New category introduced in the 2014 ACS.

¹⁴ See [Appendix L](#) for details of data collection

Chart 3: Percentage of self-reported IDR complaints by service/product involved for calendar years 2013 to 2017

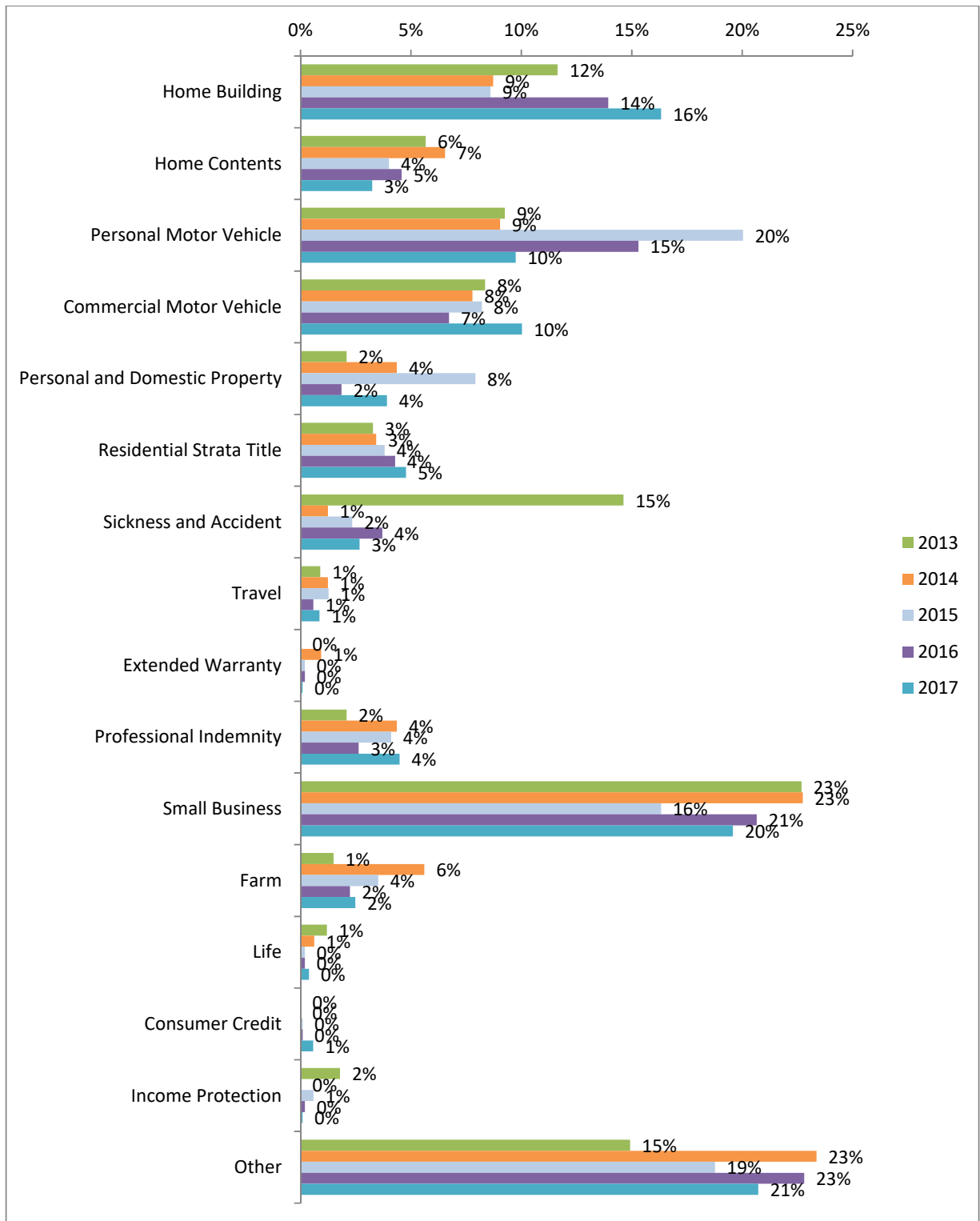


Chart 4: Percentage of self-reported IDR complaints by issue for calendar years 2013 to 2017

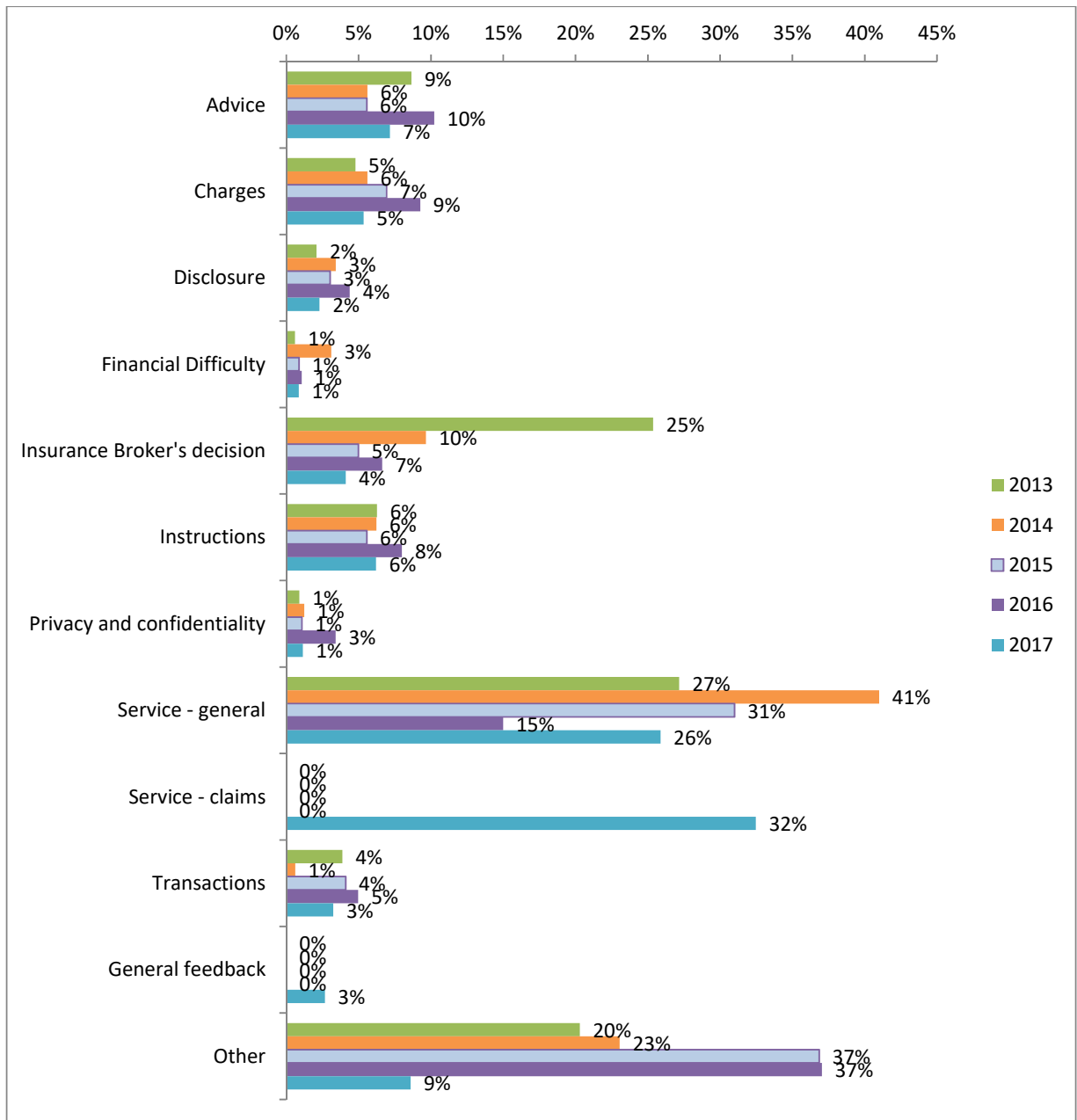


Table 12: Definitions for issues

Advice	Failure to act in client's best interest, Failure to prioritise client's interests, Failure to provide advice, Inappropriate advice, Incorrect advice
Charges	Break costs, Deductible or excess, Incorrect commissions, Incorrect fees/costs, Incorrect interest added, Incorrect premiums, No claim bonus

Disclosure	Break costs, Deductible or excess, Incorrect commissions, Incorrect fees/costs, Incorrect interest added, Incorrect premiums, No claim bonus
Financial difficulty	Decline of financial difficulty request, Default notice, Failure to respond to request for assistance, Request to suspend enforcement proceedings
Insurance Broker's decision	Cancellation of policy, Cancellation of refund, Claim amount, Commercial credit reporting, Denial of application, Denial of claim, Denial of claim – applicant non-disclosure, Denial of claim – driving under influence, Denial of claim – exclusion/condition, Denial of claim – fraudulent claim, Denial of claim – no policy or contract, Denial of claim – no proof of loss, Denial of variation request, Error in debt collection, Inappropriate debt collection action, Inappropriate margin call notice, Interpretation of policy terms and conditions, Liability disputed, Maladministration in lending, Maladministration in loan management, Product terms/features/service
Instructions	Delay, Failure to follow instructions/agreement, Incorrectly processed instructions
Privacy and confidentiality	Consumer credit reporting, Failure/ refusal to provide access, Other privacy breaches, Unauthorised information disclosed
Service – general	Delay in complaint handling, Failure to provide special needs assistance, Inappropriate portfolio liquidation, Incorrect financial information provided, Loss of documents/personal property, Management of applicant details, Service quality, Technical problems
Service – claims	Delay in claim handling
Transaction	Dishonoured transactions, Incorrect payment, Mistaken Internet payment, Unauthorised transactions
General feedback	General feedback provided by client, Improvement suggestion, Expression of opinion

Chart 5: Percentage of self-reported IDR complaints by outcome for calendar years 2013 to 2017

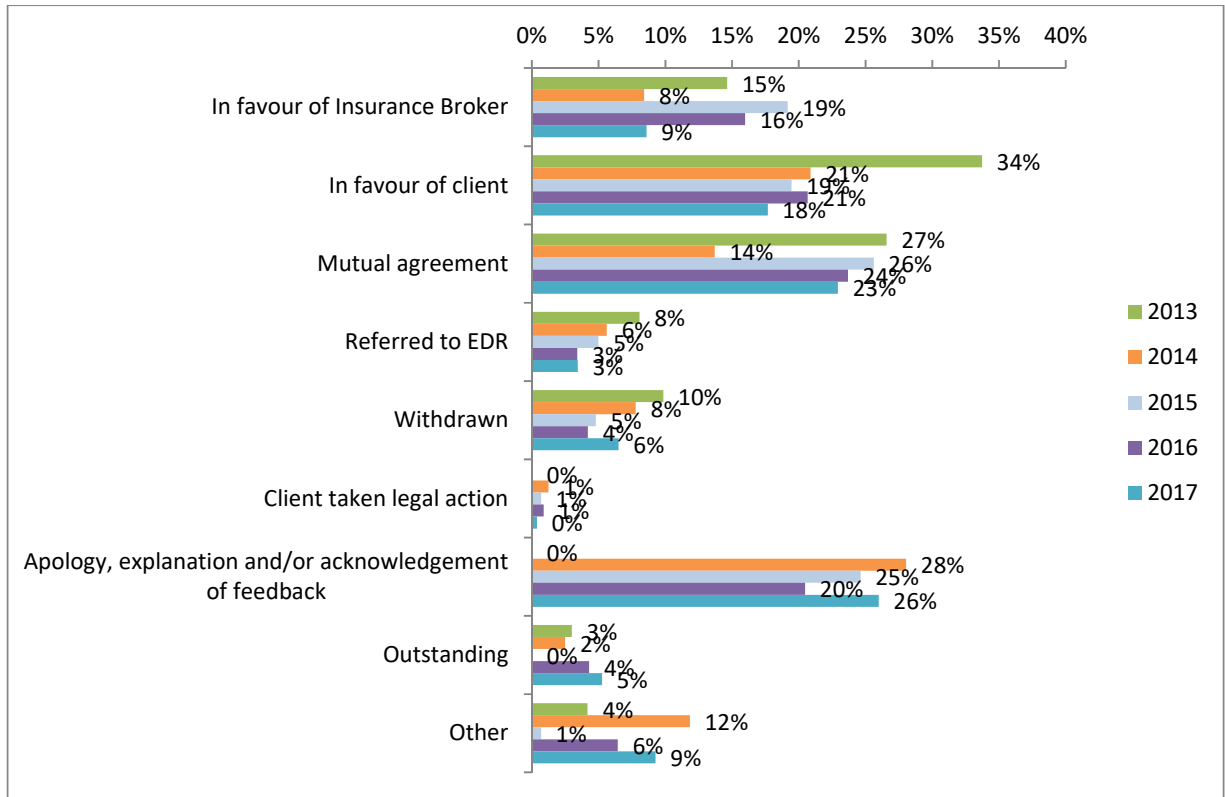


Chart 6: Percentage of self-reported IDR complaints by resolution time for calendar years 2013 to 2017

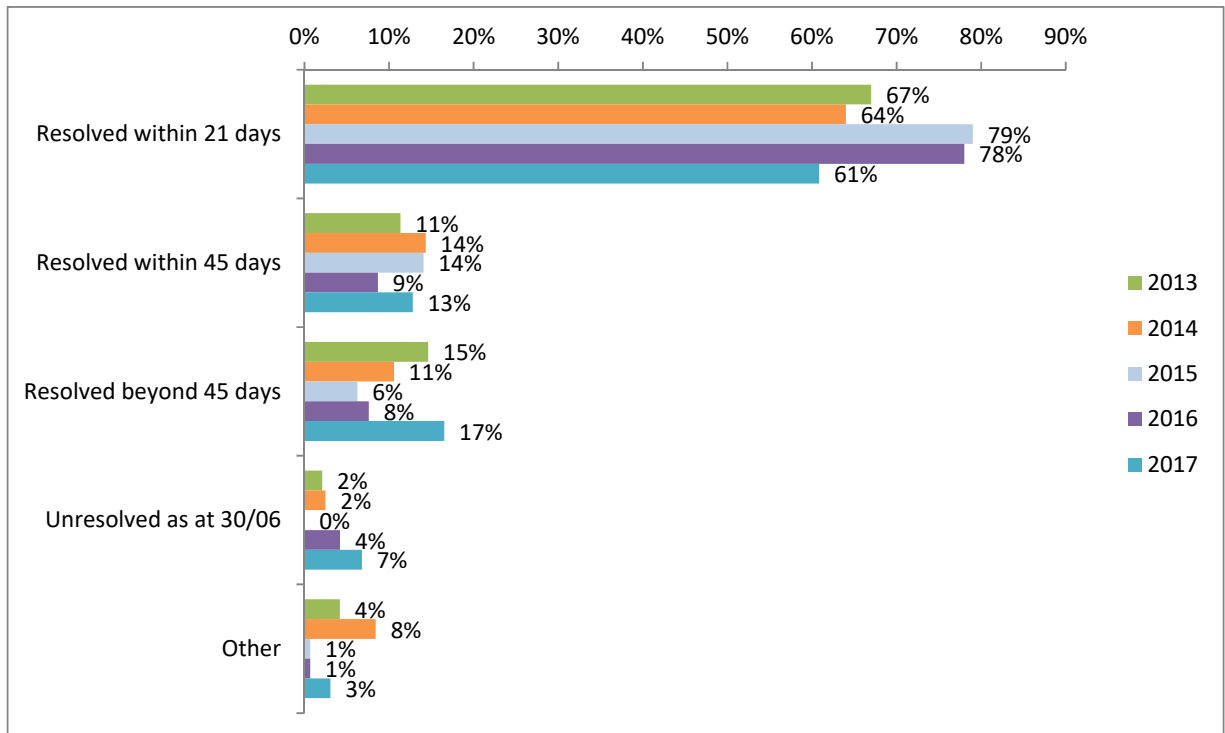


Table 13: Number of organisations (in % of total Code subscribers) self-reporting IDR complaints since 2012

Number of self-reported IDR complaints	2012	2013	2014	2015	2016	2017
Nil	64%	44%	46%	48%	46%	43%
1 to 10	33%	48%	48%	44%	46%	48%
11 to 20	1%	4%	4%	6%	6%	7%
21 to 50	1%	3%	2%	2%	1%	1%
51 to 100	0%	1%	0%	0%	<1%	1%
Over 100	0%	0%	0%	<1%	0%	0%

Appendix K: Self-reported IDR complaints data by organisation size

Table 14: Self-reported IDR complaints categories by size of organisation in 2017

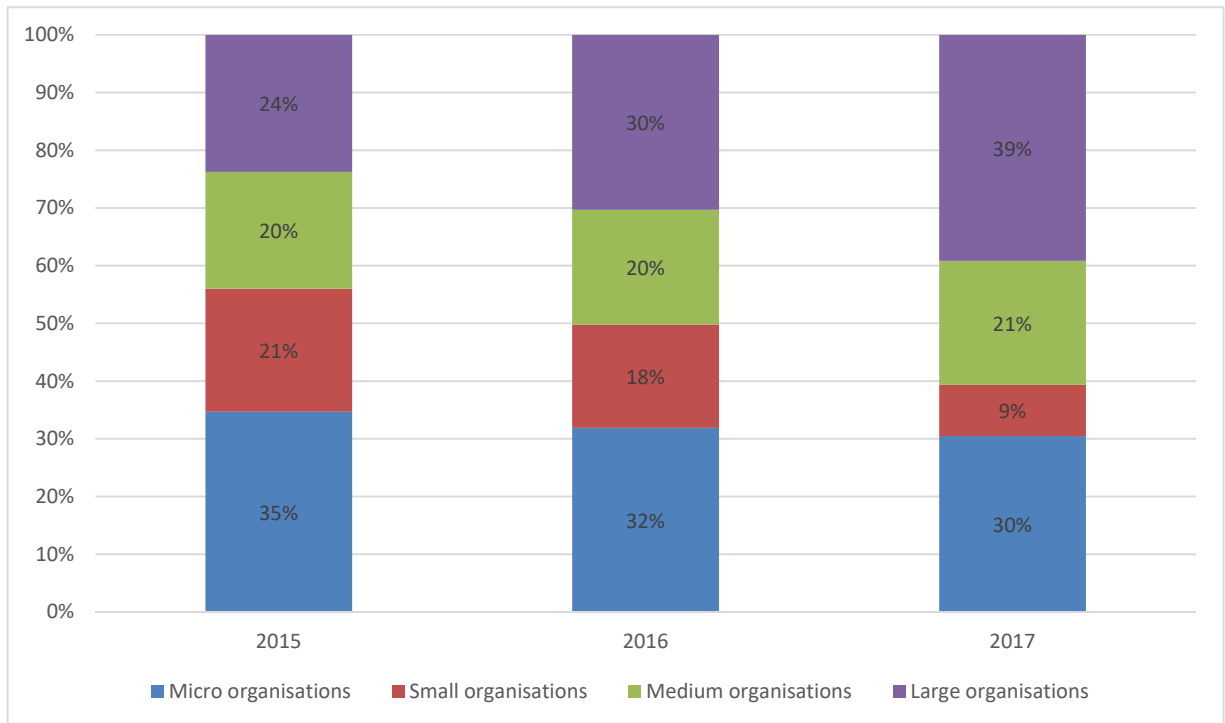
	Micro organisation	Small organisation	Medium organisation	Large organisation	Total
Product					
Home Building	15%	5%	7%	25%	16%
Home Contents	6%	5%	2%	2%	3%
Personal Motor Vehicle	11%	8%	6%	11%	10%
Commercial Motor Vehicle	9%	9%	12%	10%	10%
Personal and Domestic Property	3%	2%	4%	5%	4%
Strata Title	2%	3%	6%	7%	5%
Sickness and Accident	3%	15%	1%	1%	3%
Travel	2%	2%	1%	0%	1%
Extended Warranty	0%	0%	0%	<1%	<1%
Professional Indemnity	3%	3%	6%	5%	4%
Small Business	18%	38%	26%	13%	20%
Farm	3%	2%	3%	2%	2%
Life	0%	0%	0%	1%	<1%
Consumer Credit	0%	0%	0%	1%	1%
Income Protection	0%	0%	<1%	0%	<1%
Other	26%	8%	24%	17%	21%
Issue					
Advice	5%	15%	8%	7%	7%
Charges	7%	10%	4%	4%	5%
Disclosure	3%	0%	2%	3%	2%
Financial Difficulty	3%	0%	<1%	0%	1%
FSP Decision	1%	15%	<1%	6%	4%
Instructions	7%	4%	4%	7%	6%
Privacy	<1%	0%	4%	<1%	1%
Service – general	20%	19%	36%	27%	26%
Service – claims	33%	26%	21%	40%	32%
General feedback	4%	5%	4%	1%	3%
Transactions	4%	2%	7%	1%	3%
Other	14%	3%	10%	4%	9%
Outcome					
In favour of insurance broker	9%	8%	7%	9%	9%
In favour of client	14%	16%	29%	14%	18%
Mutual agreement	28%	33%	18%	19%	23%

	Micro organisation	Small organisation	Medium organisation	Large organisation	Total
Referred to EDR	2%	6%	4%	4%	3%
Withdrawn	5%	4%	3%	10%	6%
Client taken legal action	1<%	0%	1%	0%	<1%
Apology, explanation	24%	25%	27%	28%	26%
Outstanding	3%	4%	2%	9%	5%
Other	15%	3%	9%	7%	9%
Timeframe					
resolved within 21 days	77%	72%	73%	39%	61%
resolved within 45 days	9%	14%	11%	17%	13%
resolved beyond 45 days	4%	9%	8%	33%	17%
unresolved as at June	5%	5%	5%	10%	7%
Other	6%	0%	3%	2%	3%

Table 15: Self-reported IDR complaints by size of organisation

Number of self-reported IDR complaints	Micro organisation	Small organisation	Medium organisation	Large organisation	Total
Nil	56%	37%	9%	0%	43%
1 to 10	41%	53%	78%	47%	48%
11 to 20	3%	10%	13%	24%	7%
21 to 50	1%	0%	0%	12%	1%
51 to 100	0%	0%	0%	18%	1%
Over 100	0%	0%	0%	0%	0%
Mean number of complaints 2017	1.6	3.1	4.9	24.1	3.6
<i>Mean number of complaints 2016</i>	1.5	6.6	4.2	12.4	3.2
<i>Mean number of complaints 2015</i>	2.2	3.2	6.4	14.2	3.2

Chart 7: Self-reported Code breaches by size of organisation since 2015



Appendix L: Definitions

Data for 2012 period	All Code subscribers participated in the ACS program. This was the first time Code subscribers were asked to self-report breach and complaints data.
Data for 2013 period	91 selected Code subscribers, representing 25% of all Code subscribers, participated in the ACS program. The selection process was weighted according to organisation size and location to generate breach data percentages that were indicative of the overall industry position.
Data for 2014 period	The revised Code became effective 1 January 2014. 126 selected Code subscribers, representing 37% of all Code subscribers, participated in the ACS program. The selection process was weighted according to organisation size and location to generate breach data percentages that are indicative of the overall industry position.
Data since 2015 period	Since 2015, all Code subscribers participate in the ACS program. A new category was introduced to better specify the various organisation sizes and align with the 'small business' definition of 20 full-time equivalent (FTE) employees. The reporting period changed to represent the calendar year, 1 January to 31 December to align with the effective date of the revised Code.
Categorisation of Code subscribers	Since 2015, Code subscribers are categorised based on their size of organisation as follows: <ul style="list-style-type: none">• Micro organisation – up to 20 FTE employees (<i>prior to 2015 this category was included in the 'small' category</i>)• Small organisation – 21 to 30 FTE employees• Medium organisation – 31 to 100 FTE employees• Large organisation – over 100 FTE employees.