

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS INSURANCE SECTOR

#### Allianz Australia

**ALZ09QW:** For home and contents claims in general over the last 5 years, please provide:

- (a) the average length of time between registering a claim and payout;
- (b) the most common length of time between registering a claim and payout; and
- (c) the average percentage, across all claim pay outs, of the value of these pay outs as a percentage of the insured value of the policy.

**Answer:** Allianz Australia (**Allianz**) is unable to provide average data for the past 5 years without significant manual extraction and manipulation of data. Allianz has provided data for 2018 and 2019, which we expect would provide the Committee with similar insights.

For home and contents claims in 2018 and 2019:

- (a) the average length of time between registering a claim and payout is **67 days** for home contents claims and **83 days** for home building claims;
- (b) the most common length of time between registering a claim and payout is **less than 1 day** for home contents claims and **7 days** for home building claims; and
- (c) the average percentage of the value of these payouts as a percentage of the insured value of the policy is **2%** for home contents claims and **5%** for home building claims.

This data was extracted on 16 July 2020, and is accurate at this point in time.

Allianz has interpreted Question (b) to mean the number of days to settle that has occurred in the highest percentage of claims finalised. This is commonly referred to as the mode in statistical terms. The mode of less than 1 day to settle is reflective of a large number of small value claims that can be settled immediately such as mobile phone replacement and food spoilage claims. The large number of small claims have also lowered the overall average claim payouts in answer (c).

Allianz notes that caution should be exercised in making any comparisons between claims averages over 2018 and 2019 and averages relating to the 2019-20 bushfires provided in ALZ08QW. The averages provided in response to ALZ09QW relates to a diverse range of claims over this period, including claims not related to natural peril events such as household claims in relation to burglaries and accidental damage. Little meaningful comparison can be drawn, for example, between the time to settle these claims as opposed to bushfire claims where many customers may be claiming for a total loss and access to sites can only commence once it is safe.

Even comparisons between different natural peril events are challenging due to factors that are event and site specific, such as whether the event occurred in a remote location, which would have an impact on our claims handling response. We also note that our claims response is still ongoing for the 2019-20 bushfires, with around 14% of claims not yet finalised.