

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

INSURANCE SECTOR

Australian Financial Complaints Authority

AFC01QON:

Mr Locke: I would say that no matters have yet gone through to an ombudsman or an adjudicator for a determination. There are matters that will have resolved between the parties. In many cases with travel insurance, pandemic is excluded. For most travel insurance policies, people are not covered. Where they are coming to us, we're able to quickly have a look at the policy and explain the exclusions in respect of that. In most policies that is actually pretty clear. But it hasn't stopped people coming to us in the first instance. I'm happy to take on notice a more detailed response to the question that you raised, Chair, but I know that we have not had any matters that have yet worked through to an ombudsman or an adjudicator for a determination.

CHAIR: What I might put on effective notice is that if you could, perhaps by the end of next month and then for every month for the following six months, just give us an update on basic data around that, that would be very useful. We have asked similar things of APRA related to banking—the banks have done it for APRA, but we will get that data, as well as for other financial institutions like the banks, for regular updates. That would be helpful, in terms of matters resolved and also the method of resolution over the next little while.

Mr Locke: I'd be very happy to do that.

Answer:

COVID-19 related complaints – Travel Insurance

Since 1 January 2020 to 30 April 2020, AFCA received 442 travel insurance complaints relating to COVID-19. Most of these were received in March and April 2020. 21% of these complaints (93) have so far been resolved with almost \$50,000 in compensation obtained by consumers.

Travel insurance complaints have been made in relation to the following issues:

- Cancellation of travel plans
- Changes to travel plans
- Denial-of-claims.
 - > Most of these complaints are from people who were seeking advice from the insurer as to whether to cancel trip/flights, and who were unhappy with the response.
- Complaints that insurers didn't warn of possible pandemic exclusions at policy inception or started the pandemic date earlier than the World Health Organisation declared pandemic date.
- Issues regarding refund of premiums following cancellation of travel, and
- Delays in claims handling, and quality of service provided.

All complaints that have so far been resolved (93), were resolved at the early stages of our dispute resolution process. None progressed to a final decision by an Ombudsman or Panel.

Provision of Reports to the Committee

The Committee has requested that AFCA supply a monthly report on travel insurance complaints and insights, beginning with a report covering the period of 1 January 2020 to 30 April 2020, which is provided above.

As requested, AFCA will provide the Committee with reports for each month for the next 6 months, as follows:

Report Date	Delivered by
May Report	Friday, 5 June
June Report	Wednesday, 8 July
July Report	Friday, 7 August
August Report	Monday, 7 September
September Report	Wednesday, 7 October
October Report	Friday, 6 November