

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Auto & General Insurance Company

#### AGI03QW:

For home and contents claims relating to the 2019-20 bushfire disasters, 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 these bushfire claim payouts, of the value of these bushfire related pay outs as a percentage of the insured value of the policy.

#### Answer:

By way of background, Auto & General Insurance Company Ltd (**AGIC**) issues and underwrites home and contents insurance products. Auto & General Services (**AGS**) is authorised by AGIC to arrange insurance policies, and administer claims, on behalf of AGIC. Home and contents insurance products are sold through AGIC's flagship insurance brand, Budget Direct.

AGIC was and remains committed to assisting customers and the wider community in their recovery from the 2019-20 bushfires. In addition to assisting customers, AGIC established a Bushfire Recovery Fund, which assisted eleven (11) worthy community organisations with funds to contribute to the cost of recovery.

As AGIC offers both home and contents insurance, for the purposes of responding to the questions, where a customer made a claim under both the home and contents benefits of their policy, AGIC has classified this as one claim. Data from claims withdrawn at lodgement have not been included in the analysis.

(a) A 'payout' may occur across multiple dates depending on the individual circumstances of a claim. For the purposes of responding to the question, AGIC has adopted the date of the last payment under the policy as the 'payout' date and the registration of the claim, as the date of lodgement.

In the 2019-2020 bushfire disasters, AGIC's average length of time between the initial claim lodgement date and the payout date was 27 days.

(b) In responding to this question, AGIC has calculated the most frequent day value between claim lodgement and any payment to customers under their policy for bushfire claims. In the 2019-20 bushfire period, the most common length of time was one (1) day. This is largely due to the expedient nature of preliminary payments made to customers under the building and/or contents component of their policies following a bushfire loss, which included benefits for temporary accommodation, emergency assistance, and food spoilage.

(c) In responding to this question, AGIC has calculated the percentage based on the total sum of gross payments made in 2019-20 bushfire claims divided by the total insured sum of those policies on which a claim was made. On average, payments to customers in the 2019-20 bushfire disasters were 14% of the insured value of a home and contents policy.