

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Insurance Australia Group

IAG15QON:

Dr LEIGH: There's a current investigation being handled by your board chair into matters brought to the attention of the board by a whistleblower in March regarding a senior IAG executive. Current and former staff are being interviewed. The whistleblower was promised a response by the IAG independent investigator in late May, but hasn't got one. Is that correct?

Mr Hawkins: The whistleblower process within our company would be dealt with directly by the board. We have quite a process there that the executive team are not involved in, so I don't know if I can respond to the specifics of that question other than to say maybe I can take that on notice. It sounds like that doesn't sound reasonable, if the response hasn't occurred over a period of time, and I'll ensure that that message is provided up to the process of IAG.

Dr LEIGH: Well, when does IAG intend to finalise the investigation?

Mr Hawkins: We don't have that information—people like me and others in the executive management team. If it's a whistleblower incident, it's part of the protocol and the process of the company. So, to provide that information. I will need to engage with the board and the chairman in particular around the particular incident and the timing of the feedback to the individual whistleblower.

Dr LEIGH: Has Nick Hawkins been interviewed or briefed as part of the investigation?

Mr Hawkins: Currently, we occasionally do have whistleblower incidents. I'm not familiar with, in particular, this one, and that would normally be the case as well. We have protocols and processes in place to protect the whistleblower in particular and to ensure we have due process.

Dr LEIGH: Just to be clear, have you been interviewed as part of this?

Mr Hawkins: I'm not familiar with the particular issue but, no, I haven't been interviewed.

Dr LEIGH: It just goes to how seriously you take the investigation if you're not getting back to the whistleblower within three months. It does suggest that maybe IAG is taking a fairly lax approach to whistleblower claims.

Mr Hawkins: Can I go back, put that into our process and get feedback?

Dr LEIGH: I appreciate your desire to take it on notice. So you haven't been interviewed and you're saying you haven't been briefed on it either?

Mr Hawkins: The process for whistleblowers at IAG, as I think I've just said, is that, for the protection of the whistleblower as such, there is a process that goes through to the board. There is an independent process around that to ensure that management are not involved in the investigation of any particular issue. There was a three-month delay, which is disappointing, I must say. That doesn't sound like our process [inaudible]. There may be several here, by the way. We ensure that we're appropriately giving feedback to any of those parties involved.

Answer:

IAG takes extremely seriously its obligations to protect the identity of whistle-blowers. All matters raised by whistle-blowers are managed in accordance with IAG's Board approved whistle-blower policy. Each investigation is managed independently and confidentially by IAG's Whistle-blower Investigations

Officer. The includes reporting all whistle-blower complaints to the Board as well as details of the investigation process and the final conclusions.

In compliance with our obligations under whistle-blower laws, members of IAG's senior management (including IAG CEO Nick Hawkins) are not briefed on whistle-blower investigations and accordingly, when questioned at the House of Representatives hearing on 25 June, he was quite unaware of the specific issue to which Dr Leigh referred.

IAG confirms a whistle-blower complaint was received in March that was investigated and concluded with the findings reported back to the whistle-blower on 22 June. The complexity of the investigation and the historical nature of the complaint meant the investigation took longer than usual. Importantly the investigation did not find any evidence of wrongdoing.

On 25 June, the whistle-blower responded positively to the investigation's conclusions, expressing satisfaction that the investigation team had been very thorough and professional in its approach and that as a result, from the whistle-blower's point of view, the matter is closed.