

**Auto & General Insurance Company Limited submission to
the House of Representatives Standing Committee on
Economics Flood Insurance Inquiry**

PREAMBLE

The 2022 major flood events were some of Australia's worst recorded weather disasters which caused devastation across communities in Queensland and New South Wales and significant economic damage. A&G is proud of its efforts to assist its customers navigating this challenging period and would like to thank its hard-working staff for facing into the difficult, challenging and unprecedented circumstances thrown up by these events and for striving to serve our customers and the community in the best way we could.

The 2022 major flood events were unprecedented; they also occurred against the backdrop of significant global and domestic upheaval.

The COVID-19 pandemic caused significant social and economic disruption. It disrupted the traditional labour market, fast forwarding a working from home transition and triggering an increase in labour movement. At the outset of the pandemic, A&G announced that no employee would lose their job as a result of COVID-19. As fears of job losses at the start of the pandemic transitioned to the "great resignation", A&G, like many other Australian companies, grappled with increasing staff turnover rates (increasing from 20.4% in March 2020 to 31.3% in February 2022).

COVID-19 and the Russia-Ukraine war also impacted the global supply chain which increased the scarcity and cost of building supplies and reduced the domestic capacity of the Australian construction industry – which, in that context, would then be called upon to rebuild communities impacted by the 2022 major weather events.

In April 2021, responding to these events, A&G took certain key steps which are detailed in the Confidential Appendix.

These catastrophic events also took place in the midst of a significant number of changes in the Australian insurance regulatory landscape. In the 18 months leading up to CAT 221, some of the regulatory changes that insurers were responding to were:

- (a) in December 2020, ASIC Regulatory Guide 274 on 'Product design and distribution obligations' for issuers and distributors of financial products was issued;
- (b) in April 2021, the application of unfair contract terms legislation to General Insurance;
- (c) in September 2021, ASIC Regulatory Guide 271 on 'Internal dispute resolution' for AFS licensees was issued;
- (d) in September 2021, ASIC Regulatory Guide 87 on 'Breach reporting by AFS licensees and credit licensees' was issued;
- (e) in September 2021, ASIC Regulatory Guide 38 on 'The hawking prohibition' was issued' for person offering financial products for issue or sale; and
- (f) in October 2021, the introduction of Product Design and Distribution Obligations;
- (g) in October 2021, replacement of the Duty of disclosure;
- (h) in October 2021, significant changes General Insurance Code of Practice (GICOP 2020) was published; and
- (i) from July 2022, the introduction of the Cyclone Reinsurance Pool (A&G entered in October 2023, but work commenced in 2022).

A&G invests significant resources to comply with its regulatory obligations. While these regulatory changes had been foreshadowed, A&G devoted significant time and cost to ensure that its systems

and processes complied with these changes. These changes can take months, or years, to implement and optimise.

When the floods in south-east Queensland and northern New South Wales first commenced in February 2022, A&G responded immediately including by allocating its best claims team leaders and managers to the unfolding event – such as deploying its senior management to Lismore in March 2022. A&G's Executives visited impacted areas from March to understand the situation on the ground and learn first-hand the challenges facing our people and customers.

A&G supported customers including by offering cash cards, supplies and temporary accommodation (including purchasing caravans for some customers). A&G redeployed approximately 65 full time employees from across its business to the home claims department across February and March 2022 to manage the influx of claims. A&G has continued to invest in its home claims resources and its numbers of full-time employees in home claims has increased from 135 in October 2021 to 296 in June 2023 (please also see the table below). As the flood events unfolded throughout 2022, A&G's focus was on handling claims quickly and getting cash into the hands of claimants so that they could rebuild their lives.

Increase in Home Claims employees¹

Period	Oct-Dec 2021	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-Jun 2023
FTE – Qtr. Average	135.1	174.9	253.6	300.2	296.9	306.3	302.6

A&G's progress in responding to CAT 221 Claims

Whilst the completion percentage (table below) is not a comprehensive measure of our customers' experiences through this horrifying catastrophe, Australia's largest ever on record, A&G spared no efforts to redeploy all available resources towards helping our customers during this natural disaster. This had a positive outcome for our customers.

Completion Percentage		
Month	Industry	Auto & General
May-22	17.92%	39.78%
Jun-22	25.58%	50.89%
Jul-22	31.31%	64.28%
Aug-22	39.52%	74.15%
Sep-22	50.62%	82.46%

¹ The above table reflects immediate scale-up response, including temporary redeployment of existing team members who then returned to substantive roles elsewhere in organisation, alongside continued increase in permanent workforce numbers in Home Claims.

Completion Percentage		
Month	Industry	Auto & General
Oct-22	59.35%	88.69%
Nov-22	66.55%	92.15%
Dec-22	72.21%	94.93%
Jan-23	76.87%	95.56%
Feb-23	79.64%	96.76%
Mar-23	82.84%	97.77%
Apr-23	85.66%	98.38%
May-23	87.81%	98.93%
Jun-23	90.00%	99.25%
Jul-23	91.60%	99.29%

Working towards improving our capabilities to respond to severe weather events

A&G is proud of its mission to be Australia's best insurer – by providing affordable, comprehensive and dependable insurance solutions to all Australians. To meet A&G's mission A&G seeks to prudently manage its costs – so it can pass on those costs savings to its customers in the form of affordable premiums. As an example, A&G offers optional flood cover, allowing customers to still obtain home insurance in high-risk flood areas where other insurers might not offer home insurance cover at all, and also ensuring customers who may not need flood insurance cover are not paying for insurance they don't need. Flood modelling indicates ~90% of Australians are not at risk of riverine flooding. This makes the Flood option an important tool for increasing affordable insurance for Australians.

Looking forward to ways to best prepare for potential similar events in the future – the solution is not to devote resources to 'scale up insurers' so that they can treat events of the severity and frequency of the 2022 major flood events as 'business as usual' events. Operationally, it would be impractical to have staff on standby for major catastrophe events. This would increase costs and reduce affordability for A&G's customers. Reinsurers have already responded to the major weather events in 2022 by significantly increasing their attachment points for cover (resulting in the Australian insurance industry retaining more of the risk) and increasing their premiums. Reinsurers are likely to be focussed on the Australian insurance industry's response to the 2022 major weather events and any weakening in costs controls (for example increased regulatory costs or weakened business controls during catastrophe events) may drive reinsurers to further increase their attachment points and premiums – which will result in further affordability challenges for insurance to customers, increasing levels of underinsurance.

A&G considers that cross-skilling (training staff in multiple skills enabling them to transition across business units in surge periods), training (continuously investing in our people to improve their capabilities and capacities) and digitisation (investing in technology, including artificial intelligence to reduce costs where appropriate while maintaining service levels) are viable long-term solutions for the industry.

Beyond the insurance industry, A&G suggests an increased focus on infrastructure resilience measures (including improving building standards and planning processes to mitigate flood, bushfire and storm risk) and community engagement and education measures as viable steps to help the industry and its customers be better prepared for major events in the future.

These matters are explained further in A&G's responses to the questions that follow.

1 Claims Management

1.1 Surge Capacity

1.1.1 How many staff are engaged in claims processing?

- 1 A&G continues to invest in increasing its resourcing. The number of employees engaged in the home claims process was 146 FTE in January 2022, subsequently increasing to 234 FTE in January 2023, and has further increased to 296 FTE in June 2023.

1.1.2 How does this change during natural disasters?

- 2 A&G seeks to have appropriate levels of staff in its claims processing team at all times. This means that A&G applies additional resources to claims processing during periods of higher demand such as in response to natural disasters. The number of staff engaged in home claims processing increased across January 2022 to January 2023, from around 146 to around 234 in part response to natural disasters occurring in that period.
- 3 During CAT 221, A&G took the following steps to increase staffing levels:
- (a) introduced retention bonuses for claims consultants and a monthly financial incentive for team leaders to help minimise staff attrition rates;
 - (b) recruited additional full-time claims processing staff using:
 - (i) traditional recruitment methods (such as Seek, Indeed);
 - (ii) recruitment agencies; and
 - (iii) by introducing an internal 'friends and family' referral program which awarded employees an amount of money if a successful referral was made;
 - (c) engaged temporary staff through an agency:
 - (i) 59 temporary staff were engaged, of which 19 subsequently became permanent employees;
 - (d) transferred staff internally from other operational functions to claims processing:
 - (i) 42 staff transferred across March to May 2022; and
 - (ii) a further 6 staff transferred across in November 2022; and
 - (e) offered additional paid overtime hours to employees involved in claims processing

1.1.3 At times when a high number of claims are submitted, the industry will be competing for additional staff and for materials (for repairs) with other sectors. How does the firm manage costs and/or access issues?

- 4 A&G manages costs and / or access issues to staff and materials through seeking to secure longer term and pre-existing commercial arrangements with:
- (a) temporary staffing agencies;
 - (b) builders; and
 - (c) suppliers.

- 5 These pre-existing arrangements assist in limiting A&G's exposure to the volatility in the market that often accompanies weather events affecting large numbers of policyholders. Despite those efforts and arrangements, natural disasters still create significant pressure on the availability of supplies and appropriate trades persons which has a corresponding and often pronounced impact on the time in which repairs can be conducted and the cost of those repairs.
- 6 A&G also implements the following measures which are aimed at managing costs and/ or access issues to services and materials:
 - (a) A&G maintains a panel of 32 approved builders that provide building and construction services on behalf of A&G to policyholders. During CAT 221, to ensure delays were minimised, A&G onboarded several new builders to its panel that could service the impacted areas. This included 12 additional builders in Queensland and New South Wales and four additional builders in Victoria.
 - (b) Recently, A&G has also sought to pre-purchase materials that are often in high demand following an event (for example, make safe tarping) to ensure that the impact of any surge pricing is limited.
 - (c) Additional measures are detailed in the Confidential Appendix.

1.1.4 How could it be better in the future?

- 7 A&G refers to its response to questions 1.1.2 and 1.1.3 above in relation to the steps it has taken to ensure it has adequate staff levels and the steps it has taken to manage costs and ensure access to materials during peak demand periods. A&G continues to invest in its resourcing in line with its growth forecasts and weather forecasting models.
- 8 In terms of improvements across the industry, A&G notes that the following matters impacted A&G's response to CAT 221 and that these matters could be considered by Federal, State and Territory governments when considering how to improve cost control and access issues during catastrophe events for insurers and policyholders.
 - (a) The impact government grant programs and other incentives have on access to services and materials. For example, the First Home Builders grant added to the increased demand for materials at relevant times.
 - (b) Identifying and addressing skills shortages within the industry. For example, hydrologists. A&G notes that for some government grants and incentives, applicants could only apply if they were unable to claim costs under an insurance policy. Applicants were unable to make those applications while they were waiting for a decision from their insurer about claim acceptance and, in many instances for A&G, that decision depended on receipt of a hydrology report, which was often delayed due to the demand on hydrology services at relevant times.
 - (c) Regulating "claim advocates" who encouraged customers to use the intermediary to deal with the insurer. In more recent events, A&G observes that numerous claims have been generated by "storm chasers", who charge customers a fee to fulfill the service that an insurer has capacity to fulfill. Storm chasers look for homes with damage post an event and approach residents in the impacted areas marketing that they will represent the owners in managing their claim with the insurer for a fee. Storm chasers also encourage cash settlements which, while suiting their remuneration model, transfers risk to the

customers of whether the settlement will be adequate and where they may not receive the same level of warranty protection as they would from a builder on A&G's panel.

- (d) Community education programs directed at educating the community about how to maintain properties in good condition and increased awareness about the steps that policyholders can take to mitigate damage or loss to their property from weather events.
- (e) Relatedly, consideration to the potential introduction of government incentives to support property owners to carry out general maintenance properties to help to mitigate damage or loss to properties from weather events. For example, the value of "gutter guards", which can help to prevent blockages that can lead to potential water ingress.
- (f) Considering the potential acceleration of migration applications for additional trades to support the building industry, particularly in areas such as hydrology and hygiene.
- (g) Council certification for all rebuilds or reworks can often be a factor that delays the processing of claims.

1.1.5 What are the strategies for redeploying resources internally? How do you manage the risk of unintended consequences? (e.g., insufficient resources in other areas).

- 9 A&G refers to its response to question 1.1.2 above. In addition, A&G re-deploys staff internally to meet demand requirements caused by surge periods, as and when required.
- 10 During CAT 221, A&G transferred claims processing staff from the Victorian, South Australian and Tasmanian teams to assist the Queensland and New South Wales teams. During CAT 221, A&G also transferred staff from other business functions, including the customer service, marketing and special projects teams to assist the claims processing staff in suitable support roles.
- 11 A&G's preference is that staff volunteer / agree to re-deploy to another team or department. To date, A&G has not experienced any shortage of staff willing to assist. The workload position of any team or department from which staff are redeployed is closely monitored to ensure any unintended impact is understood and mitigated.

1.1.6 What are the key skills gaps currently (or anticipated)? How does the firm/industry propose to manage recruiting and training a surge workforce?

- 12 A&G recognises that during high demand or 'surge' periods highly complex and/or severe claims require experienced staff who can manage and assess losses accurately and efficiently and respond to customer complaints. To this end, A&G considers there are some skills gaps in relation to the availability of experienced claims consultants, assessors and dispute resolution specialists who can manage and assess claims and support customers during high demand or 'surge' periods.
- 13 A&G refers to the matters described in response to questions 1.1.2 and 1.1.3 above in relation to the steps it has taken to ensure it has adequate staff levels, including by recruiting and training a surge workforce by employing temporary staff and by re-deploying existing staff. As discussed in response to question 1.1.7 below, all claims consultants and assessors complete

extensive training when they are on boarded and on an ongoing basis during their employment to continuously improve their expertise and skills.

- 14 A&G has experienced a shortage in skilled hydrologists which has delayed claims processes in some circumstances. Hydrologists are key to the determination process where a customer does not hold optional Flood Cover (see paragraph 27 below).

1.1.7 What training is provided to claims processing staff? How long does it take?

- 15 All new A&G claims staff undergo a 14-week training program, which consists of a mix of classroom training and real-world experience alongside experienced claims consultants. The 14-week training program includes training in the following areas:

- (a) product and product disclosure statements;
- (b) the General Insurance Code of Practice (**GICOP**);
- (c) claim lodgement;
- (d) decision making considerations and criteria;
- (e) claim reserves;
- (f) claim fulfilment;
- (g) claim management;
- (h) claim payments;
- (i) complaints management;
- (j) financial hardship and vulnerable customer considerations; and
- (k) internal systems training.

- 16 A&G claims staff also receive training on a continuous basis. On average A&G staff dedicate about 2 days per month in aggregate to training.

1.2 Claims Processing

1.2.1 For each 2022 flood event, what is the average time taken to:

- (a) Determine claims for each relevant category of insurance including, but not limited to, home and business;**
- (b) Provide a payout to the policyholder;**
- (c) Commence repair work?**

- 17 Please refer to the Confidential Appendix.

- 1.2.2 For each 2022 flood event, why did those policyholders experience delays in the processing of their claims? Were these delays due to:**
- (a) Internal factors (staffing/resourcing/other)**
 - (b) External factors (lack of access to tradespeople or to materials due to supply chain issues)**

- 18 To the extent that delays were experienced by some policyholders in the processing of their claims, the key factors contributing to delays included:
- (a) shortages in experienced claims consultants and assessors. A&G refers to its responses in section 1.1 above regarding the steps it took during and after CAT 221 (and continues to take) to increase staffing levels and capacity and also the constrained labour market across Australia (discussed below as an 'external factor'); and
 - (b) shortages in builders / suppliers / materials. A&G refers to its response to questions 1.1.3 and 1.1.4 above, regarding the steps it took during and after CAT 221 (and continues to take) to ensure timely access to builders / suppliers / materials.
 - (c) limited availability of suitably qualified tradespeople, including because of COVID-19 factors driving increased demand (low interest rate environment and government building subsidy programs) and tightened supply (low migration levels) alongside the unprecedented severity of CAT 221;
 - (d) limited availability of materials, including because of COVID-19 factors and global supply chain disruption caused largely by the war in Ukraine;
 - (e) limited availability of hydrologists, including because of the unprecedented severity of CAT 221 and resulting unprecedented demand for hydrology reports;
 - (f) limited accommodation in some impacted areas, posing challenges to the ability to relocate tradespeople and suitable experts to the affected area. This was exacerbated by the Easter holiday period where there was limited short term accommodation available;
 - (g) constrained labour market across Australia – unemployment rates were very low prior to CAT 221 posing recruitment challenges across the economy, not just in the insurance industry;
 - (h) delayed claim lodgement from policyholders largely for two reasons, firstly, because the policyholder determined that their loss was minimal compared to more severely impacted people in their community and therefore decided to 'hold back' their claim and secondly, because of the trauma and suffering associated with the flood event (noting that A&G has processes in place to address vulnerable customers as discussed further in section 3 below);
 - (i) the remote location of the impacted areas – some of the 2022 flood events occurred in regional and/or remote areas; and
 - (j) to a lesser extent, infrastructure damage in impacted areas (such as damage to communication infrastructure, roads and bridges) leading to some challenges communicating with and accessing impacted policyholders; and
 - (k) to a lesser extent, ongoing wet weather following CAT 221 where rain caused delays in tradespeople completing repairs (and in some cases 'drying periods' following rain were necessary to ensure that the ground had stabilised prior to completing repairs).

1.2.3 How did these delays impact policyholders? Was the impact measured?

- 19 Having dealt with previous catastrophe events, A&G are aware of the trauma that some policyholders and communities may experience. A&G is proud of the way its operational teams and the suppliers it uses respond when a catastrophe event occurs. A&G notes that its response is driven by its unique knowledge about the impact that delays in claims management can have on policyholders. To this end, in response to CAT 221, A&G's senior leadership team called an event committee immediately to ensure that maximum support was provided to the teams managing the response to that event as well as support to policyholders and the impacted communities.
- 20 A&G refers to its response to questions 1.1, 1.1.3 and 1.1.4 above. A&G undertook a number of initiatives to attempt to minimise or mitigate the impact of any delays to policyholders. Those measures are stated in the Confidential Appendix.
- 21 A&G continually monitors customer satisfaction metrics, including net promoter score and the average number of days to finalise a claim. As part of A&G's continuous improvement program of work, A&G have reviewed a large sample of customer feedback surveys to understand how delays impacted policyholders. Overwhelmingly, customers indicated that frequent communication and being kept informed as to the progress of their claim was critical in alleviating their concerns. On this basis, A&G has heavily invested in permanently increasing staffing numbers to allow for more frequent communication and is also implementing improved online capability to allow for better self-service options and additional communication channels.

1.3 Claims Decisions

1.3.1 Under what circumstances do you reduce the quantum of payouts to policyholders?

- 22 A&G may reduce the quantum of a payout to policyholders where a valid policy exclusion or limit applies. For example, when damage is caused to insured property by:
- (a) an opening that was not created by storm or another insured event;
 - (b) defects in design, structure, materials, workmanship or construction that the policyholder knew about or should reasonably have known about;
 - (c) rain entering the property due to construction, alteration or renovation work being carried out; and
 - (d) the property, not being in good condition including guttering and drainpipes.
- 23 In some cases, the quantum of payouts to policyholders can exceed the quoted cost of repairs. During CAT 221, where a policyholder's quoted cost of repairs was at least 70% of the sum insured, A&G would consider the claim a total loss and pay the customer the full amount of the sum insured (i.e. 100%). A&G adopts this approach outside of CAT 221, however the relevant threshold is that the quoted costs of repairs be at least 80% of the sum insured.

1.3.2 What procedures do assessors engaged by your firm follow to differentiate between storm and flood events?

24 Claims where the cause of loss is said to be storm, rainwater runoff or flood are manually
25 reviewed by internal complex claims consultants to determine the proximity of the loss address
to a watercourse and any other features of the claim potentially relevant to the question of how
the loss was caused.

26 The review is completed using a combination of council-provided flood risk and zoning
information and aerial mapping from sources such as Nearmaps.

27 In instances where the loss address is in close proximity to a watercourse and the policyholder
does not hold optional Flood Cover, an independent hydrologist is appointed to provide a site-
specific report on the cause of ingress to the property and a building assessor is appointed to
assess for damage from roof and/or window openings.

The hydrologist engaged by A&G utilises the following information in order to report on the
mechanism of ingress, depth over ground / floor and date of event:

- (a) approximate property ground levels to Australian Height Datum (AHD);
- (b) flood mechanism during the claimed event;
- (c) local catchment rainfall data;
- (d) local rainfall run-off;
- (e) local riverine flows;
- (f) local river/creek gauge readings;
- (g) observed, measured and/or modelled local rainwater run-off water height;
- (h) observed, measured and/or modelled property flood height;
- (i) customer version of events and observations; and
- 28 (j) floodplain overview (probable Maximum Flood levels, 1 in 500 AEP Flood and 1 in 100
AEP Flood)

29 Prior to completing an onsite assessment, the hydrologist reviews the details of the impacted
property by desktop. If the desktop review indicates a low probability of flood ingress, the
hydrologist reports to A&G that no site assessment is required and the claim is able to progress
as a storm claim. This expedites claim processing times as it removes the requirement for a
hydrologist site assessment and associated report.

30 The external building assessor appointed by A&G assesses the roof and windows of the
property, as well as internal wall, floor and ceiling linings, joinery and contents items to report on
any damage caused by storm water ingress via roof and/or window openings.

A&G also obtains information from the policyholder and any supporting imagery and/or reports
on claim circumstances.

- 31 The dedicated internal complex claims consultant completes a review of the site-specific hydrology report, external building assessor report and policyholder-supplied information to differentiate between storm and flood ingress.

1.3.3 How do assessors differentiate between storm and flood damage where both may have occurred during a single event?

- 32 A&G relies on the site-specific hydrology report, building assessor's report and the policyholder's version of events to determine the level of ingress caused by rainwater runoff, flood or other storm ingress.
- 33 The site-specific hydrology reports provide detail on:
- (a) observed, measured and/or modelled rainwater runoff height;
 - (b) observed, measured and/or modelled flood height; and
 - (c) observed ingress via roof and/or window openings.
- 34 The site-specific building assessor report provides detail on ingress via roof and/or window openings.
- 35 The information from the hydrology report, building assessor's report and policyholder's version of events is reviewed to differentiate between rainwater runoff height compared to flood height.

1.3.4 How does your firm differentiate between storm and flood damage?

- 36 A&G refers to its response to questions 1.3.2 and 1.3.3 above. Where a policyholder has not selected optional Flood Cover, A&G relies on a site-specific hydrology report, building assessor's report and the policyholder's supplied information to differentiate between storm and flood damage.²

1.3.5 For each 2022 flood event, how many claims did your firm refuse on the basis that damage was caused by flood and not a storm? What percentage of total claims made for both home and business insurance do these refusals represent?

- 37 Please refer to the Confidential Appendix.

1.4 Claims Protocols

- 1.4.1 Where policyholders are asked to sign documents with legal implications including, but not limited to:**
- (a) Waiver documents when homes and businesses are being 'stripped out' by building contractor engaged by insurers; and
 - (b) Documents relating to the full or partial settlement of claims

² See responses to 1.3.2 and 1.3.3 for more detail on how A&G differentiates between storm and flood damage.

what steps does your company take to ensure policyholders fully understand the nature and terms of these documents and their legal effect?

Waiver documents

- 38 A&G has recently developed scripts to assist claims consultants to have conversations with policyholders about signing waiver documents.
- 39 Where a policyholder has suffered loss due to a potential flooding event and does not have optional Flood Cover, A&G claims consultants inform the policyholder that a hydrologist is required to determine the cause of the policyholder's loss or damage and that 'make safe strip-out works' may be required to minimise the risk of injury to the policyholder from hazardous materials, contaminants and / or mould.
- 40 Where an A&G claims consultant, Home Assessor, panel builder or supplier determines that a make safe strip-out is required (in line with A&G guidelines), builders and suppliers request that policyholders complete a 'Make safe Waiver'. The purpose, effect and potential consequences of the waiver is required to be explained to the policyholder by the builder and / or supplier and, prior to signing the waiver, the policyholder is informed that they can contact A&G if they have any questions, concerns or queries.
- 41 In addition, to improve the customer experience relating to make safe strip out works, a review of the previous Make safe Waiver process was undertaken in early 2023, and a revised process was developed, including:
- (a) updated waivers (in plainer English);
 - (b) customer FAQs;
 - (c) consultant scripting;
 - (d) consultant training;
 - (e) builder/supplier training; and
 - (f) document management.
- 42 These changes have been implemented in advance of anticipated storm events in 2023 and have been designed to increase customer awareness about the benefits and risks of strip-out works and waivers.

Full or Partial Cash Settlement

- 43 A&G's claims consultants are provided with training and resources to assist them to manage the settlement process and to ensure the policyholder is adequately supported. Those resources include cash settlement procedure guidelines, training and scripting, document templates and claims authorisation guidelines. In addition, the policyholder is provided with a 'Cash Settlement Fact Sheet' (**Factsheet**) providing them with information about the settlement process, including directing them to resources to obtain further information if necessary.

- 44 Where a full or partial cash settlement is required or requested by a policyholder, claims consultants are required to explain to the policyholder the conditions and requirements of the settlement verbally and in writing. As noted below, A&G provides policyholders with a Cash Settlement Fact Sheet, which outlines the step-by-step process for a cash settlement.
- 45 Policyholders are not required to sign the Factsheet or any other form but must acknowledge that they have read and understood the content of the Factsheet. A policyholder is not required to respond to A&G within a set period after the Factsheets has been issued.

1.4.2 Does your firm ever advise policyholders to engage independent legal advice before signing documents? If yes, does your firm ever assist policyholders to do this?

- 46 A&G refers to its response to question 1.4.1 above.
- 47 The Factsheet provided to policyholders recommends that the policyholder consider obtaining independent legal or financial advice before accepting a cash settlement. A&G does not assist the policyholder with this process.
- 48 Where a policyholder has been identified as financially vulnerable, they may be referred to the National Debt Hotline or Money Smart website for additional support.

1.4.3 What role does automation/AI have in the claims process?

- 49 A&G systems use automation where appropriate to reduce the manual handling of administrative tasks and processes, including workflow task generation, assignment & completion, data reporting and analysis, online lodgement process management, inbound voice recordings, document storage and claim allocation, reminders for key dates, claim allocation processes and system reserves.
- 50 A&G continues to explore the use of automation and artificial intelligence to support the scaling of A&G. The aim of this is to create greater efficiencies and improved services for A&G policyholders. A&G has a particular focus on automating some policyholder communications, where appropriate, to improve the sharing of relevant information with the policyholder.

1.4.4 For each 2022 flood event, how many ex-gratia payments were made?
(a) How much was paid on average; and
(b) What was the distribution of payments made?

- 51 Please refer to the Confidential Appendix.

1.5 Strengthening Processes

1.5.1 What is your assessment of how to strengthen the claims management process?

- 52 Since CAT 221, A&G has focussed on, and continues to focus on, the following areas in the claims management process:

- (a) maintaining suitable resourcing levels of qualified and trained claims processing staff (A&G refers to its responses in section 1.1 above);
- (b) integrating online claims lodgement into A&G's policy management system, DISC, for both Storm Claims and Escape of Liquid claims to allow improved claims processing for policyholders. In addition, the Home claims department is rebuilding the lodgement capture to ensure improved capabilities for policyholders to capture their claim providing greater detail upfront that will support a better process;
- (c) maintaining and enhancing its panel of suitable builders and suppliers (A&G refers to its responses in section 1.1 above);
- (d) ensuring timely and effective communication with policyholders during natural disasters, including by investing in ongoing training of A&G staff (A&G refers to its response to question 1.1.7 above) and exploring options to automate or adopt artificial intelligence into communication processes (A&G refers to its response to question 1.4.3 above);
- (e) conducting six monthly reviews of A&G's CAT Playbook to ensure A&G's processes and procedures are up to date with the latest information and meet or exceed industry standards;
- (f) investing in A&G's training and processes regarding identifying and supporting vulnerable customers, including online modules, dedicated classroom sessions and additional quality checks;
- (g) investing in training to continue to upskill the capability of claims assessors to complete desktop assessments and 'on road' assessments to understand the scope of determinations and to enhance costing capabilities through an improved catalogue module. In October 2023, A&G invested in a pricing manager to ensure key information and accurate updated costings are monitored;
- (h) investing in its home claims management systems to analyse data points obtained from the 2022 flood events to continuously improve those systems and developing enhanced workflow capability, which includes automated registration of jobs with panel builders, automated communications with policyholders, and automated elements of the quote review process;
- (i) exploring options to expand its panel of temporary accommodation suppliers, including potential relocatable / portable homes, caravans and additional corporate travel providers; and
- (j) investing in additional resources for the complaints handling team, in particular the level 1 complaints team. This investment is aimed at ensuring complaints are addressed without the need for escalation.

2 IDR Processes

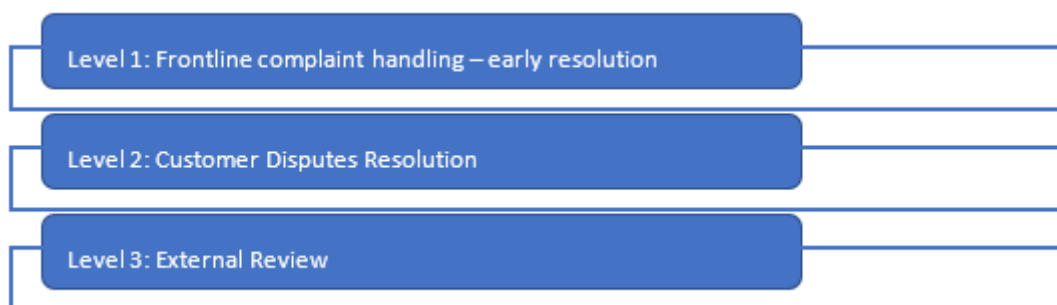
2.1 IDR Processes

2.1.1 Please summarise your firm's internal dispute resolution process.

- 53 A&G values its customers and believes that all customers have the right to express dissatisfaction about A&G's products, services, decisions and people where such concerns arise, whether explicitly or implicitly expected or legally required. In circumstances where a customer has expressed dissatisfaction about A&G's products, services, decisions or people, A&G seeks to respond to the customer promptly and in a manner that is fair and consistent.
- 54 A&G has an established internal dispute resolution process which complies with ASIC's Regulatory Guide 271: Internal dispute resolution (**RG271**) and Part 11 of the GICOP and customer expectations. The foundation of the internal dispute resolution process is a three-level complaint management process (described below) and the internal dispute resolution process is described in the "A&G Complaints Management Policy" (**Complaints Policy**).

The A&G Complaints Management Policy

- 55 The Complaints Policy sets out A&G's approach to managing any complaint it receives from or on behalf of a customer about any of A&G's products, services, decisions, actions and / or staff, whether explicitly or implicitly expected or legally required. The purpose of the Complaints Policy is to outline the approach that A&G will adopt when managing customer complaints. The process described in the Complaints Policy applies to all categories of general insurance offered by A&G under its Australian Financial Services Licence (**AFSL**).
- 56 The Complaints Policy sets the foundations for A&G's complaint management process, which is supported by the central complaint management system (Aptean) and tailored divisional complaint management procedures. The following image shows the three levels of the complaint management process at A&G.



- 57 Each level of the complaint management process is described below:
- (a) **Level 1: Frontline complaint handling – early resolution:** All A&G frontline employees are encouraged and empowered to resolve issues, wherever possible, when first raised by or on behalf of a customer.
- (i) Frontline employees are required to:

- (A) welcome complaints feedback and proactively seek clarification from customers as to whether feedback or general concern is intended to be handled as a complaint;
 - (B) handle a complaint in a cooperative, efficient, timely and fair manner;
 - (C) acknowledge a complaint within 24 hours of receipt and record details of the complaint in A&G's complaints management system along with appropriate supporting information;
 - (D) handle all complaints in accordance with the urgency, seriousness and complexity of the complaint, including identifying disadvantaged and vulnerable people;
 - (E) inform customers about the outcome of their complaint as soon as possible after a decision is made;
 - (F) provide customers with written reasons for the decision, where required;
 - (G) inform customers about the Level 2 and Level 3 complaints processes;
 - (H) escalate a complaint to a team leader or manager, where necessary; and
 - (I) complete mandatory complaints handling training.
- (ii) Where possible, frontline employees attempt to resolve complaints by following A&G's 'Attempt to Resolve a Complaint' guideline. This process includes:
- (A) seeking to form a clear understanding of the complaint through empathetic, respectful and courteous engagement with the customer;
 - (B) identifying the customers expected resolution for the issue the subject of the complaint;
 - (C) attempting to resolve the complaint, by considering whether:
 - the complaint arises from a possible miscommunication and is an opportunity to provide clarity around product or process;
 - the complaint requires further action such as a change to a process, policy or claim outcome;
 - the customer has provided new information which was not considered or not apparent at the time the customer made contact with A&G; and
 - the resolution is within the front-line employee's authority level and specified business rules.
- (iii) Where a complaint is not resolved or the proposed resolution is outside the front-line employee's authority or the business rules, the complaint is escalated to a team leader or manager for resolution.

- (iv) If the team leader or manager is unable to resolve the complaint, including to the customer's satisfaction, within five days after the complaint is first made, the team leader or manager may escalate the complaint to Level 2. Apteau automatically escalates all unresolved complaints to Level 2, Customer Disputes Resolution (CDR), at the end of Day 5.
- (b) **Level 2: Customer Disputes Resolution:** At Level 2, the CDR team undertakes a full and independent review of the matter and the complaint. The CDR team's investigation includes an assessment of the complaint to determine whether the initial decision was fair and made in compliance with relevant product disclosure documents, legislation and any other applicable policies and procedures. At the completion of the investigation, the CDR team member will decide whether to uphold or overturn the original decision or provide an alternative decision and communicate the outcome to the policyholder.

As part of communicating the outcome of the Level 2 review to the policyholder, A&G provides information, including contact information, about the Level 3 external review process, which is overseen by the Australian Financial Complaints Authority (AFCA).

- (c) **Level 3: External Review:** Complaints made at Level 3 include customers who are unsatisfied with the resolution offered at the completion of the Level 1 and Level 2 complaints management process or customers who decided to apply for external dispute resolution with AFCA rather than internal dispute resolution, at first instance. The CDR team is responsible for managing Level 3 complaints and liaising with AFCA.

2.1.2 Does the process differ for different categories of insurance?

58 The Complaints Policy governs all products of General Insurance covered under A&G's AFSL.

2.1.3 Are your IDR processes for each 2022 flood event the same? If no, how do they differ?

- 59 For each 2022 flood event, A&G generally adhered to the same internal dispute resolution process described above.
- 60 However, given the significance of each event and in recognition of the fact that complaints made in connection with those events needed to be given priority status and handled sensitively, and that some policyholders may have been at risk of experiencing financial hardship, A&G management decided to modify the internal dispute resolution workflow to ensure A&G could respond appropriately.
- 61 On 21 March 2022, A&G management established a dedicated specialist team within the CDR team comprising three appropriately skilled and experienced case managers to manage all Level 2 complaints made in connection with the CAT 221 event. A dedicated case manager was also assigned to manage all external dispute resolution cases in connection to the CAT 221 event.
- 62 The dedicated CAT 221 complaints team was set up to ensure A&G could respond to customer disputes as a priority and with the appropriate level of sensitivity and empathy that was required and to ensure a consistent approach to complaints management.

- 63 On and from 21 March 2022, all complaints made in connection with the CAT 221 event were directed by the specialised home claims team managing the claim to the dedicated CAT 221 complaints team for resolution.
- 64 The specialised team members had lower case volumes than the remainder of the claims team and this enabled them to:
- (a) engage with customers and provide additional support, where appropriate;
 - (b) work closely with attending hydrologists when additional information was required or when a customer provided their own reports and further information was required; and
 - (c) attend ICA forums and engage with affected customers in person, which was beneficial to the team.
- 65 The establishment of the specialised CAT 221 complaints team also increased consistency within the team and in outcomes for customers.
- 66 When CAT 221-related disputes ceased, the specialised case managers returned to their usual allocation of cases and were no longer dedicated to handling claims or complaints related to CAT 221.

2.1.4 How does your firm communicate with policyholders during the IDR process?

- 67 A&G communicates with policyholders by telephone, mail, email, online or via social media channels.
- 68 In deciding how to communicate with a particular customer, A&G considers the method of communication used by the customer to make their initial complaint and any preferred methods of communication that the customer may express to A&G.
- 69 In addition, A&G approaches its communication with policyholders during the IDR process in compliance with RG271 and under sections 142 and 143 of the GICOP. That is, A&G acknowledges that it has received a complaint and will tell the complainant the name and relevant contact details of the person assigned to liaise with them about their complaint.
- 70 In general:
- (a) **Level 1: Frontline complaint handling:** Front line employees who receive a complaint during a phone conversation or via an online digital chat acknowledge the complaint verbally or in writing in the digital chat or via email, as appropriate, when raised by the customer. As noted at paragraph 57 above, employees are also encouraged and empowered to resolve the complaint wherever possible at this point.

Complaints received from customers via an A&G website are assigned to the most appropriate frontline department via A&G's Voice of the Customer team. This is usually the department that has responsibility for managing the category of insurance that the customer complaint relates to. The frontline department acknowledges the complaint verbally or in writing as appropriate, within a business day.

- (b) **Level 2: Customer Disputes Resolution:** At Level 2, the CDR team sends an acknowledgement letter to the customer via email or mail, if A&G does not have an email address for the customer. A&G keeps the customer informed about the progress of their complaint at least every 10 business days, unless the complaint is resolved earlier, or the customer has agreed to a different timeframe.

If a decision is not made by A&G within 30 days from the time the complaint was lodged, A&G adheres to section 147 of the GICOP in that A&G will inform the policyholder about the reasons for the delay in writing, about the policyholder's right to take their complaint to AFCA and provide its contact details.

In accordance with RG271, A&G must provide its IDR response in writing to the customer within 30 days of the complaint's lodgement, or 21 days of the complaint's lodgement if the policyholder is experiencing financial hardship. A&G's response must include:

- (i) the outcome of the complaint namely, confirmation of the actions taken by A&G to fully resolve the complaint or reasons why A&G decided to reject or partly reject the complaint;
- (ii) information about the policyholder's right to complain to AFCA if they are not satisfied with A&G's decision; and
- (iii) the contact details for AFCA.

- 71 From November 2023, A&G has taken additional steps to enhance the accessibility for those A&G customers who want to make a complaint by:

- (a) adding a video including Auslan translation and subtitles;
- (b) making the Complaints Guide handout easier to find;
- (c) providing translations of the Complaints Guide in six commonly used languages; and
- (d) providing an Easy English Complaints Guide.

- 72 A&G is initially making the changes referred to at paragraph 71 above to the Budget Direct website before rolling out the same changes across A&G's brands and partners.

2.2 IDR Outcomes

2.2.1 How many cases involved dispute resolution? What was this as a percentage of overall claims?

- 73 Please refer to the Confidential Appendix.

2.2.2 What were the main causes of disputes?

- 74 Please refer to the Confidential Appendix.

2.2.3 What was the timeframe – average, and distribution (under 1 month, 1-6 months, 6-12 months, 12+ months) from initial dispute to close?

75 Please refer to the Confidential Appendix.

2.2.4 How many claims that went to IDR were resolved in favour of the policyholder?

76 Please refer to the Confidential Appendix.

2.2.5 How many claims that went to IDR:
a. Led to no change to the original decision?
b. Led to full acceptance of the claim?
c. Led to partial acceptance of the claim?

77 Please refer to the Confidential Appendix.

2.2.6 How have the frequency and causes of disputes changed over time? (e.g. vs the 2011/2012 floods).

78 A&G does not hold data which would enable it to make a comparison about how the frequency and causes of disputes changed over time including from the 2011/2012 floods to the 2022 flood events.

2.3 Strengthening IDR Arrangements

2.3.1 Is there (or should there be) a change in general dispute management handling during surge times

79 A&G notes that dispute management handling during periods of surge / significant weather events is challenging and believes that a different approach to general dispute management handling during surge periods should be adopted.

80 Supply chain challenges and timely responsiveness of builders, assessors and other trades, have a direct impact on the speed of dispute resolution during surge times. As noted in response to question 2.1.3 above, to manage these challenges A&G adjusted its dispute management handling approach during its response to CAT 221 by identifying a group of dedicated dispute resolution case managers to focus exclusively on the event.

81 A&G considers that the establishment of a specialised team to respond to the CAT 221 event was successful and is a method that A&G would implement again should another catastrophic event of a similar size and / or complexity occur. A&G would look to respond in the same manner by creating a dedicated specialised team to manage all complaints arising from that event to ensure a consistent approach to those disputes and to ensure they are treated with the urgency, sensitivity and empathy they require, by staff who possess the relevant skills and competency levels.

2.3.2 What percentage of policyholders engage a hydrologist during the IDR process?

- 82 A&G does not have quantitative data available to respond to this question as a A&G does not collect structured data about whether an A&G policyholder has engaged a hydrologist.
- 83 However, A&G notes that it engages a hydrologist for every flood claim where the customer does not hold flood cover to ensure that a full and accurate claim decision is made.

2.3.3 What percentage of policyholders engage a legal representative during IDR?

- 84 A&G does not have quantitative data available to respond to this question as A&G does not collect data about whether an A&G policyholder has engaged a legal representative during an IDR process.
- 85 A&G notes in relation to the 2022 flood events, 13 complaints were lodged by legal representatives. However, this number does not necessarily represent the number of policyholders who may have retained legal representation after their complaint was lodged.

3 Identifying vulnerable people

3.1 How does the firm define/identify vulnerable customers?

86 A&G uses the following systems, processes and tools to define / identify vulnerable customer:

- (a) HiYa;
- (b) staff training;
- (c) A&G's Quality Assurance framework; and
- (d) Artificial Intelligence (**AI**).

HiYa (Here is Your Answer)

87 HiYa is A&G's knowledge management system. It is available to all A&G employees including frontline employees, as a repository of information about A&G's policies and procedures. It includes a list of factors which staff can refer to help them to assess whether a customer may be experiencing vulnerability. Those factors, as outlined in section 92 of the GICOP, include:

- (a) age;
- (b) disability;
- (c) mental health conditions;
- (d) physical health conditions;
- (e) family violence;
- (f) language barriers;
- (g) literacy barriers;
- (h) cultural background: for example, where a customer identifies as Aboriginal or Torres Strait Islander or culturally and linguistically diverse;
- (i) remote location; and/or
- (j) financial distress.

88 Where it is determined that a policyholder meets one or more of the factors listed above at paragraph 87, A&G will determine that the customer is a vulnerable customer.

Staff training

89 As noted at paragraph 15 above, A&G claims consultants undergo a 14-week training program, which consists of a mix of classroom training and real-world experiences in an 'Academy' team. The training program comprises several training modules and includes a module Vulnerable Customers. The Vulnerable Customers module includes content on:

- (a) how to identify a vulnerable customer;

- (b) the support services available for any customers experiencing vulnerability; and
 - (c) the timeframes for A&G's obligations under the GICOP, which A&G is required to meet to fast track the assessment and settlement of claims lodged by a vulnerable customer.
- 90 A&G staff also undertake training annually and receive ongoing support from A&G service improvement leads as well as their team leaders.
- 91 In addition, A&G staff are trained to identify factors that may indicate vulnerability across various methods of communication, including, but not limited to, telephone, email and online digital chat. After a determination has been made that customer is a vulnerable customer, claims consultants are required to record this information in DISC by selecting a 'vulnerable flag' or hashtag ("#") against the policyholder's policy.
- 92 A&G is committed to taking extra care with customers who experience vulnerability. To ensure A&G can provide this care, A&G staff prioritise:
- (a) engaging with additional sensitivity, dignity, respect and compassion;
 - (b) providing appropriate consideration and flexibility when making decisions;
 - (c) enabling referral to specialist support services; and
 - (d) protecting customer privacy.
- 93 To ensure that A&G achieves the priorities outlined at paragraph 92 above, A&G:
- (a) relies on the processes stored in A&G's knowledge management platforms (Aptean, HiYa and DISC) to guide staff when handling vulnerable customer matters; and
 - (b) invests in the upskilling of staff to engage with vulnerable customers appropriately, including with ongoing training and coaching sessions.

Quality Assurance framework

- 94 A&G's Quality Assurance function reviews A&G's frontline interactions with customers to ensure indicators of vulnerability are accurately and comprehensively identified to allow A&G to appropriately support its customers. This also allows A&G to redress any instances where vulnerability has not been identified to ensure all vulnerable customers are appropriately supported. Customers are invited to provide A&G with feedback and A&G uses this information to improve its process, where necessary, so that it can ensure it maintains proper standards of service in relation to vulnerable customers.

Artificial Intelligence

- 95 A&G is also seeking to leverage emerging AI capabilities to enhance the identification of potentially vulnerable customers. This includes the use of AI language models to review customer interaction records and identify potential instances of vulnerability that haven't yet been captured on a customer record. This new capability is anticipated to be piloted in the first half of 2024.

3.2 Should the definition of 'vulnerable customer' be expanded?

- 96 A&G is not aware of any present benefit to expanding the definition of 'vulnerable customer', noting the breadth of the current factors considered in determining vulnerability outlined in the GICOP.
- 97 A&G considers its definition of a vulnerable customer to be comprehensive and reasonably appropriate and adapted to identify those customers who may be experiencing vulnerability and who require additional assistance and special consideration. There is additional expense to A&G in providing support to vulnerable customers; there is a risk that if the definition is unnecessarily expanded to a point that it encompasses a cohort of customers that don't genuinely require additional support, there will be impacts to overall claim expenses, which may have a flow-on effect to premiums and insurance affordability.
- 98 A&G recognises that the factors which make a customer vulnerable may give rise to certain needs and that the needs of any one category of vulnerable customer may change over time and / or in response to specific situations. A&G is committed to always taking extra care with all customers who are vulnerable customers.

3.3 How are vulnerable customers supported?

- 99 A&G supports vulnerable customers in the following ways, by:
- (a) using vulnerability flags to identify vulnerable customers in DISC;
 - (b) providing training and training manuals about supporting vulnerable customers to staff;
 - (c) applying a decision matrix / framework to ensure consistency in decision making; and
 - (d) establishing a separate high care team that helps vulnerable customers and fast tracks their claims where possible.

Vulnerability flags

- 100 When a policyholder is identified by A&G as a vulnerable customer, a flag is placed on the policyholder's policy in DISC and, where relevant, a complaint will be filed in A&G's complaint management system (Aptean) to ensure that the policyholder's case can be prioritised and handled appropriately in future interactions and by a dedicated case manager to ensure continuity of service and care.

Training and training manuals

- 101 A&G maintains knowledge management training manuals which outline how staff can support vulnerable customers. These training manuals outline, among other things, the following methods A&G staff may implement when assisting vulnerable customers:
- (a) asking questions with sensitivity, dignity, compassion and respect to help staff understand what a vulnerable customer may be experiencing;
 - (b) listening without judgment and asking customers if they are safe to talk (this applies in circumstances where a customer has been identified as having a 'family violence' risk factor).

- (c) offering vulnerable customers resources such as referral to relevant support organisations or the option to have a support person present during any conversations with A&G (which could include access to interpreter services);
 - (d) recognising that different circumstances and vulnerability factors can present diverse needs in the way that a claim or complaint is managed by A&G. Accordingly, A&G has developed various guidelines which staff use to provide assistance to customers in certain situations;
 - (e) publishing contact details for various support services on A&G's public web page; and
 - (f) implementing a procedure to manage self-harm threats or situations where staff have concerns about the safety of a customer.
- 102 Throughout CAT 221, specifically, A&G offered the following additional support to vulnerable customers:
- (a) a counselling service (for policyholders and A&G consultants) provided by external expert service providers;
 - (b) trauma training for A&G staff;
 - (c) in-person claim contact at recovery centres;
 - (d) implementing dedicated flood teams that specialised in flood claims management, and assigning each claim to a dedicated case manager to ensure continuity of service and care; and
 - (e) implementing a dedicated phone line direct to the flood management specialty teams.

Decision matrix

- 103 In August 2020, A&G developed a decision matrix / framework to facilitate a consistent approach to how A&G makes decisions in relation to vulnerable customers, known as the Customer Assistance Decision Matrix.
- (a) The Customer Assistance Decision Matrix was designed to: assist A&G employees who interact with vulnerable customers to support these customers by making decisions which take into account a range of considerations including customer need, the severity of the customer's vulnerability, the business, and the person making the decision including past decisions made in similar situations; and
 - (b) promote considerate, fair and flexible decisions for customers within the bounds of our insurance expertise.

- 104 A copy of the Customer Assistance Decision Matrix is attached to this document as **Annexure A**.

High Care Team

- 105 A High Care team is being created in December 2023. This team will enable dedicated staff to assist in vulnerable customer claims to ensure that these claims are fast tracked where

possible. This team will also support in dealing with sensitive information and ensure customers are guided and provided with the appropriate support.

3.4 For each 2022 flood event, how many vulnerable policyholders were identified and supported?

106 Please refer to the Confidential Appendix.

3.5 How effective is that process?

- 107 A&G considers that the way that it captures, records and reports about the categories of assistance that have been provided to vulnerable customers is effective but is also of the view that it can be improved for its response to future natural disasters.
- 108 A&G has identified that the current manual mechanism for capturing and recording information about vulnerability is applied inconsistently by A&G staff. That is, the process requires staff to manually flag that a customer is vulnerable by reference to one or more of the factors outlined at paragraph 87 above. A consequence of this manual entry is that there may be instances where staff have not accurately recorded that the customer is 'vulnerable'. A&G is in the process of implementing a new lodgement platform, to be implemented in mid-2024, which will require staff to record whether the customer is vulnerable in order to progress the claim. A&G has also introduced quality assurance checks and reviews by team leaders in order to ensure that vulnerable customers are accurately recorded.
- 109 A&G has developed a working group which will develop a solution to help improve the process described above and anticipates that the solution will include automation which, if implemented, could remove the manual part of the current process.
- 110 A&G's aim is to develop meaningful reporting that is more accessible to business operations, including the home claims and home product management teams, and which could be used in reporting to senior management. The continuous improvement plan in respect of vulnerable customers includes:
- (a) ensuring accurate reporting of assistance provided at an organisational level with ties to operational dashboards to enable first line assurance and coaching of staff;
 - (b) stronger controls to ensure consultants record #Assistance support when appropriate, including implementing system changes where appropriate;
 - (c) linking of assistance records to automatically register when key actions are completed as part of the claims process to support customers;
 - (d) the ability to remove recordings of sensitive information in #Assistance;
 - (e) updating vulnerability categories to more accurately reflect the nature of the support provided to customers and to be more aligned to the GICP definitions;
 - (f) introduction of the ability to path to the High Care / Specialist team, being a small team that helps vulnerable customers and fast tracks their claims where possible;

- (g) updating A&G's related knowledge management manuals;
- (h) creating a 'ThingsToDo' section in A&G's policy and claims management system to ensure that A&G's customer-facing employees flag vulnerable customers through the claim process. This is currently under development and is expected to be delivered in Q2 FY24;
- (i) utilise broader analytics tools to identify where vulnerabilities have been indicated by the policyholder but the A&G claims consultant has not properly marked or recorded the claim as being made in connection with a vulnerable customer. This is a corrective control (meaning a control established to rectify inconsistencies or errors), which includes a system driven alert that results in an A&G claims consultant reviewing the customer's profile to determine whether they should be identified as a vulnerable customer and is used as an input into the development of A&G claims consultants;
 - (i) ongoing quality assurance checks through first line leader file reviews; and
 - (ii) ongoing consultant training;
- (j) redesigning A&G's lodgement process to enable flagging of vulnerable customers early in the claim journey. This is important because it helps A&G to identify how it can support the policyholder and, if required, fast track the claims process. Having a structured question early in the claim process has improved the previously manual process, which was prone to some human error. A customer can now also be identified at any point during the claim process as being a vulnerable customer if / when a vulnerability factor arises; and
- (k) additional preventative controls are being explored through the ongoing development of artificial intelligence and the ongoing refining of input factors as A&G collates additional data.

4 Additional resources to devote to complex cases

4.1 How does the firm define/identify 'complex' cases?

- 111 A&G understands that some of the claims arising after a catastrophe event may be more complex than other claims that are made in connection with other events or on a usual basis. For that reason, A&G has an established process to identify complex claims. Claims consultants are trained to identify whether a policyholder meets one or more of several specified criteria that is indicative of claim complexity and to use a triage tool to determine how a claim will be pathed including to the complex claims pathway.
- 112 Claims consultants may determine that a claim is a complex claim if they determine that a policyholder meets one or more certain criteria which are stated in the Confidential Appendix.
- 113 In addition, claims consultants use a triage tool to help them to determine whether a claim is a complex claim and how the claim will be pathed. The triage tool comprises a number of questions, with the response to each of those questions reflecting the severity of the claim. If the severity of the claim is deemed to be significant, the claim is referred to the complex claims team, including if any of the criteria referred to at paragraph 112 above are met.
- 114 Following referral to the Complex Claims team, a complex claims consultant reviews the claim and begins processing it. The name of the complex claims consultant, or case manager, who has carriage of the complex claim is recorded in DISC. As all case managers are assigned to a specific team, e.g., the complex claim team, the case manager with responsibility for a particular complex case records the nature of the case and flags that the complex case is being managed by a complex claims consultant to demonstrate that the claim is complex.

4.2 Once a complex case is identified, what is the process for managing that claim?

- 115 Once a case is identified as complex, it is referred to A&G's Complex Claims team for ongoing management. The Complex Claims team comprises experienced claims managers, who receive specialist training about how to manage high value and high complexity claims. This training includes modules about:
- (a) how to review reports (including from engineers, building consultants and hydrologists);
 - (b) how to support customers who are experiencing vulnerabilities;
 - (c) how to deal with vicarious trauma;
 - (d) how to source suitable long term accommodation options for policyholders who are displaced;
 - (e) when to issue emergency payments; and
 - (f) how to identify potentially fraudulent activity.

- 116 A&G understands that complex cases require an increased number of touch points compared to what may be considered standard cases, and these specialist staff are trained accordingly to facilitate this.
- 117 All complex claims are also overseen by a Home Assessor (**Assessor**), who visits the insured property several times throughout the claims management process, including through to finalisation. Assessors operate within specific zones / regions which creates efficiencies with regard to travel and allows the Assessor to regularly visit relevant sites and manage the repairs on complex claims.
- 118 Following the Assessor's initial attendance at the insured property, the Assessor invites the policyholder or their representative to a meeting for the purpose of preparing a plan for the ongoing management of the case. The meeting is also attended by the complex claims consultant, the assessing team leader and the claims team leader. At the meeting, the Assessor discusses a number of matters with the policyholder. Those matters are detailed in the Large Loss checklist. The checklist is completed by the Assessor and a plan for managing the claim is developed and agreed with the policyholder or their authorised representative. If there is any disagreement between A&G and a policyholder regarding the proposed plan, A&G works with the policyholder to address their concerns and, where reasonable, amend the proposed plan. Where a plan cannot be agreed, the A&G complaints process is followed.
- 119 The agreed plan of management is stated in the Confidential Appendix.
- 120 Following the establishment of an agreed plan of management, the Assessor and the complex claims manager jointly manage the case until completion. Due to the nature of a complex claim, each plan of management is developed in response to the specific circumstances of each claim. A&G endeavours to be flexible in its approach to planning the management of a claim to ensure that each claim is reviewed on its own merits.
- 121 Throughout that time, the policyholder has access to a dedicated point of contact who regularly provides both written and oral updates to the policyholder. The policyholder can also contact the Assessor or the complex claims consultant at any point in time to request an update or to otherwise discuss their case. The management of a complex claim will usually involve a number of critical elements, which are stated in the Confidential Appendix.
- 122 Reports on claim allocation across claims consultants and complex claims consultants are reviewed daily by Claims Management to ensure the optimal allocation of claims considering claims consultants' workload and capacity and claim priority.
- 123 A&G uses a smaller subset of its builder network, who have extensive experience in major loss, to manage any repair component of a complex claim. A&G also utilises qualified specialists, such as those stated in the Confidential Appendix. These builders and specialists are selected using a range of criteria including an assessment of their qualifications and expert staff, their demonstrated history in dealing with large loss claims and key performance metrics related to timeliness, cost and customer satisfaction. To ensure a high degree of accuracy, A&G's claim authorisation process for complex claims involves a review by the Claims Director and/or group CFO (depending on quantum).

4.3 How effective is that process?

- 124 A&G's complex case model allows the complex claims consultants to provide additional support and consideration to vulnerable customers, including those customers who may be experiencing financial hardship. A&G considers that its complex claims process is effective and reflects A&G's understanding that its highest value and complex cases should be managed by experienced A&G staff.
- 125 The complex case model aims for each complex claims consultant to manage a certain number of complex cases at any given time (the quantum of which is stated in the Confidential Appendix). This helps to ensure that each complex case receives the attention that it requires, especially considering it is often necessary to appoint specialist consultants including engineers, building consultants and hygienists to these cases.
- 126 Due to the unprecedented nature of CAT 221, which saw correspondingly unprecedented numbers of complex claims, portfolio ratios temporarily increased (the quantum of which is stated in the Confidential Appendix). This occurred for a period of approximately six months. However, A&G was and is committed to ensuring customers obtain the support they require over the life of their claim and, as such, A&G acted swiftly to normalise portfolio ratios by onboarding additional staff and finalising claims as efficiently as possible.
- 127 A&G is investing in upskilling additional staff on the complex claims process to allow for swift redeployment of resources should many complex claims be lodged in a short period. As the home claims model evolves to support a growing business with a higher degree of support for policyholders, A&G is advancing its assessing model. This model allocates assessors to specific geographical zones and ensures assessors are available for the complex team to provide additional support to policyholders, e.g., regular site visits for customers to monitor the progress of their repairs.

4.4 In what proportion of complex cases were case managers deployed? How effective was this?

- 128 As outlined in the response to question 4.3 above, a dedicated case manager is allocated to 100% of complex cases.
- 129 For the reasons described in the response to question 4.3 above, A&G considers that its complex case process is and was effective during each of the 2022 flood events.

4.5 Is there a longer-term trend in the proportion of complex cases? (e.g., comparing the 2011/2012 floods to the 2022 floods)

- 130 As noted in response to question 11.2 below, A&G had a small policy book of home insurance policies during the 2011/2012 floods, so its exposure was limited. However, for the following reasons, A&G observes that there is an upward trend in the proportion of complex cases when comparing the 2011/2012 floods to the 2022 flood events:
- (a) CAT 221 was one of the most severe and widespread weather events the insurance industry has experienced, and it resulted in a larger proportion of claims, including

complex cases, than A&G has experienced in relation to prior large scale natural disasters.

- (b) A&G's internal definition of 'complex' has matured over time and now reflects the change in community expectations that insurers adequately support vulnerable customers including those customers who may be experiencing financial hardship. This change in the definition of 'complex' has resulted in an increase to the proportion of claims that have been deemed complex by A&G and is critical to enabling A&G to adequately support its diverse customer base during their time of need.

4.6 For each 2022 flood event, how many policyholders told your firm they had engaged legal representatives?

- 131 A&G does not collect or hold structured data about the number of policyholders who told A&G that they had engaged a legal representative. A&G does not propose to collect data of this nature but is committed to working closely with its customers to resolve issues in an efficient and fair manner. A&G refers to its response to question 1.4.2 above, noting that A&G recommends policyholders seek independent legal advice regarding Make safe Waivers and cash settlements.

5 Communication

5.1 Communication process

5.1.1 What is the typical process of communicating with clients once a natural disaster is declared?

- 132 As soon as practical following the declaration of a natural disaster, A&G sends an SMS, and makes outbound phone calls, to policyholders in the impacted region to encourage claim lodgement and offer support. The support offered typically includes a general welfare check, assistance in lodging a claim if required and details on emergency payments and/or temporary accommodation in appropriate circumstances. Additionally, where a customer is identified as vulnerable, A&G provides details of external support services that are available to customers free of charge.
- 133 A&G Claims Leadership staff typically attend Recovery Centres, Town Halls and/or Community Consultation sessions established in natural disaster zones (Community Centres) and offer face-to-face communication with policyholders. Ahead of attending any Community Centres, A&G sends an SMS to policyholders who have lodged claims relating to that natural disaster encouraging them to visit the Community Centre and notifying them that A&G Claims Leadership staff will be in attendance to offer support.
- 134 A&G appoints an A&G Assessor to major severity claims, or where policyholders are experiencing vulnerability. The A&G Assessor visits the impacted policyholders' properties to discuss the claim and offer support.
- 135 If a policyholder has filed a claim relating to a natural disaster, then, in addition to the above, A&G communicates with the policyholder through any of the following channels:
- (a) A&G's Claims hotline is staffed 24 hours a day, 365 days a year. At the outset of all inbound calls to the hotline, an interactive voice recording explains claim processing timeframes and offers alternative channels of communication including live chat and by accessing information online;
 - (b) A&G's digital chat channel is staffed by experienced claims consultants to provide support to all customers, during business hours between Monday to Friday;
 - (c) A&G's website provides information and answers to frequently asked questions about home claims;
 - (d) A&G claims consultants proactively contact policyholders throughout the claim journey either by a phone call or, if the policyholder is unavailable over the phone, by the policyholder's preferred method of contact including SMS, email and/or letter. A&G claims consultants proactively contact policyholders:
 - (i) as and when new information becomes available regarding the claim, such as the receipt of an expert report, a claims decision or an update on repairs;

- (ii) during periods of peak demand, for example during the claim lodgement phase of CAT 221, A&G contacted policyholders on a regular basis to provide updates on claim processing time frames; and
 - (iii) in any other event, at no greater than 20-day intervals until the claim is finalised.
- 136 In addition to direct communication with A&G, external suppliers engaged by A&G such as hydrologists, builders, engineers and others will also proactively communicate during the claim management progress – for example, to schedule repairs and when access to properties is required.
- 137 In addition to the above, A&G sends letters to policyholders at key milestones during the claim journey, including:
 - (a) Lodgement Letter (Confirmation of next steps, required information and excess);
 - (b) Cash Settlement Fact Sheet ;
 - (c) Confirmation of Transaction Statement ;
 - (d) Scope of Works;
 - (e) Specialist Reports;
 - (f) Catastrophe letter;
 - (g) Partial Authorisation letters;
 - (h) Decline letters; and
 - (i) Complaints Process information letters.

5.1.2 What is the typical response time to incoming: a) Phone calls, b) Emails and c) Written correspondence

- 138 Please refer to the Confidential Appendix.

5.1.3 What are your firm's processes to ensure effectiveness and quality of communication with policyholders after natural disasters?

- 139 A&G refers to its response to question 5.1.1 above relating to A&G's typical process of communicating with policyholders. A&G has developed a comprehensive CAT Playbook (which considers the learnings from CAT 221 and other events) that outlines A&G's communication plan to be implemented during major events.
- 140 A&G has a number of processes in place to ensure timely, effective and quality communication with policyholders:
- (a) internal 'system tasks' are allocated to the claims consultant assigned to the claim with set communication times, for example, the claims consultant should communicate with the policyholder at no greater than 20-day intervals until the claim is finalised;

- (b) written correspondence received from policyholders automatically creates a task requiring the claims consultant to review and respond. These tasks are monitored by consultants, team leaders and managers via a number of reports, with all tasks expected to be completed within seven days;
 - (c) when sufficient information is available for a claim decision to be made, a task is automatically created in relation to the claim with a priority setting requiring the claims consultant to communicate the decision to the policyholder. These tasks are monitored by consultants, team leaders and managers via a number of reports, with all tasks expected to be completed within three days; and
 - (d) all claims tasks are included in A&G's live reporting software and reviewed by Claims Leadership staff throughout the day to ensure that tasks are being adequately prioritised and communication timelines adhered to.
- 141 A&G has a number of quality controls in place to ensure effectiveness and quality of communication with policyholders, including:
- (a) all claims consultants complete a comprehensive onboarding training program which includes training on communication to policyholders and compliance with regulatory obligations. In addition, formal training is provided on an ongoing basis to ensure high levels of competency. These training sessions are conducted annually at a minimum;
 - (b) A&G maintains an internal knowledge management system called 'HIYA' (an acronym for 'Here Is Your Answer'). HIYA contains copies of A&G's claims management training materials, policies and guidelines and is updated regularly by A&G's knowledge management team in consultation with claims professionals. HIYA also includes 'templates' or 'scripts' for frequent claim actions;
 - (c) all phone calls with policyholders are recorded. Samples of those phone calls are regularly reviewed by:
 - (i) claims Team Leaders (who manage between 6-8 claims consultants) to ensure compliance with A&G's training and guidelines on communication standards and to regulatory requirements. Claims Team Leaders provide bi-weekly coaching and training to consultants aimed at ensuring optimal service levels are met; and
 - (ii) A&G's Quality Assurance team regularly to independently ensure compliance with A&G's training and guidelines on communication standards and to regulatory requirements. The results of the compliance reviews are incorporated into consultants' one-on-one training conducted by team leaders and service improvement leads monthly;
 - (d) all communications between A&G and a policyholder relating to the policyholder's claim are recorded on the policyholder's claim file and copies of documents, where applicable, are also added to the claim file. Each month, every team leader completes an end-to-end review of a sample of files (a minimum of four per consultant, per month) to check for quality and ensure compliance with regulatory obligations.

5.1.4 What are your firm's procedures to ensure claimants are not speaking with different customer service representatives and have to repeat information already provided?

- 142 A&G's claims management processes prescribe that, at the time of claim lodgement, a claim is allocated to a dedicated claims consultant who is responsible for the management of that claim until it is finalised. A&G's portfolio management model was well established prior to CAT221, however the model required enhancement due to the high volume of claims and the need to onboard additional staff. As the year progressed the model was re-established with dedicated customer service representatives.
- 143 Some claims are categorised for management review based on their complexity and severity. Higher complexity and/or severity claims (such as flood claims) are dedicated to a complex claims consultant who is responsible for the management of the claim until it is finalised. Complex claims consultants manage a smaller portfolio of claims.
- 144 To ensure policyholders are not speaking with different claims consultants about their claim:
- (a) all inbound communications from policyholders are referred to the policyholder's dedicated claims consultant. If their claims consultant is unavailable at the time, another claims consultant will assist with their query to ensure timely support is provided;
 - (b) as described in response to question 5.1 above, claims consultants (who are allocated to a policyholder's claim) make regular outbound communications to the policyholder to ensure they are kept informed about the progress of their claim; and
 - (c) as described in response to question 5.3 above, all communications between A&G and the policyholder relating to the policyholder's claim are recorded on the policyholder's unique claim file and copies of documents, where applicable, are also added to the claim file. The claim file can be accessed by any claims consultant meaning the policyholder should not have to repeat any information already provided.

5.2 Communication – Strengthening processes

5.2.1 In what ways could communication improve – before, during and after natural disasters?

- 145 A&G is continuously considering ways it can improve its communication with policyholders – including before, during and after natural disasters. Steps that A&G has recently taken to optimise its communication with policyholders before, during and after natural disasters include:
- (a) considering weather forecasts and potential upcoming natural disasters and holding planning discussions with suppliers, such as hydrologists, builders, engineers, to discuss preparations and resourcing for the potential season ahead;
 - (b) mapping of policyholders located within proximity of the affected area and proactively calling or sending them an SMS to encourage claim lodgement and offer support (as described in response to question 5.1.1 above);
 - (c) standing up a digital chat team dedicated to that particular natural disaster;

- (d) optimising online self-service channels enabling a policyholder to track the progress of their claim;
- (e) implementing an embedded case management model. Please refer to section C2 below for more details on this model;
- (f) during a weather event, improving communication with both Local government and support services in relation to:
 - (i) coordinating clean-up activities;
 - (ii) emergency payments for food, clothing and incidentals;
 - (iii) temporary accommodation; and
 - (iv) prioritising declined claims for government grants; and
- (g) improvement in post event communication with various stakeholders, including with:
 - (i) Local governments in impacted area/s to discuss what worked well and if any additional support could have been provided;
 - (ii) the ICA to discuss the management of the events and any learnings;
 - (iii) suppliers and their trades workers' performance; and
 - (iv) regulators, to inform them of the industry's performance and any shortcomings.

6 Hydrology Reports

6.1 The Use of Hydrology Analysis

6.1.1 How do hydrology reports assist in determining liability (i.e., is it principally storm water vs. riverine flood)?

146 A&G home insurance policies do not automatically provide cover for loss or damage caused by flood. Flood cover must be selected as an optional extra by the policyholder. A&G believes this is a key way in which premiums can be kept low and customers can tailor their home insurance to their own needs. In circumstances where a policyholder has not chosen optional flood cover but lodges a claim for loss or damage caused by flood and/or A&G identifies that the policyholder's loss or damage may have been caused by flood, A&G engages a hydrologist to provide a hydrology report, which is used to assist A&G to determine the cause of the policyholder's loss or damage.

147 Hydrology reports provide the following information to assist in decision making:³

- (a) approximate property ground levels to Australian Height Datum (**AHD**);
- (b) flood mechanism during the claimed event
 - (i) local catchment rainfall data
 - (ii) local rainfall run-off
 - (iii) local Riverine flows
 - (iv) local river/creek gauge readings
- (c) observed/measured/modelled local rainwater run-off water height;
- (d) observed/measured/modelled property flood height;
- (e) customer version of events and observations; and
- (f) floodplain overview
 - (i) probable maximum flood levels – mAHD⁴
 - (ii) 1 in 500 (Annual Exceedance Probability) AEP Flood – mAHD⁵
 - (iii) 1 in 100 AEP Flood – mAHD

6.1.2 Is it common for different insurers to engage the same hydrologists with respect to the same storm and flood events?

³ All hydrology reports are peer reviewed by senior experts at each hydrology firm prior to submission.

⁴ mAHD is the elevation in metres with respect to the Australian Height Datum

⁵ Annual Exceedance Probability (AEP) is a term used to express the percentage of likelihood of a flood of a given size or larger occurring in a given year. If a flood has an AEP of 1%, it has a one in 100 likelihood of occurring in any given year.

148 Yes.

6.1.3 Did your firm engage the same hydrologists as other insurers during each of the 2022 flood events?

149 Please refer to the Confidential Appendix.

6.1.4 In preparing their reports, did hydrologists engaged by your firm communicate and/or collaborate with hydrologists engaged by other insurance companies with respect to the same event?

150 Not known.

6.2 Hydrology Analysis by the Insurer

6.2.1 For each 2022 flood event, how many hydrologists did your firm engage?

151 Please refer to the Confidential Appendix.

6.2.2 Did your firm provide policyholders with hydrology reports obtained by your firm and relevant to their claims during the 2022 flood events?

152 Hydrology reports were provided to policyholders lodging claims during the 2022 flood events in respect of:

- (a) declined claims;
- (b) partially accepted claims; and
- (c) accepted claims where a customer requested the report.

6.2.3 For each 2022 flood event, how many policyholders obtained their own hydrology report?

153 A&G refers to its response to question 2.3.2 above. A&G does not have quantitative data available to respond to this question as a A&G does not collect structured data about whether an A&G policyholder has engaged a hydrologist or obtained their own hydrology report.

6.2.4 Does your firm have procedures to assist policyholders obtain their own hydrology report?

154 A&G does not have procedures to assist policyholders to obtain their own hydrology reports.

155 A&G notes that maintaining sufficient work for hydrologists is difficult due to the seasonality of flood events. Typically, A&G has contracted the services of two hydrology firms, though post CAT 221 A&G has added an additional two firms due to capacity constraints. Whilst A&G does not have processes in place for policyholders to obtain their own hydrology report, A&G does not object to customers sourcing their own hydrologist and reports.

6.3 Hydrology Analysis for Policyholders

6.3.1 What is the average cost of a hydrologist's report for home and business claims?

156 Please refer to the Confidential Appendix.

6.3.2 What is the timeframe for seeking/receiving hydrology reports?

- 157 A&G requests a hydrology report, in appropriate circumstances, within, on average, 48 hours of a claim being lodged.
- 158 Where A&G engages a hydrologist, A&G's expectation is that all reports will be submitted by the hydrologist as soon as possible and requests that reports are provided within at least 12 weeks of claim lodgement. During the 2022 flood events, hydrologists were not uniformly able to adhere to this timeframe due to demand being higher than the number of available hydrologists. A&G addressed this by onboarding two additional Hydrology Specialist companies that were dedicated to providing additional capacity for hydrology reports.
- 159 The average timeframe for receiving a hydrology report for each of the 2022 flood events is stated in the Confidential Appendix.
- 160 As identified above, A&G is of the view that there is a shortage in skilled hydrologists that has significantly contributed to delays in processing some claims arising from large scale weather events.

6.3.3 In how many instances was lack of access to, or unaffordability of, hydrology reports an issue for the timely processing of claims and/or the timely and fair processing of disputes?

- 161 The cost of hydrology reports did not impact the timely processing of claims or disputes as A&G commissioned the reports irrespective of pricing. A&G considered this a necessary step in fairly and thoroughly assessing the cause of water ingress where a customer did not have the flood option selected on their policy.
- 162 From a customer perspective, A&G recognises that the cost of obtaining a hydrology report may be considered unaffordable. Although A&G commissioned third party reports, A&G understands that some customers may have wanted to obtain a secondary report through a hydrologist of their choosing. In such circumstances, affordability may have impacted the timeframes for customers to supply their own report for A&G's consideration.
- 163 The number of instances where a hydrology report was received more than 12 weeks after claim lodgement is stated in the Confidential Appendix.

6.3.4 Are there ways for clients to better share access to hydrology experts?

- 164 A&G encourages Engineers Australia, the peak body for hydrologists, to increase its public advocacy and community engagement efforts including by visiting impacted communities and

by continuing to share its expertise to educate and support customers and relevant government agencies.

6.4 Strengthening Access to Hydrologists

6.4.1 How could access to hydrology reports for policyholders be improved?

165 A&G, and the broader insurance industry, believes the Insurance Council of Australia is well positioned to play a leading role in improving access to hydrology reports; by creating a centralised panel, subject to standardised minimum requirements, there is an opportunity to foster efficiencies and consistency across the industry. Additionally, the federal government should consider ways in which it could remove barriers to allow for the fast-tracking of overseas hydrologists to be temporarily relocated to Australia for the purpose of assisting during major catastrophes.

7 Resilience

- 166 A&G's responses in this section outline the options that A&G considers to be available to policyholders and Federal, State and Territory governments to increase resilience in buildings located in flood prone areas.
- 167 In A&G's view, if data on initiatives to increase resilience in buildings (e.g., house elevation) was made available to insurers in a consumable way then insurers could take into consideration any actions taken by or on behalf of a policyholder to reduce the risk of loss or damage from flood when determining annual premium and offer premiums that reflect the reduced risk. In this way, insureds may receive a saving in annual insurance premiums, which could be applied to meet the cost of improving the resilience of their buildings. However, it is A&G's view that these savings would not meet the whole cost required to improve resilience.
- 168 In A&G's view, Federal, State and Territory governments should consider how they can incentivise and fund the works that are required to increase resilience in buildings in flood prone areas. Governments could, for example, consider redirecting taxes and levies on insurance, which add approximately 36% to the insurance premium in NSW and up to 22% in other states, to meet the cost of this work.

7.1 What options are there for households or businesses to repair/rebuild properties in a more resilient way? (E.g. from elevated buildings through to more resilient flooring such as tiles vs carpet)

- 169 A&G agrees with the matters discussed in the report *"Building Australia's Resilience – Policy recommendations for federal and state governments"* dated July 2023. In particular, A&G considers that there are three main mechanisms, which ultimately require changes to the National Construction Code, to mandate resilience for at-risk properties. They are:
- (a) house raising;
 - (b) wet proofing; and
 - (c) buy-backs and relocation.
- 170 Regarding house raising, A&G considers that habitable floors should be raised to meet or exceed the required assessed flood level. Careful consideration should be given to the flood level used to inform this, with consideration of climate change incorporated into the standard assessed flood level to future proof this resilience measure.
- 171 Regarding wet proofing, the Queensland Government's *"Flood Resilient Building Guidance for Queensland Homes"* report, published in February 2019, sets out some effective options including:
- (a) raising electrical switchboards, power points and important appliances (for example, a washing machine) above flood level, replacing hollow core doors with solid core doors, reinforcing / resealing doors and windows to ensure no gaps present, recessing door sills into the floor so they are flush with the internal floor level to enable easier cleaning after a flood (for example, flush aluminium door sill);

- (b) replacing cabinetry with flood resistant materials (for example, marine-ply cabinetry with stainless steel frame);
 - (c) applying flood-resilient sealant to tiled areas, using sealed stone tiles that are impervious to water and make for easy cleaning after a flood and tiling walls up to the flood level to also allow for easy cleaning after an event;
 - (d) replacing existing plasterboard with core-filled blocks or single-skin polycarbonate and/or adding additional weep holes and rendering external walls where applicable. Core-filled blockwork walls are excellent for flood resilience as they have no cavity to hold in moisture or silt and require little to no clean-up or repair after a flood;
 - (e) replacing absorbent flooring (for example, timber) with low / zero absorption materials such as polished concrete or tiled floors which can significantly reduce clean up and recovery efforts following floods; and
 - (f) installing louvres in the walls of the lower level of the home to enable water to easily flow through the home during a flood and reduce damage, and widening the stairs from the lower level of the home to allow movement of furniture upstairs ahead of a flood to protect possessions.
- 172 Regarding buy backs and relocation, A&G considers that property owners in areas of extreme / very high flood risk across Australia should be identified and then provided opportunities and incentives for buy-backs and relocation. A successful recent example of this is the Queensland and Australian Government's jointly funded *"Resilient Homes Fund – Voluntary Home Buy-Back program"* announced in May 2022.
- 173 Further options which should be considered include:
- (a) A&G considers that Recommendation 19.4 of the *"Royal Commission into National Natural Disaster Arrangements"* report dated October 2020 should be implemented – that is, the National Construction Code should be amended to specifically include, as an objective of the code, making buildings more resilient to natural hazards including floods; and
 - (b) A&G considers that regulatory reform is required to embed flood resilience retrofit / rebuild as a minimum national standard, similar to cyclone and bushfire resilience standards. The insurance industry and government should continue to work in partnership to promote and drive change where resilience strategies become the 'norm' for all homes at risk of flooding.

7.2 In a practical sense, what is your firm doing to reflect changes in household level resilience / mitigation in pricing?
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- 174 A&G's premium typically reflects the risk of the individual address so if a customer is relocated through a government buy-back program to lower risk land, the premium will be reduced to reflect the new risk / address.
- 175 From 31 January 2023, A&G added a new question as part of the customer's insurance quote journey, related to the elevation of their home. From 21 August 2023, A&G has used this

information to calculate and reduce the Cyclone Reinsurance Pool flood component of the customer's premium, where applicable. A&G is currently considering ways to extend the application of this information relating to the elevation of the customer's property to impact (and, where applicable, reduce) other components of the customer's premium.

7.3 How can this be done in a way that directly leads to lower premiums? (i.e. in a way that allows insurers to quantify the reduced risk of the more resilient building)

176 A&G considers that the following steps could help to ensure that household resilience measures lead directly to lower premiums:

- (a) improved access to data via the creation of a national, shared resilience database with address specific resilience details that insurers can easily access and incorporate into their premium calculation processes (distributed in a similar way to the National Flood Information Database (**NFID**)). A&G notes that this may require government / insurers to gain consent from policyholders to share certain data (strictly for the purposes of the resilience database);
- (b) increased investment in research via the establishment of a joint government / insurance industry economics analysis and research project. The purpose of the project would be to evaluate and quantify the risk / cost reduction of different resilience designs so insurers can consistently apply an appropriate discount in order to lower premiums. The project should consider:
 - (i) leveraging existing insurer damage assessment data to inform the findings of the project;
 - (ii) collaborating across the industry to monitor the performance of resilience works in future flood event(s) for the purposes of conducting a cost-benefit analysis of those works; and
 - (iii) ongoing monitoring to assess the long-term performance of resilience works; and
- (c) improving public communication and education efforts through a joint Government and industry initiative to produce and communicate clear guidance, with standardised terms, to consumers on individual household-level resilience / mitigation actions that insurers will recognise in lowering insurance premiums – including indicating by how much a customer's premium might be reduced (in line with Recommendation 19.2 of the *"Royal Commission into National Natural Disaster Arrangements"* report dated October 2020). Following publication of the guidance:
 - (i) the joint initiative should involve community engagement and education efforts aimed at increasing the communities understanding of resilience steps available; and
 - (ii) the joint initiative should provide support and standardised advice to builders to understand program quoting requirements for resilient design, materials and products.

8 Land Use & Planning Issues – Links to Risk and Cost of Premiums

8.1 Are there instances of flood mapping or hydrological analysis that have materially changed the firm's assessment of a region's risk?

- 177 A&G's assessment of a property's risk is based on multiple external flood databases, including NFID. These databases are updated periodically, which could change the assessment of certain properties within each region. A&G's assessment of the flood risk in Lismore, NSW, changed following CAT 221 after one of its external vendors updated its flood model following that event (the quantum of this change is stated in the Confidential Appendix).

8.2 What can be done to reduce the likelihood of additional development occurring on high-risk land?

- 178 In line with the ICA's position on property development on high-risk land (see for example, the ICA news release "Planners, builders and insurers unite to call for urgent planning reform" dated 27 July 2023), some steps that can be taken to reduce the likelihood of additional development occurring on high-risk land, include:
- (a) **improving the processes to identify high risk land:** A&G considers that the responsible government / council should review, update and recalibrate local flood models more regularly to better identify and understand 'high risk' land. Flood models should incorporate changes in recent land use when setting flood levels for planning and development (for example, updating elevation models more frequently) and include an allowance for climate change. Observed flood extents should, where available, form part of the flood hazard overlay to fill any gaps or address any inaccuracies in the underlying flood models;
 - (b) **improving planning & development standards:** A&G considers that a higher quality of planning standards is required by Local and State governments to ensure no additional development is permitted in areas of unacceptable risk. Land use planning should consider flood risk beyond the 100-year flood, including larger and rarer floods, as well as the inclusion of future flood risk, i.e., factoring in climate change impacts, when setting flood levels for planning and development (in line with Recommendation 19.3 of the "Royal Commission into National Natural Disaster Arrangements" report dated October 2020). The threshold of acceptable risk should be revised to include the flood hazard (depth, velocity, duration and isolation), not just the probability of an event (as described in "Australian Disaster Resilience Handbook 7 Managing the Floodplain: A Guide to Best Practice in Flood Risk Management in Australia (AIDR 2017)"). Observed flood data/levels from historic events should also be considered to restrict and inform planning and development. A clear, publicly available national standard on how to manage, build and plan for greater resilience is also required; and
 - (c) **increasing accountability for planning decisions made by the responsible government / council:** A&G considers that imposing a financial consequence for governments / councils that approve a development on high-risk land may be necessary to reduce the likelihood of additional developments occurring on high-risk land. A potential financial consequence may lead to government, at all levels, giving greater

consideration to the relationship between land-use planning and extreme flood risk, particularly in areas with a documented history of flooding that poses a significant risk to the community, when making planning decisions. Further, the decision-making criteria when determining planning approvals for new developments should be recalibrated to ensure flood-risk is considered as a key factor.

- 179 In addition to the above, the insurance industry, through the ICA, should continue to focus on its public advocacy efforts to highlight and raise awareness about the risks of development occurring on high-risk-land. These efforts should include direct advocacy to the responsible government / council. For example, in September 2023, the ICA wrote to the Campaspe Shire Council in Victoria urging it to reconsider its decision to approve the construction of 16 townhouses on flood-prone land in Echuca, near the Murray River.

8.3 How can your company better support individuals who own property on high risk/medium risk/low risk land?

- 180 A&G currently offers flood cover as optional coverage. This model supports most individuals on high risk/medium risk/low risk land by providing flexible coverage options allowing policyholders to tailor their insurance to their needs. It also improves insurance availability by providing affordable insurance to individuals who own property on low-risk land (who may not require optional flood cover). A&G further supports these individuals by offering premiums based on the flood risk of their property – where customers who own property on low-risk land are typically offered lower premiums.
- 181 A&G also participates in industry-led resilience working groups, such as the ICA Resilience Framework Working Group and ICA Catastrophe Operations Working Group, to explore, consult and keep abreast of industry guidance and standards related to supporting individuals on high risk and medium risk land.
- 182 A&G refers to its response to question 7.3 above. If the steps referred to in response to question 7.3 are implemented, A&G can help communicate and educate customers on these actions, as well as reflect resilience measures in lower premiums.

8.4 In determining premiums, does your firm take into consideration:

- (a) Detailed flood mapping of localised areas (vs just using postcodes)?**
- (b) Local government flood planning, including changes to mitigation in local areas post-flood?**
- (c) Development approvals or risk assessments undertaken by local governments?**
- (d) Has your approach to any of these (the 3 issues above) changed in any way since the 2022 flood events?**

- (a) *Detailed flood mapping of localised areas (vs just using postcodes)?*

- 183 Yes. Flood risk is generally determined at a specific address level, taking into account the actual location of the building on the parcel of land (where possible), and using detailed flood modelling and mapping from multiple external data sources.

- (b) *Local government flood planning, including changes to mitigation in local areas post-flood*

184 In some instances. Where a local government has supplied detailed flood mapping to the NFID (collated and distributed to insurers via the ICA), A&G incorporates this data into its flood ratings, along with other vendor models. Furthermore, structural mitigation measures, such as levees, are indirectly incorporated in determining the flood risk of an address where the underlying elevation model naturally detects higher ground levels associated with a levee.

(c) *Development approvals or risk assessments undertaken by local governments*

185 No.

(d) *Approach*

186 The matters that A&G takes into consideration with reference to (a), (b) and (c) above, have not changed since the 2022 flood events.

9 External Dispute Resolution (EDR)

9.1 EDR Frequency

9.1.1 For each 2022 flood event, how many claims were referred to EDR?

187 Please refer to the Confidential Appendix.

9.1.2 What was the typical cause of this?

188 The typical causes of claims disputes that were escalated to AFCA were:

- (a) exclusions / conditions of cover;
- (b) assessment decisions, methods, and timeliness including decisions to settle or repair;
- (c) claims process / delays;
- (d) inadequate communication / service quality; and
- (e) repairs, including quality, method, and timeliness.

9.1.3 How many disputed claims remain unresolved (internal and external)

189 Please refer to the Confidential Appendix.

9.1.4 How many claims that went to EDR were resolved in favour of the policyholder?

190 Please refer to the Confidential Appendix.

9.1.5 How many claims lodged with your firm that went to EDR:

- (a) Led to no change to the original decision;
- (b) Led to full acceptance of the claim; or
- (c) Led to partial acceptance of the claim?

191 Please refer to the Confidential Appendix.

9.2 EDR Processes

9.2.1 How is the policyholder supported during this process?

192 A&G seeks to resolve disputes at the earliest possible point in time, and to limit the likelihood of escalation.

- 193 If a complaint progresses to AFCA, A&G's CDR team seeks to support the policyholder during the EDR process by:
- (a) ensuring an impartial review of the escalated customer complaints and disputes;
 - (b) ensuring that the decision that has been made in respect of a claim is in accordance with the relevant PDS and all relevant legislation;
 - (c) issuing the customer with a final decision letter regarding the outcome of the review; and
 - (d) ensuring any telephone contact and correspondence with the policyholder is clear and policyholder focused.

9.2.2 How long does this EDR process typically take?

- 194 The EDR process is managed by AFCA and the time taken to resolve disputes is dependent on AFCA's processes and the volume of disputes they are managing.
- 195 Typically, AFCA's 'Fast-track' disputes, which represent roughly 65% of A&G's EDR cases, take up to 3 months to resolve, and AFCA's 'Standard' and 'Complex' EDR disputes can take 6 months or more to resolve.
- 196 The image included as Annexure B describes each of AFCA's complaint streams, including 'Fast Track', 'Standard & Complex' and 'Financial Difficulty'. For the 2022 flood events:
- (a) Cases in AFCA's 'Registration & referral' phase took on average 1 month;⁶
 - (b) AFCA's 'Fast-track' disputes, which represented about 65% of A&G's EDR cases, took between 4 and 7 months; and
 - (c) AFCA's 'Standard' and 'Complex' EDR disputes took 6 months or more.

9.2.3 What is the expense to the company of the EDR process?

- 197 Please refer to the Confidential Appendix.

9.2.4 Does this cost disadvantage a policyholder?

- 198 All costs incurred in the management of claims, including the resolution of disputes (internal or external), ultimately impact the cost of insurance for all policyholders. A&G recovers this cost through the insurance premiums it collects from customers.
- 199 A&G aims to minimise the financial impact of EDR on policyholders by seeking to resolve disputes internally and at the earliest point and without the need for escalation to EDR.

⁶ Registration & Referral cases are complaints made by policyholders directly to AFCA. These complaints are referred by AFCA to A&G for resolution. If the parties cannot agree an outcome, the complaint returns to AFCA.

9.2.5 For each 2022 flood event, how many policyholders engaged a legal representative?

200 A&G does not have quantitative data to respond to this question as A&G does not collect data about whether an A&G policyholder engaged a legal representative during an EDR process.

9.3 Strengthening processes

9.3.1 How could EDR processes be improved?

- 201 AFCA's EDR processes and their associated costs are ultimately an expense funded through the collection of insurance premiums from policyholders. In recent years, the cost of AFCA fees for EDR processes have continued to increase resulting in higher insurance premiums for policyholders.
- 202 Attention should be given to, wherever possible, lowering the cost of AFCA's EDR processes through efficiencies that also improve the timeliness of AFCA decisions. There is also an opportunity for an increased focus within AFCA to support and encourage early resolution of complaints that progress to EDR (i.e., AFCA's Fast Track process).
- 203 Any improvements to EDR processes that AFCA seeks to make that involve further investment need to be assessed in terms of their impact on insurance premium affordability.

10 Future policies / renewals

10.1 What trends are you seeing in policyholders reducing coverage? (i.e. Potential underinsurance issues)

204 Please refer to the Confidential Appendix.

10.2 What are the overarching / summary trends in premium increases?

205 Premium increases were driven by changes to risk assessment models, claims cost inflation and increases in the cost of reinsurance.

10.3 How do you ensure transparency in pricing? For example, when there is a premium increase, do you clarify how much is due to upward pressure on reinsurance costs and how much to changes in the assessment of underlying risk?

206 At renewal, customers are shown a comparison of the expiring premium against the renewal premium. A&G does not provide details of how much of the change is due to reinsurance costs or changes in the underlying risks, in part due to the information being commercially sensitive.

10.4 How do you convey information on the changing risk profile of policyholders?

207 A&G currently includes a "Premium Information Sheet" in its renewal documentation which describes how the impact of weather-related events and the cost of providing repairs/replacement items has impacted the cost of insurance and the premiums A&G offers.

208 A&G also sends customers an SMS which provides information about the impact of weather-related events in circumstances where the changing risk profile is particularly significant (leading to a premium increase of greater than 50%).

10.5 How many policyholders that were covered for storm and/or flood damage during the 2022 flood events have been denied full or partial coverage when seeking to renew their policies after these events?

209 Please refer to the Confidential Appendix.

11 Lessons learned since the 2010-2013 disasters

11.1 What is the total number of claims for all events that were declared natural disasters for the period 2010-2011 floods and the 2010-2013 natural disasters?

210 The total number of claims for each event is as follows:

Event	Claims
2010-2011	649
2010-2013 natural disasters	3,686

11.2 How many clients had the same or similar claims in 2010-2013 for natural disasters?

211 Noting that A&G's home insurance policy book has grown substantially since the 2010-2013 natural disasters, A&G does not hold structured data that is readily accessible about the number of policyholders who had the same or similar claims in 2010-2013 and 2022.

11.3 Of the total claims made in 2010-2013, how many ended up in dispute resolution? What was the percentage (of disputes) from claims made during this period?

212 Noting that A&G's home insurance policy book has grown substantially since the 2010-2013 natural disasters, A&G does not hold structured data that is readily accessible about how many of the claims made in 2010-2013 resulted in dispute resolution, including the percentage of disputes from claims made during this period.

11.4 What have you learnt from claims management from the 2010-2013 period?

213 Upon reflection, A&G is aware that, since 2010, its customers and the broader community have increased expectations of insurers to ensure that insurers are there for customers during their time of need. Accordingly, A&G is dedicated to continuously improving its policies to ensure the utmost preparedness for any occasion a policyholder claims on their policy but especially during times of natural disaster.

214 Having responded to a significant number of insurance claims in the 2010-2013 period, A&G has learnt that the following factors are key to assisting customers / policyholders who experience loss due to a natural disaster:

- (a) **Community Engagement:** participating in community forums at an early stage to and provide 'boots on the ground' representation to facilitate effective communication about A&G's claims processes, response plans and to manage individual customer enquiries;
- (b) **Industry Liaison:** to promote effective flow of information between key stakeholders including Local, State and Federal government agencies, emergency and recovery services, the Insurance Council of Australia, consumer groups and suppliers;
- (c) **Appointment of Expert Services:** the early appointment of technical experts assists in the accurate determination of loss causation and enables timely decision making in

relation to claim acceptance. A&G contracts technical specialists like hydrologists, hygienists and engineers to ensure that expert reports can be provided swiftly to allow timely decision making;

- (d) **Resourcing:** ensuring A&G's Claims Department is adequately resourced and in a 'state of readiness' to respond to a catastrophe, particularly in relation to staffing levels and the ability to deploy staff to affected areas, including remote and regional areas. These staffing levels have been adjusted in recent financial plans, including in relation to additional claims management support staff who are working to improve technology and business processes / procedures and assessing staff performance;
- (e) **Communication:** ensuring customers have access to relevant information and the ability to discuss their claim with an appropriately trained and qualified staff member. A&G's response at section 5 provides further detail regarding the process and procedures related to communication as well as the typical timing and methods of communication that A&G uses when engaging with policyholders; and
- (f) **Escalation Processes:** ensuring customers have ready access to an internal dispute resolution process to enable concerns, issues and complaints to be managed effectively. A&G's response to Q2 Internal dispute resolution provides further detail regarding A&G's internal complaints management process which includes an explanation of the three stepped escalation model A&G uses to resolve complaints.

11.5 What changes have been implemented in the intervening period?

215 As noted above, the A&G Home Claims business has experienced significant growth since 2013 due to the value the Home insurance product is providing to the market. As a result of, among other things, the critical learnings outlined at paragraph 214 above, A&G has implemented the following changes (this list may not be exhaustive) in the period since 2010-2013:

- (a) **Expert Panel:** formalisation of an expert panel to provide critical services to assist timely decision making in relation to claim acceptance. The expert panel comprises a hydrologist, hygienists, engineers and building consultants. A thorough due diligence is completed as part of the process to onboard an expert to the panel, with reference to certification, licenses and liability insurance. A&G also completes a quality review of the expert panel, to ensure a reliable and consistent standard is met in line with current panel members.
- (b) **Standard Operating Procedures:** updated Standard Operating Procedures to ensure claims consultants continue to be supported to manage claims consistently and in accordance with A&G policies and are effective when responding to natural disasters.
- (c) **Reporting:** enhanced data and reporting to specifically track, in real-time, the progress of event/weather claims and enable proactive intervention if the progress of a claim does not meet A&G's Service Level Agreements (**SLAs**). A&G's SLAs are outlined in an addendum to panel builder contracts and are used to ensure panel builders and other contractors provide an agreed minimum level of service to A&G's customers. Some of the key metrics utilised by A&G to determine whether the SLAs are being met include:
 - (i) **Time to Site:** the average number of days to attend the site from the time the instruction to the builder is created by A&G;
 - (ii) **Time to Report:** the average number of days to submit reports from the time the instruction to the builder is created by A&G;

- (iii) **Time to Quote:** the average number of days to submit a quote from the time the instruction to the builder is created by A&G; and
- (iv) **Time to Repair:** the average number of days between when a repair is commenced and when it is completed.
- (d) **Dedicated Catastrophe Resource:** is a full-time resource focused on optimising A&G's response to natural disasters. The 'CAT Manager' role commenced in October 2022 and was designed to create a 'CAT Playbook' which would detail how the operations of the business would respond to any disaster / weather event that was presented. The CAT Manager has ongoing engagement with the product team to review any supporting information or data that can be utilised to either anticipate or manage events. The CAT Manager also engages with the ICA on an ongoing basis to keep it informed of how A&G is tracking with events and feedback any pertinent information to the business; and
- (e) **System Development:** enhancement of systems to enable A&G's claims consultants to rapidly allocate claims to appropriate work channels to ensure, for example, rapid make-safes when required, fast-track settlements, appointments of assessors or builders/repairers. The A&G Home Claims team has recently deployed a platform called Nexus. Nexus has workflow capabilities that allow information to flow between suppliers and A&G. The system allows images to be taken by consultants at the point of lodgement with the customer and enables A&G to understand the severity of a claim. This gives A&G early visibility of a claim and enables A&G to provide that information to builders / suppliers at an early stage in the process.

Attachment C

C.1 Hydrology Reports

C.1.1 In how many instances (separately for each category incident) did the company obtain advice from expert hydrologists when assessing claims?

216 Please refer to the Confidential Appendix.

C.1.2 In how many instances (separately for each category incident) were hydrology reports required to resolve disputes?

217 A&G only requests a hydrology report in instances when a policyholder's loss has potentially been caused by flood and the policyholder does not have the flood cover option selected on their policy.

218 A&G recorded 316 disputes with regards to policy coverage and/or policy exclusions as a result of the 2022 flood events. Although a data point does not exist within A&G's system to conclusively confirm whether a hydrology report was required to resolve these disputes, it can be assumed that a majority of complaints were due to a claim being declined (in part or in full) on the basis of flood. All claims which were declined on the basis of flood, were declined after a site-specific hydrology report had been obtained and confirmed the cause of water ingress at the relevant property.

C.1.3 What types of issues did hydrologists typically deal with (e.g. Determining whether flooding was storm water vs riverine flooding)

219 A&G refers to its response to question 6.1.1 above. Where required, hydrologists assisted to determine the primary cause of water inundation (rainwater run-off vs riverine flooding). Where multiple causes of water inundation were identified, hydrologists also assisted in determining the water level (height) of rainwater run-off and riverine flood waters.

C.1.4 Are you aware of particular areas/regions where access to expert hydrologists was an issue for the timely processing of claims or resolution of disputes?

220 A&G refers to its response to question 6.3.3 above. The regions with the highest demand for hydrology reports experienced the highest number of report delays of over 12 weeks from claim lodgement. The highest impacted regions are shown in the table below:

Flood event	Regions (Cresta Zone) with delayed reports
CAT 221	Queensland – Brisbane, Gold Coast and Sunshine Coast
	New South Wales – Far North Coast
SE 222	New South Wales – Lower Hunter

Flood event	Regions (Cresta Zone) with delayed reports
CAT 223	Victoria – Riverland
SE 224	New South Wales – South West New South Wales

Attachment C

C.2 Case Management

C.2.1 What is the company's policy in relation to appointing a case manager? (i.e. When it should occur, protocols for engagement, protocols for internal reporting)

- 221 A dedicated claims consultant is allocated to a claim at the time of lodgement and manages the claim until finalisation. A claims consultant typically manages between 30-120 claims at any one time.
- 222 Higher severity and/or complex claims (such as flood claims, fire claims, or claims involving vulnerable customers) are allocated to complex claims consultants at the time of lodgement. Complex claims consultants manage a smaller portfolio of claims – typically 40 cases at any one time. The complex claims team comprises A&G's experienced claims managers, who receive specialist training about how to manage high value and complex claims. A&G refers its responses in section 4 above for further information on the management of complex claims.
- 223 All complex claims are also overseen by an Assessor, who may visit the property on a number of occasions throughout the life of the claim. Following initial attendance by an Assessor, a meeting is arranged to formulate a plan for the ongoing management of the claim. This meeting is attended by the relevant complex claims consultant, the Assessor, the assessing team leader and the claims team leader. A detailed checklist is completed and a plan for management of the claim is collaboratively agreed. The claim is then jointly managed by the claims consultant and the Assessor until completion.
- 224 Throughout that time, the policyholder has access to a single point of contact who regularly provides updates via both written and verbal channels. The management of a complex claim will usually involve a number of critical elements, including the sourcing and booking of temporary accommodation, issuing of emergency payments, the coordination of make-safe and/or demolition works, the review of specialist reports, such as those from engineers and/or building consultants, and the overseeing of significant building works.
- 225 Reports on claim allocation across claims consultants and complex claims consultants are reviewed daily by Claims Management to ensure the optimal allocation of claims considering claims consultants' workload and capacity and claim priority.

C.2.2 Are there timelines in relation to this appointment?

- 226 A&G refers to its response to question C.1.1. All claims are allocated to a dedicated claims consultant at the time of claim lodgement.

C.2.3 Once a claim is identified for case management, how high up the chain does management of the claim go?

- 227 Depending on the severity and/or complexity of the claim, the highest point "up the chain" that management of a claim may reach is the Chief Financial Officer, who decides on all claims in excess of \$300,000.

C.2.4 What are the protocols in terms of a case manager interacting with a policyholder (e.g. Mode of communication, frequency of communication)?

228 A&G refers to its response to question 5.1.1 above.

C.2.5 For each of the four category incidents, for how many claims was a case manager appointed?

229 A dedicated claims consultant was allocated to all claims lodged in relation to each of the 2022 flood events.

C.2.6 How is the progress of claims that are case managed reported to the Board?

230 Claims update reports are submitted every month to A&G's executive committee and A&G's Board.

Annexure A



Customer Assistance – Decision Matrix

Customer

Customer Needs

- What are the customer's circumstances?
- What is the customer impact if they are not supported?
- Does the proposed support address the customer's need?
- Have I asked the customer what would help?

Flexibility

- Should I be exercising flexibility based on customer tenure?
- Is there anything else the customer has told me that I should be considering?

Treat me like a Person

- Is the decision fair and reasonable?
- Are we treating the customer as a person?

Severity

Severity of Circumstances

- Does this need to be escalated immediately?
- Is there a risk to our customer, employee or business?

Duration

- Is this about an immediate issue?
- Does this require longer-term support?

Ongoing Issue

- Is this a recurring issue that needs to be escalated?
- Is there anyone else I need to make aware of this issue?

Business

Business Rules

- What is our policy/ procedure?
- What is its purpose/ why does it exist?
- Who or what is it trying to protect?

Cost

- Is there a cost to provide this support?
- Have we considered non-financial alternatives?

Culture

- Does the support align to Auto & General's values?
- Is there a risk to business reputation?

People

Customer Assistance

- Do I have the required authority to make this decision?
- How have we supported customers in similar situations?
- Have I engaged relevant support from my leader?
- What action do I need to take now?

Delivering Support

- Am I able to deliver the support?
- Am I taking a balanced approach in my decision?
- Have I set clear expectations with the customer?
- Have I outlined available support and next steps?

Annexure B

