

Inquiry into financial services regulatory framework in relation to financial abuse

Please note that although the Committee directed questions to AAMI, we have provided responses that cover all insurance brands offered by the Suncorp Group (*Suncorp*).

Suncorp's observations of financial abuse

Financial abuse is a serious and widespread issue in Australia. One in six women and one in 13 men have experienced cohabitating partner economic abuse.¹ Rates of economic abuse are similar to physical violence for Australian women and financial institutions play a key role in helping to protect consumers.

Suncorp is aware of instances where our insurance products have been weaponised to commit financial abuse. These include instances where a perpetrator has:

- Cancelled a joint policy, removed a policyholder or reduced the level of cover, without telling the other policyholder;
- Re-directed claims funds;
- Intentionally damaged property knowing that the victim/survivor is unable to claim; or
- Used the existence of a jointly-held policy to access a victim/survivor's private details.

We are alert to the possibilities that financial products can be used to effect financial abuse, and are committed to improving our products and processes to reduce (and hopefully eliminate) the possibility that this occurs. We welcome measures to ensure that the financial services regulatory framework acts to protect consumers from financial abuse, as well as provides financial services organisations with flexibility in the design of products and processes to assist us to identify, prevent and react appropriately to circumstances where abuse may be present.

Proportion of customers experiencing financial abuse

Suncorp does not flag, track or report financial abuse as an individual category of vulnerability. Instances of financial abuse may occur alongside or as part of Financial Hardship, Family Violence or Elder Abuse, and would be recorded in those categories.

In the six months between December 2023 and May 2024, on average 0.47% of our insurance customers had a vulnerability flag on their file, indicating that they had disclosed, or we had identified, some form of vulnerability and they had consented to a vulnerability flag being placed on their file.² During the same period, on average 23.6% of new vulnerability flags were for financial hardship and 11.4% of new vulnerability flags were for family and domestic violence.

Further detail regarding our observations of financial abuse is set out below in response to the Committee's specific questions.

Suncorp's commitment to the *Respect & Protect* initiative

Suncorp acknowledges the impact financial abuse can have on our customers, including the misuse of financial products and service to cause harm.

Suncorp is taking steps to update our financial abuse and inappropriate behaviour terms and conditions to reflect that an insurance policy is no place for financial or other types of abuse, and using them in this way can have serious impacts.

¹ Australian Bureau of Statistics, 'Personal Safety', 2021-22 (released March 2023). Available [online](#).

² Suncorp currently uses the following vulnerability flags: Addiction, Cultural Background, Disability, Elderly Abuse, Elderly Requiring Assistance, Family Violence, Fatality, Financial Hardship, Grief, Homelessness, Injury, Mental Illness, Non-English Speaking, Other, Physical Illness, Remote Locations, Self-Harm, Unemployment.

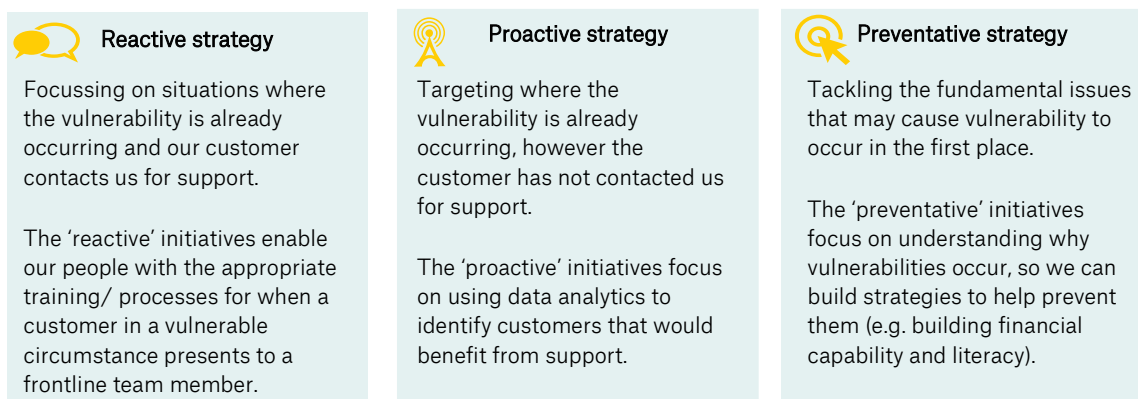
Our Customers Experiencing Vulnerability Strategy

In 2016 Suncorp was the first general insurer to create a Customer Advocate function. Since then, our Customer Advocates and their team have overseen the development of a strategy that ensures we recognise and support customers in vulnerable circumstances, as well as meet the commitments made in our Financial Inclusion Action Plan and under the General Insurance Code of Practice.

In 2018 Suncorp developed a Customers Experiencing Vulnerability Strategy (*CEV Strategy*) that has several components:

- Design of programs to better support and protect customers, with Reactive, Proactive and Preventative components (see Figure 1).
- A framework for supporting customers experiencing vulnerability based on 4Rs:
 - **Recognise** during an interaction whether a customer is experiencing vulnerability and/or has accessibility needs;
 - **Review** the customer's concerns and extra care they may require;
 - **Respond** with appropriate, consistent, empathetic, and timely extra care; and
 - **Refer** customers to internal and/or external specialised supports.
- A four-tiered employee awareness, engagement and capability program:
 - **Tier 1** – Training for all employees to build understanding of financial inclusion, resilience and wellbeing.
 - **Tier 2** – Training for all customer-facing employees which builds capability to identify and help vulnerable customers, and refer them to external partners for specialist support when required.
 - **Tier 3** – Specialised capability-building and coaching for teams working with vulnerable customers every day, equipping them with skills to help customers in highly stressful situations, and strategies for their own personal resilience.
 - **Tier 4** – Bespoke training that focuses on closing the gap on emerging issues.
- Engaging external subject matters experts.
- Working across the general insurance industry to share insights and best practice.
- Coaching our people for psychological safety.

Figure 1 – Reactive, Proactive and Preventative components of our CEV Strategy



Measures in place to identify, prevent and address abuse through financial products

Suncorp has a range of initiatives that bring our CEV Strategy to life. These include the establishment of specialist teams in CEV Hubs to provide individual case management and advice to other teams, changes to our product terms and conditions, and the establishment of partnerships enabling referral of customers to external support service providers for additional support. In addition to ongoing programs capturing the voice of our customers and learning from their feedback, we have also built strong relationships with external consumer advocate organisations to gain their insights and suggestions for where we can improve our approach.

Specific initiatives that have been delivered under our CEV Strategy to date include:

- **Early identification:** Suncorp's CEV Hubs were established to enable customer teams to identify and interact sensitively with victim-survivors. In 2023, the Hubs supported over 800 customers facing financial and domestic and family violence across Australia.
- **Referrals for additional support:** Suncorp's partnership with Uniting's CareRing referral service is helping customers impacted by financial hardship, mental health challenges, or domestic and family violence. The service includes a dedicated case manager for customers needing long-term assistance, referral pathways to community and health services, and financial assistance for specialist requests.
- **Conduct of others clause:** From late 2020, Suncorp became the first Australian insurer to introduce a 'conduct of others' clause into our consumer insurance policies. More detail on this product feature is below.
- **Consent to policy changes:** In December 2023, we introduced a process that requires both policyholders to consent to changes made to an insurance policy where we are notified of a relationship breakdown or that there are circumstances of FDV.
- **Specialist team pathing:** In May 2024, we introduced a process under which front-line teams are prevented from making changes to policies that have been flagged for FDV or elder abuse. Instead, the policy is referred to specialist teams to manage any interactions. This is intended to ensure customers receive specialist and additional support, as well as reduce instances where information may be inadvertently shared (for example, details provided to perpetrators of FDV).
- **Employee support:** We recognise that financial and other abuse affects the whole community, including our employees. Suncorp provides support to our employees who may be affected by domestic and family violence abuse, or who are working with impacted customers. The support available includes taking leave, changing work arrangements, and connections with external support. Guidelines have also been developed for leaders on how to support their teams.

Conduct of others clause

Suncorp was the first Australian insurer to introduce a 'conduct of others' clause to our consumer insurance policies. The clause (see Figure 2 below) protects our customers by making it easier for our claims teams to respond when a policyholder may have been prejudiced by the acts of another policy holder/s or those who have a financial interest in the policy, such as the perpetrator of financial abuse. Where a perpetrator causes property damage, we work with the customer experiencing the abuse and may be able to accept claims that would normally not be covered.

To assist with development of this clause and our approach, Suncorp engaged Ian Enright, a leading lawyer, academic and author who was an independent expert and insurance adviser to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. The clause was introduced to our insurance product terms for AAMI in late 2020, then in early 2021 for our other consumer brands.

This clause creates fairer outcomes by empowering our staff to determine what is fair in each individual circumstance and creates an option to accept a claim in circumstances where the terms of the policy might legally not otherwise require us to do so.

Two case studies that demonstrate the fairer outcomes enabled by the conduct of others clause are on the following page.

Suncorp is proud to have led the insurance industry in introducing this clause, and has shared our experience with other insurers. We welcome the introduction of similar clauses by two other insurers (at the time of writing), and encourage other insurers to adopt the same approach.

Figure 2 – Conduct of Others clause (Suncorp Insurance, Home & Contents PDS)

Conduct of others

When we consider a claim under this policy, we will have regard to any prejudice suffered by you or any other person entitled to benefit under this policy in relation to that claim, caused by mental illness of, substance abuse and/or an act of violence or intimidation by, another policyholder or person entitled to benefit under this policy. In doing this, we may meet the claim when we are not legally required to do so. If we do, we will limit the claim in relation to the person claiming to an amount which is fair in the circumstances.

Case Study 1 – Conduct of others Clause

Janine lodged a claim after her husband, Jerome, had a mental health episode in which he caused significant damage to the home, smashing windows and wall and other fixtures, before dying by suicide.

The claim was referred to the CEV Team for a Care Call. This is a call made to check in on the customer and offer additional support if needed, either from Suncorp or from an external support service. During the call, Janine said she had recently left Jerome as a result of ongoing domestic violence. Janine needed to go back to the home to get clothing for herself and the children.

Suncorp's 'make safe' repairers met her onsite and helped her to retrieve those necessary items. As Jerome had died, Janine was offered full coverage for the damage under 'conduct of others' rather than 50% of the claim and all contents items were provided. The building repairs were completed, enabling Janine to put the property on the market and purchase a home close to her family.

Case Study 2 – Conduct of others Clause

Susan lodged a claim as her husband Peter had kicked her out of the family home, separating her from her two young children, and then damaged her jewellery, furniture and other items plus sold her personal belongings on Facebook marketplace without consent.

Peter has a police record, has been incarcerated and is the subject of active apprehended violence orders from Susan and his parents.

Police helped Susan to re-enter the home briefly to collect the children and some essential items. She and the children have been living with her mother-in-law with only a backpack of their belongings each.

Under 'conduct of others', Suncorp was able to cover some items maliciously damaged and stolen, including the children's beds, hair straightener and camera. Without the 'conduct of others' coverage available, none of the damage or replacement cost of these items would have been covered under the policy.

Our Financial Inclusion Action Plan

In 2016, Suncorp became a founding member of the Financial Inclusion Action Plan (*FIAP*) program, alongside 12 other founding organisations. The program has now grown to a national and place-based network of more than 50 public, private and not for profit organisations all working together to promote financial resilience and wellbeing in Australia.

Suncorp published our third FIAP in May 2022. Our [2022-25 FIAP](#) elevates Suncorp to the Build level of the FIAP program, the first financial services organisation to progress to Build level.

Our 2022-25 FIAP builds on the strong foundations established by our previous plans and work undertaken across our business. Our commitments are grouped into the four areas set by the FIAP Advisory Group, which are:

- Improving and innovating products and services;
- Increasing financial capability;
- Understanding financial vulnerability; and
- Improving and supporting economic security.

The Build level involves a commitment to more ambitious, deeper and broader action over a longer term (three years). In addition to core actions, the Build level requires Suncorp to commit to one leadership action which is innovative, significant in reach or impact, and measurable.

Our leadership action focuses on “*breaking down barriers to accessing insurance*”, by exploring lower-cost home insurance solutions for customers. Throughout development of possible solutions we will consult people with lived experience across a range of vulnerabilities.

In alignment with the commitments under our FIAP, Suncorp was one of the first companies to commit to Flequity Ventures’ ‘*Respect & Protect*’ initiative, where companies commit to including financial abuse in product terms and conditions and offering greater protections for victim-survivors.

Response to Committee Questions

What specific policies, systems, processes or other safeguards does your business have in place to identify, respond to and report suspected financial abuse occurring to your customers?

Suncorp has a range of processes in place to assist our staff to identify and respond to suspected financial abuse, as well as provide support to customers.

Our Customers Experiencing Vulnerability and Family Violence Framework has been established to help support our staff to provide the right level of support to our customers at the right time. The Framework includes processes and guidance for our teams on how to identify, respond, provide support and protect victims of suspected financial abuse, as well as Family Violence, Financial Hardship and other vulnerabilities.

The guidance and processes available to front-line teams and specialist staff includes the following topics:

- Obtaining consent and recording vulnerabilities;
- Where customers decline consent to capture vulnerability/ies;
- Customers in distress or potential self-harm or suicide;
- Managing Family Violence;
- CEV Family Violence joint policy procedure;
- Pathing customers with vulnerabilities;
- Customer profile flags;
- Referring vulnerable customers to an external provider;
- Correct identification of customers;
- Cash Settlement procedures (including who to pay and what to consider where there are joint policyholders);
- Engaging specialist Claims Solutions or Claims Advisory teams;
- Reinstatement of a policyholder (including how to handle claims lodgement where a policy has been cancelled or the policyholder was removed without their consent).

These specific processes and guidance are in addition to the training provided to our staff under our CEV Strategy (outlined above).

At present, Suncorp does not have any guidance or process to report financial abuse. Circumstances in the Northern Territory that involve serious physical harm or an imminent or serious threat to life or safety are reported to relevant authorities, as required by NT law.

What is the extent of suspected financial abuse identified by any such measures in place?

Suncorp does not flag, track or report financial abuse as an individual category. Instances of financial abuse often occur alongside or as part of Financial Hardship, Family Violence or Elder Abuse, and would be recorded in those categories.

For insurance claims, identification of financial abuse relies on customers providing information (e.g. saying, doing or providing information) that indicates to us that financial abuse may be present. We then require the customer's consent to record a CEV flag on their file.

The table below provides data on customers and claims flagged for vulnerabilities over the six-month period between December 2023 and May 2024, including the proportion of claims under individual case management by our CEV Hubs, and referrals to CareRing for discussions of further support.

| | Dec 23 | Jan 24 | Feb 24 | Mar 24 | Apr 24 | May 24 | Average |
|---|--------|--------|--------|--------|--------|--------|---------|
| Insurance customers with CEV flag ³ | 0.44% | 0.45% | 0.47% | 0.47% | 0.49% | 0.50% | 0.47% |
| Share of new CEV Flags – Financial Hardship | 23.71% | 20.98% | 23.06% | 23.45% | 24.05% | 26.22% | 23.58% |
| Share of new CEV Flags – Family Violence | 11.31% | 10.66% | 11.12% | 11.43% | 10.82% | 13.14% | 11.41% |
| Share of active home and motor claims under CEV case management | 0.27% | 0.33% | 0.34% | 0.36% | 0.43% | 0.54% | 0.38% |
| Referrals to CareRing | 10 | 22 | 18 | 24 | 26 | 33 | 22.17 |

What is the impact of the shift of financial products to online platforms on the prevalence of, and ability of your business to identify, respond to and report, suspected financial abuse?

Although customer usage of our digital offerings – including websites and apps – has increased in recent years, Suncorp has not identified a significant change in the prevalence or appearance of financial abuse through those platforms. This may be because, in contrast to other financial sectors (such as banking), the types of acts that can be used to effect financial abuse for insurance are often one-off transactions related to policy coverage or claims process and do not provide opportunities to send messages to victims or facilitate repeated contact.

To limit the potential use of digital interactions as part of financial abuse, domestic violence or other forms of abuse, we have limited ability to engage with customers regarding some vulnerabilities via digital channels in order to protect customers' information and safety.

Our CEV teams prefer to engage with customers by phone to provide personalised, empathetic and responsive service, as well as to ensure that our staff are better placed to identify, explore and confirm other vulnerabilities that may be evident through a personal interaction, but which may not be recorded by the customer via digital channels. Where customers request communications via digital channels (e.g. email or message services) then we will adopt their preferred approach.

³ CEV flags currently used: Addiction, Cultural Background, Disability, Elderly Abuse, Elderly Requiring Assistance, Family Violence, Fatality, Financial Hardship, Grief, Homelessness, Injury, Mental Illness, Non-English Speaking, Other, Physical Illness, Remote Locations, Self-Harm, Unemployment.