

17 November 2023

Dr Daniel Mulino MP
Chair
Standing Committee on Economics
PO Box 6021, Parliament House
Canberra ACT 2600

By email:
floodinsurance.reps@aph.gov.au

Dear Dr Mulino

Flood Insurance Inquiry Submissions: Request made to Hollard Holdings Australia Pty Ltd

I am the Chief Executive Officer (CEO) of Hollard Holdings Australia Pty Ltd (ABN 30 154 586 802) (**Hollard**).

The House of Representatives Standing Committee on Economics (**Standing Committee**) made a request to Hollard on 22 September 2023 for submissions relating to the Flood Insurance Inquiry.

Hollard has prepared the enclosed response which addresses the questions asked by the Standing Committee in Attachment B of the letter (**Response**).

If the Standing Committee requires any further information from Hollard,
please let me know.

Yours faithfully

Mr Paul Fahey
Chief Executive Officer
Hollard Holdings Australia Pty Ltd

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Attachment B

Preliminary matters

This submission is made in response to the letter issued by Dr Daniel Mulino MP to Hollard on behalf of the House of Representatives Standing Committee on Economics (**Standing Committee**) dated 22 September 2023. This submission addresses the questions asked by the Standing Committee in Attachment B of the letter.

Hollard Holdings Australia

Hollard comprises:

1. The Hollard Insurance Company Pty Ltd (ABN 78 090 584 473) (Australian Financial Services Licence (AFSL) 241436) (**HIC**). HIC underwrites:
 - a. home and motor insurance products distributed by various retail brands;
 - b. home and motor insurance products transacted on the Steadfast Client Trading Platform; and
 - c. a range of insurance products distributed via various agencies under "binder" arrangements. These agencies are responsible for claim and complaints management in respect of the products distributed by them.
2. Hollard Insurance Partners Limited (ABN 96 067 524 216) (AFSL 235030) (**HIP**). HIP:
 - a. was formally known as Commonwealth Insurance Limited (**CIL**). CIL was the general insurance business of the Commonwealth Bank of Australia (**CBA**). Hollard acquired CIL on 1 October 2022, following which CIL was renamed HIP. Hollard's acquisition of CIL, and the effect this had on claims and complaints management, is discussed further below; and
 - b. underwrites home and motor insurance products distributed by CBA.
3. Hollard Commercial Insurance Pty Ltd (ABN 86 603 039 023) (AFSL 474540) (**HCI**). HCI is a subsidiary of HIC and distributes commercial insurance products (including business package) via intermediaries.

Unless expressly stated, these submissions concern HIC and HIP only with the exception of the agencies referred to at 1(c) above.

Acquisition of CIL

For context to some of the responses below, Hollard have set out a summary of how its relevant operational structure changed around the time of the flood events the subject of the Inquiry. In

particular, the acquisition of CIL in October 2022 and the subsequent establishment of HIP resulted in a change to Hollard's approach to claims and complaints management.

In respect of claims management, prior to the acquisition:

1. the motor, home and broker claims teams of HIC reported to three different "Heads Of", who reported to the Chief Operating Officer (**COO**) of Hollard. The COO reports directly to me, as CEO;
2. the motor and home claims teams of CIL reported to the General Manager of CommInsure, who then reported to an Executive General Manager within CBA.

Following the acquisition of CIL by Hollard, Hollard's Operations Team was restructured so that Head of Motor Claims, Head of Home Claims and Head of Broker Operations were appointed with responsibility for the oversight of all motor, home and broker claims respectively. Each of these roles reports to the COO. In respect of home claims, the claims business is structured according to the customer's cause of loss, including a Weather and Catastrophe Team, Business as Usual Claims Team and Complex/Vulnerable Claims Team, each of which is supervised by a Senior Manager.

Hollard manages all complaints through its operational teams, including Home Claims, Motor Claims, and Broker Operations. If not resolved within 5 days, complaints are escalated to the Customer Resolution Team. After the acquisition, the Customer Resolution Team, EDR team, and CBA Group Customer Relations team (with regard to activities supporting HIP) were merged into a single Complaints Resolution Team. This team now reports to Hollard's Customer Advocate team, which reports to the COO and communicates directly with the Hollard Board.

Additionally, Hollard has invested in Customer Engagement Specialists to provide dedicated resources for vulnerable or complex disputes.

Further, following the acquisition of CIL, Hollard established a centralised Event Response Team responsible for planning for the event season, updating event plans based on previous event experiences, and providing dedicated resources to support Insurance Council of Australia (ICA) forums and on-ground assistance throughout the year for event and catastrophe claims and affected communities.

Deloitte Report

In October 2023, Deloitte published a report titled "The New Benchmark for Catastrophe Preparedness in Australia" (Deloitte Report). The Deloitte Report, commissioned by the ICA, reviewed the response of eight insurers who accounted for almost 99% of the claims arising from the 2022 floods in South East Queensland and New South Wales – an event identified by the ICA as Catastrophe 221 (CAT221). Hollard, being one of these eight insurers, contributed extensively to the Deloitte Report.

Hollard has considered the Deloitte Report and welcomes the findings and recommendations made therein. At various places in this submission Hollard refers to the content of the Deloitte Report.

In this response, Hollard will refer to policy holders or insureds as "customers" or, in the context of the questions relating to dispute resolution "complainants".

1 Claims Management

B-1 How did the sector cope with the surge in claims from the 2022 floods (referred to in the Terms of Reference)?

Hollard contributed to the Deloitte Report commissioned by the Insurance Council of Australia. In providing the response to this question directed to the sector (as distinct to Hollard specifically), Hollard refers to the findings contained in the Deloitte Report. As detailed in the Deloitte Report, the number of insurance claims related to CAT221 was unprecedented, being more than six times higher than the average received for catastrophes declared since 2016. The insurance sector's response was varied in terms of claims handling and claims closure rates.

According to the Deloitte Report, almost 200,000 claims were processed and closed in the 12 months following CAT221. According to the Deloitte Report, while 84% of claims were closed, nearly 40,000 claims remained open. Deloitte also found claim closure rates varied considerably across insurers. While the delay in closure rates can be attributed to various factors (including external economic and regulatory factors) delayed claims handling was identified by Deloitte as a significant factor, impacting almost half of the complaints lodged in relation to CAT221.

i **Surge capacity**

B-1-i-a (i) How many staff are engaged in claims processing?

As at 30 September 2023, Hollard's Home, Motor, Lodgements and Commercial Claims personnel comprised 568.5 onshore full time equivalent staff (FTE) and 166 offshore FTE inclusive of all roles from frontline personnel through to senior executive leadership across all Hollard brands. Details regarding "Onshore" and "Offshore" resources for each product area are contained in the tables below.

Onshore FTE Breakdown			
Area	Frontline	Leaders	Total
Home Claims	220.3	36.8	257.1
Motor Claims	142.1	31.4	173.5
Lodgements	42.7	5.7	48.4
Commercial Claims	65.7	23.8	89.5
Total	470.8	97.7	568.5

Offshore FTE Breakdown			
Area	Frontline	Leaders	Total
Home Claims	63	9	72
Motor Claims	28	1	29

Offshore FTE Breakdown			
Area	Frontline	Leaders	Total
Lodgements	60	5	65
Total	151	15	166

B-1-i-a (ii) How does this change during natural disasters?

Our Workforce Planning strategy takes into consideration both short-term and long-term FTE requirements for claim processing based on a number of factors including the prior year FTE profile and claims volumes (including telephony requirements) and includes regular reviews of current and expected capacity to make resourcing decisions.

Short term planning

Capacity planning and forecasting is conducted monthly where FTE resources are reviewed based on actual experience (as against annual forecasting) to identify if any change is required in anticipation of increased claims volume. Using this approach, Hollard is able to recruit and increase FTE resources as required, including when it is expected that there will be an increase in insurance events in the immediate future. By increasing resources in advance of anticipated increases in demand, Hollard ensures that new staff are trained in advance of, and prepared to meet the needs of customers, during natural disasters.

Long term planning

In addition, resourcing requirements for claims are assessed each year as part of the annual budget cycle. Each year as part of this process Hollard uses the past years' key claims and portfolio data points to determine projected claim volumes and associated staffing requirements based on these volumes.

As part of Hollard's Catastrophe Planning, scenarios are modelled out using historical data, actuarial inputs and reinsurance assumptions to determine the 'catastrophe allowance' for the year and the associated staffing levels required to respond. Potential increases in requirements in respect of staffing levels are assessed based on current capacity within the business, cross-skilling of non-claims related staff and the ability to ramp up onshore and offshore claims teams in anticipation of the forecasted season ahead.

In addition to the long-term and short-term planning detailed above, Hollard has implemented a strategy for recruiting and training a surge workforce during peak periods. This includes the identification of internal resources to provide additional support to the Learning and Development function during onboarding training and to provide post -support training to new starters, including technical senior claims handlers and coaching specialists.

Hollard is also investing in technology, automation and digitalization to reduce dependency on surge workforce arrangements. In addition to this, Hollard is continuing to build internal capability across non claim teams to support initial response, utilising our global workforce with our offshore suppliers to

increase resourcing ahead of event season, as well as having contractual arrangements in place with external recruitment organisations to ensure readiness for bulk recruitment when required.

B-1-i-b 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 cost and/or access issues?

Hollard has established a number of strategies and practices which help manage access and cost issues during periods of high claims volume.

To alleviate the competition for additional administrative and claims staff, we have implemented the following strategies:

- A redeployment framework that enables the movement of staff between our Lodgement, Home and Motor frontline claims teams so that we can increase capacity when initially responding to customer call volumes during initial event response and then transition these staff into Home and Motor to support with processing of customer claims once the initial peak has been resolved.
- A partnership with our offshore provider EXL to provide additional lodgement and claim processing resources during peak times. A claims digital portal supporting direct pathing of lodged claims, reducing reliance on staff.
- A fast-track process to support the resolution of smaller quantum claims.
- A remote working strategy and training program which allows the recruitment agencies to seek staff quickly from across Australia.
- An operational structure enabling the ring-fencing of event claims and staff dedicated to progress claims, managing cost and outcomes.

To alleviate the competition for tradespeople and materials to conduct repairs, we have implemented the following strategies:

- A building panel with a forecasted capacity to respond to catastrophes.
- A more efficient claims platform that enables us to lodge customer claims quicker, which speeds up the allocation of builders to customers, and increases transparency over the progress of builders enabling improved project management of repairs. Streamlined approval process enabling builders to commence repair work as soon as practicable.

Hollard's operational structure enables the ring-fencing of event claims and staff dedicated to progress claims, managing cost and outcomes.

How could it do better in the future?

The Deloitte Report makes a number of recommendations as to improvements the insurance industry could make to improve workforce planning, catastrophe resourcing models, training and competency management.

Hollard has commenced a review of its event capacity resourcing in respect of its claims management resources and oversight of supply chain. Hollard has also embarked on a three-year technology transformation, investing in core platforms and integrations to automate key components of the claims management process, improve the frequency and quality of customer communications, empower customers to track claims via digital channels and to fully integrate with suppliers to automate allocation, approval and progress of repairs. These changes will remove the reliance on 'people' to do these tasks, which can be the bottleneck during a catastrophe event, slowing down customer communication and approvals and monitoring of the supply chain.

In relation to supply chain, Hollard has invested in a property platform that will automate allocation, approval and cost oversight of Hollard's building panel. Hollard has also commenced the development of a proof of concept for a similar automated solution for Motor Repairers. The Motor Repairs solution is due to be implemented towards the end of April 2024 and planned to launch in June 2024. These new platforms, integrated into Hollard's claims platform, will provide further transparency as to supply chain capacity, service levels and customer experience, in addition to improved oversight of costs in respect of labour and supplies.

Hollard is also planning to launch:

- a new national Motor supplier panel to be rolled out between April and June 2024. The new panel arrangements are intended to deliver improved customer and quality outcomes and costs management;
- a new claims portal for HIP (CBA) customers in March 2024 to improve the customer claims lodgement and tracking process, and to provide an online option for customers which will reduce reliance on claims resourcing; and
- a new claims platform in November 2023 (in which the new claims portal, referred to above, will be integrated) designed to enable customer claims to be lodged and the allocation of builders' customers to be done with greater speed and efficiency. The new platform will also enable Hollard to share internal claims resources across its brands.

B-1-i-c (i) What are the strategies for redeploying resources internally?

Hollard has a process in place to identify individuals within the Operations team who may be suitable to upskilling in claims lodgement and claims processing. These individuals are typically trained in August or September each year, ahead of the event season, and then deployed as required based on the severity of the event.

In addition, our offshore lodgements team can be utilised to provide additional capacity for onshore tasks, freeing up onshore resources to be redeployed as required.

Hollard's Event Response Plan, details 'triggers' to indicate when resources may need to be redeployed to support a catastrophe event. Trigger and redeployment activities are considered and planned ahead of

event season (typically October to March of each year) and communicated across all impacted areas. The operational impact and customer demand anticipated to be generated by the event, will determine whether internal resources are deployed or redeployed to support the event response. The period of redeployment to claims resourcing requirements will vary depending on where in the claims lifecycle additional support is needed from time to time for the event response.

B-1-i-c (ii) How do you manage the risk of unintended consequences? (e.g. insufficient resources in other areas)

Several of Hollard's strategies and policies, outlined above, all contribute to the minimisation of unintended consequences. In addition, however Hollard also has a dedicated Workforce management team which monitors and assess resource requirements. As a short-term measure, Hollard's practice is to prioritise the transfer of resources from areas where a short-term reduction in resourcing presents less risk, for example areas that are not customer facing as opposed to customer facing areas.

B-1-i-d (i) What are the key skills gaps currently (or anticipated)?

Hollard has not identified any key skills gaps. However, in the event of a major natural disaster where there may be a sudden surge in demand for roles requiring specialised skills such as assessors, loss adjusters and customer agents (to handle complaints and support vulnerable customers) skills shortages may arise. In this regard, Hollard refers to its response above detailing its long-term and short-term approaches to workforce planning, including catastrophe planning. As explained above, where possible, Hollard is investing in automated systems throughout each step of the claims process to remove potential bottlenecks caused by shortages in personnel.

B-1-i-d (ii) How does the firm/industry propose to manage recruiting and training a surge workforce?

As detailed above in response B-1-i-a, Hollard has implemented a strategy for recruiting and training a surge workforce during peak periods. This includes the identification of internal resources to provide additional support to the Learning and Development function during onboarding training and to provide post -support training to new starters, including technical senior claims handlers and coaching specialists. Hollard is also investing in an internal knowledge management system which improves speed to competency for new staff and increases consistency across staff decision making.

Hollard is also investing in technology, automation and digitalization to reduce dependency on surge workforce arrangements. In addition to this, Hollard is continuing to build internal capability across non claim teams to support initial response, utilising our global workforce with our offshore suppliers to increase resourcing ahead of event season, as well as having contractual arrangements in place with external recruitment organisations to ensure readiness for bulk recruitment when required.

B-1-i-e What training is provided to claims processing staff?

Hollard is committed to ensuring that its employees are equipped with the necessary skills to perform their roles compliantly. To achieve this, Hollard provides training to its claims processing staff in accordance with its various training policies.

All employees undergo mandatory induction, compliance, product and system training. Hollard's Compliance Training Policy outlines training requirements for employees.

In addition, claims processing staff are trained to perform their respective roles.

New employees complete an assessment as part of the onboarding process to assess knowledge and understanding of the training content and that they are well-equipped to perform their roles. A post induction program is also in place to support new employees. The post induction program includes the provision of support from performance coaches, senior leaders and mentors from within the business.

Hollard has developed training modules covering various aspects of claims processing and management, including for home and motor insurance, as well as lodgement processes. The training curriculum includes technical, compliance, system, process and behavioural course work, divided into learning modules to target key skills and for efficiency.

Bespoke claims handling training, including claims management principles and behavioural expectations (for example, managing claims with heart), and specialist training (such as, vulnerable customers and effective customer communication) is also provided.

Hollard maintains a knowledge management system, accessible to all staff, to support ongoing learning and development. In addition, a Help Desk is available for 'real time' support and dedicated coaching staff support embedding training and ongoing learning.

Training is not limited to when onboarding only. Hollard staff undergo regular on the job training and have their knowledge updated under the Continuing Professional Development program (CPD) under the Training Policy.

ii ***Claims processing***

B-1-ii-a **For each 2022 flood event, what is the average time taken to determine claims for each relevant category of insurance including, but not limited to, home and business;**

The average time taken for HIC and HIP home and motor claims to determine claims received for each flood event is set out in the table below.

Average time taken to determine claims by ICA Event	
ICA Event¹	Average weekdays
CAT 221 ²	89
CAT 223 ³	88
SE 222 ⁴	61
SE 224 ⁵	52

Note that the approach used to calculate the averages for HIC and HIP claims is necessarily different as the claims for each are recorded in different systems, relying on separate data fields captured across those systems respectively as follows:

HIC:

Days to Decision is based on the earliest Liability decision date, sourced from Hollard’s home claims daily report as at 30 October 2023.

HIP:

Days to Decision is the difference between the claim report date and claim decision date. The claim decision date is the closure date of the first ‘Make Claim Decision’ task on the claim recorded in the HIP system (‘Fineos’). Claims with no decision date have been excluded from the claim volume.

Weekday is based on a working week, that is, Monday to Friday.

B-1-ii-b For each 2022 flood event, what is the average time taken to provide a payout to the policy holder;

The table below sets out the average number of calendar days to the first payment in respect of a claim and final payment made.

The data contained in the table:

- includes finalised claims only; and
- where the average number of days is calculated, includes data based on the average number of days between the claim reported date and the first or last direct payment to the customer (noting that “direct payments” do not include indirect payments including Fees, Ex-Gratia, Temp Accommodation and Preferred Supplier payments).

¹ ICA Events are a reference to either Catastrophic Events (CAT) or Significant Events (SE) as declared by the ICA.

² Catastrophe 221: NSW and South East Queensland Floods of February and March 2022.

³ Catastrophe 223: Victorian, NSW and Tasmanian Floods of October 2022.

⁴ Significant Event 222: NSW Severe Weather (Hunter and Greater Sydney Floods) of July 2022.

⁵ Significant Event 224: Central West NSW Floods of November and December 2022.

ICA Event Code	Product	Average calendar days to first direct payment	Average calendar days to final direct payment
CAT221	Home	123	215
CAT221	Motor	42	92
CAT223	Home	79	155
CAT223	Motor	42	103
SE222	Home	97	156
SE222	Motor	33	75
SE224	Home	68	135
SE224	Motor	43	89

The table does not include results for Commercial Insurance, as the relevant data is not available.

B-1-ii-c For each 2022 flood event, what is the average time taken to commence repair work.

Contractors engaged by Hollard are monitored to ensure adherence with SLAs by its Supplier Partnership and Performance Team. Commencement of repair work is not recorded in a consistent, common way, as such Hollard cannot accurately answer when on average across each 2022 flood event, repair work commenced.

B-1-ii-d (i) For each 2022 flood event, why did those policy holders experience delays in the processing of their claims?

As detailed in the Deloitte Report, there were multiple factors that impacted claims timelines but the extent to which each of these factors individually caused delays has not been able to be determined by insurers across the industry due to data limitations. As Deloitte observed, it is difficult for insurers to assess which factors had the greatest impact on claims timelines and which areas of processes caused the largest delays.

From Hollard’s experience, the widespread impacts of CAT221 and the compounding impact of multiple flood events in 2022 and the resulting overall increased pressure on claims processing resources and supply chain were key contributors to claims processing delays experienced by customers. By way of example:

- Some customers were impacted by the availability of repairers and trades, in particular customers located in rural areas.
- Some customers impacted by SE222 in July 2023 had been impacted by floods earlier in the year. This meant for some customers that while assessments had been completed and for some repairs had commenced or cash settlements had been provided, further damage was sustained resulting in additional assessments and repairs being required.

In relation to CAT223 and SE224, some customers experienced delays in the processing of their claims due to the time it took for flood waters to recede in some areas, preventing homes to be accessed to complete assessments of damage and the timing of the flood events and building industry shut down over the Christmas / New Year period.

B-1-ii-d (ii) Were these delays due to: Internal factors (staffing/resourcing/other)?

As identified in the Deloitte Report, a number of internal and external factors contributed to delays in the processing of customer claims by insurers. For Hollard, internal factors included:

- CAT 221 and the subsequent flooding events placing considerable pressure on internal resources and required Hollard to significantly recruit external resources. Competition for resources extended the recruitment timeframe resulting in delays to customer updates being provided during 2022.
- The lack of claims expertise in the market resulted in training having to be extended and increased the time to effectiveness of new employees recruited.

External factors (lack of access to tradespeople or to materials due to supply chain issues)?

As detailed in Chapters 4 and 5 of the Deloitte Report, a number of external factors contributed to delays in the processing of claims by insurers arising from the economic climate of the time and external pressures faced across supply chains. Some of the external factors that contributed to delays in the processing of customer claims included:

- the historically tight labour market across the economy, including industry workers being in short supply;
- unprecedented demand and price pressures on the construction industry;
- limited availability of new cars and historically high prices for used cars;
- limited availability of rental cars;
- accommodation prices were high and availability was low, impacting the availability of temporary accommodation; and
- limited availability of hydrologists to determine if damage was caused by flood or storm water.

B-1-ii-e How did these delays impact policy holders? Was the impact measured?

As outlined in response to question B, B-1-ii-d, *Claims Management, Claims processing* some customers across all 2022 flood events experienced delays due to internal and external factors.

Due to the widespread impacts of CAT221 and multiple flood events throughout 2022, some customers were impacted by the availability of repairers and trades especially in rural areas. As noted above, Hollard onboarded new builders to our panel during the first month of this event to provide sufficient coverage for the claim volume from the CAT221, and also to continue to support our business as usual (BAU) claim

portfolio. This enabled greater access to assessing, estimation, restoration and building resources and the trade base.

Some customers impacted by SE222 in July 2023 had been impacted by floods earlier in the year. This meant for some customers that while assessments had been completed and (for some) repairs had commenced or cash settlements had been provided, further damage was sustained resulting in additional assessments and repairs being required. Hollard implemented processes to identify these customers quickly, ensuring where applicable that a second excess was not applied.

Some CAT223 & SE224 customers were impacted across regional communities in Victoria and New South Wales. Delays were experienced by some customers due to the time it took for flood waters to recede, causing delays in Hollard's ability to access customers' homes and complete assessments. The timing of these events (between October and November 2022) and the regional locations involved meant that some customers were impacted by availability of Hollard's representatives. By way of example, the strip out of some customers homes were not completed prior to the building industry shut down from mid-December to mid-January, resulting in further delays for some customers in completing the processing of their claims.

Overall, claims delays were felt in the areas impacted by these floods because of significant pressure put on the entire claims processing and supply chains following eight months of increased rain, including the record-breaking floods of February and March 2022.

Hollard measured customer impacts through operational reporting in respect of the age of the claim, customer complaint volumes and General Insurance Code of Practice (GICOP) breach volumes.

iii **Claims decisions**

B-1-iii-a **Under what circumstances do you reduce the quantum of payouts to policy holders?**

Payments to customers are made in accordance with the terms and conditions of the applicable Product Disclosure Statement or Policy Wording and the amount of coverage the customer has selected in relation to the sum insureds and any additional optional cover taken out.

When a cash settlement is the fulfillment option, payment is made in accordance with the Cash Settlement Fact Sheet prescribed under the Corporations Act. The cash settlement figure will be reduced by the amount payable for the excess/deductible and any unpaid monthly instalments.

B-1-iii-b **What procedures do assessors engaged by your firm follow to differentiate between storm and flood events?**

For personal home and motor products, flood and storm coverage are standard inclusions.

For commercial products, the Business Package includes an optional cover for flood.

Hollard does not differentiate between storm and flood by using specialists (hydrologists) on personal home and motor products or on the Business Package when the optional cover for flood is included.

In relation to the Business Package, where the customer has not elected to include optional flood cover, Hollard will consider any claim lodged by a customer for damage sustained by storm or flood within the period of cover.

Assessors engaged by Hollard typically assess the damage in person, speak with the customer, and consider factors from the circumstances of the event and surrounding area where the damage occurred.

Assessors engaged by Hollard will typically consider:

- the customer's report of the events;
- the location of the property comparative to the location of the affected region;
- physical evidence of damage to the property and whether that damage differentiates the event. By way of example, if there is water damage to a ceiling and that is the only damage, this may be indicative of storm damage. Tide markings on walls above ground level may be indicative of flood damage;
- if a hydrologist will be appointed to assess and report on the cause of the damage, and the hydrologist will differentiate between flood damage and storm damage.

Hydrologists are engaged to provide expert advice specific to the risk that has been affected. The hydrologist will report on the cause of damage, the point of water entry to the site and whether the water damage was caused by riverine flood, storm water run-off, top-down storm damage or both. The hydrology report typically articulates the topography and drainage network of the local area, the timeline of the rainfall and flooding event as well as the depth of flooding. This will then be compared to the damage experienced at the premises including height comparisons, type of damage to the premises, eyewitness accounts and the insured's own observations. The report assists insurers in confirming the cause of damage (namely riverine flood, storm water run-off, backflow, top-down storm damage or both) and point of water entry to the site.

Any hydrology expert advice obtained in respect of a claim is considered by Hollard in conjunction with the applicable policy coverage and definitions of the 'storm' event and 'flood' event.

B-1-iii-c How do assessors differentiate between storm and flood damage where both may have occurred during a single event?

Please refer to the response B-1-iii-b above.

B-1-iii-d How does your firm differentiate between storm and flood damage?

Please refer to the response B-1-iii-b above.

B-1-iii-e (i) 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?

No claims were refused by Hollard on the basis that damage was caused by flood for personal home and motor products, or for the Business Package whether the customer has elected to include flood cover.

Where customers did not include the optional flood cover in the Business Package, the following number of claims were refused due to flood not storm damage assessments:

ICA Event	Claims refused
CAT 221	85
CAT 223	0
SE 222	6
SE 224	0

Denying a claim on the basis that the damage was caused by flood and not storm does not apply to Hollard's other policies.

B-1-iii-e (ii) What percentage of total claims made for both home and business insurance do these refusals represent?

Based on denied claims compared to all home and business insurance claims across Hollard (refer to the table in section B-1-iii-e(i) above)), the percentage of total claims refused is as follows:

ICA Event	% of total claims refused
CAT 221	0.57%
CAT 223	0%
SE 222	1.08%
SE 224	0%

iv ***Claims protocols***

B-1-iv-a **Where policy holders are asked to sign documents with legal implications including but not limited to:**

- 1) waiver documents when homes and businesses are being 'stripped out' by building contractors engaged by insurers; and**
- 2) documents relating to full or partial settlement of claims;**

What steps does your company take to ensure policy holders fully understand the nature and terms of those documents and their legal effect?

Waiver documents for 'strip out' by building contractors

Customers may be asked to sign an authorisation for repair works where strip out, removal and/or disposal of non-salvageable items is being completed by a Service Provider as part of the authorised repair works, or during preliminary make safe or restoration works. A Service Provider may also request a customer to complete an authorisation or waiver document providing acknowledgement and approval for the proposed strip out, removal and/or disposal of items.

These documents may include provisions around the release of liability for the Service Provider should policy coverage be limited or restricted by the Insurer in accordance with policy terms.

In addition to the above, to proceed with repairs it is general practice for the Service Provider to supply the customer with correspondence outlining their engagement by Hollard and providing information/action requirements prior to repairs commencing (this may include excess amounts, maintenance requirements etc). A scope of works outlining repair requirements is also submitted to the customer where applicable for acknowledgement and approval.

Documents relating to the full or partial settlement of claims

In accordance with the Corporations Act s948D, where a cash payment is made in full or part settlement of a claim, a Cash Settlement Fact Sheet (**CSFS**) is provided to a customer. The CSFS is required under s948F to contain a statement that the customer should consider obtaining independent legal or financial advice before signing.

Hollard otherwise does not require customers or their authorised third parties to sign settlement offer paperwork except in circumstances such as where Hollard agrees to make a payment outside of the terms and conditions of the policy cover. In these cases Hollard may ask the customer to sign a legally binding deed of release.

B-1-iv-b **Where policy holders are asked to sign documents with legal implications, what steps does your company take to ensure policy holders fully understand the nature and terms of these documents and their legal effect?**

In situations where Hollard asks for a customer to sign a deed of release there will be a prescribed clause in the release providing that the parties have had an opportunity to receive legal advice prior to entering into the deed. Similarly, a CSFS will include a provision that the customer should consider obtaining independent legal advice before signing.

Hollard does not otherwise require customers to confirm that they have obtained independent legal advice.

B-1-iv-c (i) **Does your firm ever advise policy holders to engage independent legal advice before signing such documents?**

Please refer to the response to B-1-iv-b above.

B-1-iv-c (ii) **If yes, does your firm ever assist policy holders to do this?**

Hollard does not provide a service that enables customers access to free legal advice nor does Hollard make recommendations as to where or from whom customers should obtain legal advice.

B-1-iv-d **What role does automation/AI have in the claims process?**

Hollard has embarked on a three-year technology transformation investing in core platforms and integrations that automate key components of the claims journey, improve the frequency and quality of customer communications, empower customers to track their claims via digital channels and fully integrate with suppliers to automate allocation, approval and progress of repairs from a supply chain perspective.

Hollard has introduced a property platform that will automate allocation, approval and cost oversight of the panel. Hollard has also commenced a proof of concept for a similar solution for motor repairers. These platforms integrate into Hollard's claims platform providing greater transparency on supply chain capacity, service levels and customer experience, in addition to improved oversight of costs, labour and supplies.

B-1-iv-e (i) For each 2022 flood event, how many ex-gratia payments were made?

The total number of ex-gratia payments for each 2022 flood event is provided in the table below. The table includes detail as to the number of claims which had an ex-gratia payment made and the total number of ex-gratia payments, noting that a single claim may have multiple ex-gratia payments.

ICA Event	Product	Number of claims with ex-gratia payments	Total number of ex-gratia payments made
CAT221	Personal Home	1573	2060
CAT221	Personal Motor	50	59
CAT221	Commercial	0	0
CAT223	Personal Home	21	25
CAT223	Personal Motor	3	4
CAT223	Commercial	0	0
SE222	Personal Home	151	192
SE222	Personal Motor	8	8
SE222	Commercial	0	0
SE224	Personal Home	5	5
SE224	Personal Motor	1	1
SE224	Commercial	0	0

The percentage of claims with ex-gratia payments for each ICA event is provided in the table below.

ICA Event	% of Claims with Ex-Gratia Payment
CAT221	11%
CAT223	4%
SE222	9%
SE224	5%
TOTAL	10%

B-1-iv-e (ii) How much was paid on average, and what was the distribution of payments made?

The amount paid on average, and the distribution of payments made, is provided in the table below.

ICA Event	Product	Average ex-gratia paid Net GST	% of total Claims with Ex-Gratia Payment Between \$0 - \$1k	% of total Claims with Ex-Gratia Payment Between \$1k - \$5k	% of total Claims with Ex-Gratia Payment Between \$5k - \$10k	% of total Claims with Ex-Gratia Payment Greater than \$10k
CAT221	Personal Home	\$4082	4%	5%	1%	1%
CAT221	Personal Motor	\$1271	4%	2%	0%	0%
CAT221	Commercial	\$0	0%	0%	0%	0%
CAT223	Personal Home	\$2116	2%	2%	0%	0%
CAT223	Personal Motor	\$1267	3%	6%	0%	0%
CAT223	Commercial	\$0	0%	0%	0%	0%
SE222	Personal Home	\$2245	4%	5%	0%	0%
SE222	Personal Motor	\$1212	6%	1%	1%	0%
SE222	Commercial	\$0	0%	0%	0%	0%
SE224	Personal Home	\$2372	1%	3%	1%	0%
SE224	Personal Motor	\$455	9%	0%	0%	0%
SE224	Commercial	\$0	0%	0%	0%	0%

v Strengthening processes

B-1-v-a What is your assessment of how to strengthen the claims management processes?

In line with the recommendations made in the Deloitte Report, Hollard agrees with and adopts the industry approach that insurers should assess the operational efficiencies delivered by investment in process, technology and infrastructure in respect of the claims management process in the context of responding to a catastrophe. Hollard agrees that the five areas identified in the Deloitte Report would make a significant improvement in the operational response, namely:

1. Reduction in manual processes: insurers should review the manual processes that result in bottlenecks during catastrophes, to consider how digitisation or re-engineering would improve claim processing.
2. Accelerated triage: insurers should consider triaging to accelerate claims in a catastrophe, including batching, automating and bulk processing cohorts of claims. For triage to be successful, insurers need a level of consistency in policy definitions and terms across the portfolio, robust data capture, and pre-identification of processes that can be automated or handled in bulk.
3. A single claims (customer) view: insurers would benefit from an integrated infrastructure which allows them to understand, track and monitor claims, including third-party supplier involvement, to enable improved decision making and better interaction and information provision to customers.

4. Customer application: to support customer communication, insurers could consider an app or portal for customers to self-serve information on claim process, status, time to next update, key contact details etc. Further advancements could include the ability to extract claim details for third parties (e.g. government, banks).
5. Advanced technologies: insurers should consider in the commercial feasibility of technologies such as machine learning, automation and generative AI to improve handling times and customer experience, particularly in the context of responding to a catastrophe.

Relevantly to those recommendations, Hollard has taken the following steps:

- The launch of new technology in July 2023 includes a new claims platform for all partners, with HIP due to launch in November 2023, and a new building panel platform. These platforms are designed to enable faster lodgement of customer claims, faster allocation of builders, and improved transparency of repair progress.
- A new claims digital portal for HIC to enable simplified event lodgement, direct pathing and improved communication.
- Enhancements to internal processes including streamlining of delegations and building approvals to reduce timeframes from authorisation to repair and the introduction of a fast-track claims process to support the resolution of smaller quantum customer claims.
- Having one claim manager assigned to a claim throughout the process to avoid the need for the customer to tell their story to several claims managers. Individual case management is being extended to HIP home customers this financial year.
- As noted in the response to B-1-iv-d above, Hollard has embarked on a three-year technology transformation investing in core platforms and integrations that automate key components of the claims journey, improve the frequency and quality of customer communications, empower customers to track their claims via digital channels and integrate with suppliers to automate allocation, approval and progress of repairs from a supply chain perspective. Hollard has invested in a property platform that will automate allocation, approval and cost oversight of the panel. Hollard has also commenced a proof of concept for a similar solution for motor repairers.
- Annual event simulation across Operations to test the robustness of Hollard's internal event response, identifying any gaps prior to event response and provide remedy.
- The introduction of a dedicated catastrophe structure has been implemented with temporary and permanent resources onboarded in FY23 resulting in catastrophe claims being ringfenced from BAU claims to ensure focus on claim progression, customer outcomes and cost.
- Frequent and clear communication about the claims process, timeframes and the progress of claims. In response to this opportunity Hollard has;
 - Created flood and storm customer pamphlets for home customers outlining Hollard's five-step approach to supporting customers following a flood or storm claim.
 - Implemented reporting that identifies potentially vulnerable customers, ensuring those that need support most are identified early and allocated a case manager.
 - Worked closely with our direct partner brands to co-create website and social media content that has been shared via partner websites and social media to encourage customers to prepare for event season.

- Prioritised the review of customer communication, including SMS and letter templates, in conjunction with the launch of our new claims' platform.
-

2 Internal dispute resolution

i **IDR processes**

B-2-i-a Please summarise your firm's internal dispute resolution process.

Hollard's internal dispute resolution (**IDR**) processes are guided by the Hollard Complaint Handling Policy at a group level, as well as Complaint Management Standard Operating Procedures specific to HIC and HIP. The IDR processes provided for by these policies are summarised below.

- Complaints can be lodged via phone, mail, email, social media, Hollard and Partner websites and via suppliers and distributors.
- When a complaint is received, a search of Hollard's complaints management system (Respond) is undertaken to ensure the complaint does not already exist. If not, the complaint is recorded in Respond.
- Acknowledgement of the complaint having been received is provided to the complainant within 24 hours or as soon as practicable.
- The initial owner of the complaint within Hollard will attempt to resolve the complaint when it is received. If they are unable to resolve the complaint:
 - If the complaint relates to HIC, it is escalated to a specialist, senior team member or leader. Depending on the outcome of that review, the complaint may either be resolved at that point (with a written response to the complainant where required, as provided in ASIC RG 271 and the GICOP), or escalated to the Customer Relations Team; or
 - If the complaint relates to HIP, it is escalated to a leader or the Customer Resolutions Team. The leader or Customer Resolution Team provides a written IDR response (where required and as detailed in ASIC RG 271 and the GICOP). If the complaint is unable to be resolved at this stage, the complainant may then escalate the complaint to the Customer Relations Team.
- The Customer Relations team will then issue a final written IDR response, detailing the outcome of the complaint as required by ASIC RG 271 and the GICOP.
- While the IDR complaint is open, the complainant is provided with updates at least every 10 business days as required by the GICOP. If the complainant remains unsatisfied with the management or outcome of the complaint, the complainant may lodge a complaint with the Australian Financial Complaints Authority (**AFCA**).

B-2-i-b Does the process differ for different categories of insurance? If so, how?

The IDR process adopted by HIC and HIP as summarised in the preceding answer does not differ for different categories of insurance.

B-2-i-c Are your IDR processes for each 2022 flood event the same? If no, how do they differ?

The IDR processes adopted by HIC and HIP for each 2022 flood event were the same as summarised in B-2-i-a above.

B-2-i-d How does your firm communicate with policy holders during the IDR process?

Hollard generally acknowledges complaints and provides updates to customers by email, telephone or post, depending upon the customer's specific preference.

Hollard's internal processes for communicating with customers who have made a complaint align with the requirements of ASIC RG 271 and the GICOP.

Hollard acknowledges complaints within twenty-four hours of a complaint, or as soon as practicable after a complaint is received, as required by ASIC RG 271. During the IDR process, Hollard also provides updates to the customer at least every 10 business days as required by the GICOP.

As detailed in ASIC RG 271 and the GICOP, outcomes on certain complaints must be communicated in writing. Therefore, certain complaint outcomes are provided to the customer either by email or by post, as required.

Where the customer prefers, Hollard will communicate with an authorised third party instead of the customer.

ii IDR outcomes

B-2-ii-a How many cases involved dispute resolution? What was this as a percentage of overall claims?

The following table summarises the number of claims subject of an IDR complaint for each ICA Event, as well as the overall percentage of claims subject of an IDR complaint for each ICA Event.

ICA Event	Number of Claims with an IDR complaint	% of claims with an IDR complaint
CAT 221	4,606	29%
CAT 223	144	24%
SE 222	491	26%
SE 224	34	27%

B-2-ii-b What were the main causes of disputes?

The main causes of complaints are:

1. **Delays / Timeframe:** This category includes complaints related to delays with repair timeframes, issues with the assessment turnaround timeframes, delays in relation to claim settlement as well as other similar claim delays.
2. **Declined Claim / No Cover:** This category includes complaints related to general and specific policy exclusions, inconsistent damage and other similar items where Hollard did not accept that the claim was covered under the policy.
3. **Settlement:** This category includes complaints related to the settlement amount, settlement deductions, policy limits and other similar issues.

The below table summarises the overall percentage of complaints that fell into each of the above categories:

Complaint Category	% of Total Number of Complaints
Delays / Timeframe	60%
Declined Claim / No Cover	21%
Settlement	7%

The abovementioned causes of complaints were consistent with the main causes of complaints affecting the wider insurance industry, as detailed in Finding 3.4 of the Deloitte Report.

The three main causes of complaints account for 88% of total complaints.

B-2-ii-c What was the timeframe – average, and distribution (under 1 month, 1-6 months, 6-12 months, 12+ months) from initial dispute to close?

The average duration from initial dispute to close in respect of each ICA Event is as follows:

ICA Event	Average Duration (Calendar Days)
CAT 221	12
CAT 223	8
SE 222	12
SE 224	10

The distribution of timeframes concerning the time taken from initial dispute to close in respect of each ICA Event is as follows:

ICA Event	Dispute to Close Banding	Number of IDR Closed Complaints ⁶
CAT 221	Under 1 month	7,624

⁶ Note that the number of IDR complaints listed in this table is greater than the number of claims subject of a complaint as listed in the response to B-2-ii-a above. This is because more than one complaint can be lodged in respect of each claim.

ICA Event	Dispute to Close Banding	Number of IDR Closed Complaints ⁶
	1 - 6 months	719
	6 - 12 months	23
	Greater than 12 months	-
CAT 223	Under 1 month	257
	1 - 6 months	14
	6 - 12 months	-
	Greater than 12 months	-
SE 222	Under 1 month	716
	1 - 6 months	69
	6 - 12 months	1
	Greater than 12 months	-
SE 224	Under 1 month	64
	1 - 6 months	4
	6 - 12 months	-
	Greater than 12 months	-

B-2-ii-d How many claims that went to IDR were resolved in favour of the policy holder?

Hollard categorises a complaint referred to IDR as being resolved in favour of the customer if the outcome to the customer is more favourable than the original offer by Hollard. This may include, but is not limited to, the customer being provided with an apology or being offered an additional settlement, or Hollard overturning a decision to deny a claim.

Noting the above, the number of IDR complaints resolved in favour of the customer is as follows:

ICA Event	Number of claims subject to the IDR complaints process resolved in favour of the customer
CAT 221	5,800
CAT 223	186
SE 222	468
SE 224	46

For the sake of completeness, Hollard notes that the majority of complaints resolved in favour of the customer were classified as such due to an apology being provided to the customer.

B-2-ii-e How many claims that went to IDR led to no change to the original decision;

The number of claims subject to IDR complaints that led to no change in Hollard's original decision is as follows:

ICA Event	Number of claims subject to IDR complaints that lead to no change in Hollard's original decision ⁷
CAT 221	2,589
CAT 223	96
SE 222	329
SE 224	22

B-2-ii-f How many claims that went to IDR led to full acceptance of the claim; or

While Hollard records whether claims subject to the IDR process were resolved in favour of the customer or lead to no change in the original decision, it does not record whether the IDR process led to full acceptance (or for that matter, partial acceptance) of the claim.

B-2-ii-g How many claims that went to IDR led to partial acceptance of the claim?

Hollard refers to its response in B-2-ii-f above.

B-2-ii-h How have the frequency and causes of disputes changed over time? (e.g. vs the 2011/2012 floods)

Hollard does not hold data to perform a quantitative comparison between complaint frequency and cause between as far back as 2011/2012 and the present. Also, Hollard has increased in size significantly since that time, and has undergone various systems upgrades.

Qualitatively, Hollard has experienced an increase in the frequency of complaints over that period. The cause in that increase is due to:

- Improved identification of customer dissatisfaction;
- Increasing customer awareness of the dispute process;
- Expanded regulatory obligations about complaints management, reporting and handling; and
- Increases in the number and severity of varied types of natural disasters.

iii *Strengthening IDR arrangements*

B-2-iii-a Is there (or should there be) a change in general dispute management handling during surge times?

⁷ It should be noted that not all complaints are made in relation to a decision of Hollard. For example, if a complaint is made in respect of service delays or call wait times (which, compared to events such as claim denials, are not decisions made by Hollard), then there can be no change in the "original decision". Notwithstanding this, complaints of this nature have been recorded in the table.

The approach to be taken for general dispute management handling is mandated by the GICOP and ASIC RG 271. Pursuant to same, Hollard maintains a consistent approach to dispute management handling once the IDR process has been initiated, regardless of surge volumes.

Proactive steps are taken by Hollard's claims areas in the early stages of surge events where a large proportion of customers are impacted by the same issue (for example, shortage of temporary accommodation options). By adopting a proactive approach, Hollard aims to:

- resolve any issues that may be faced by customers during surge events without the need for the customer to resort to lodging a complaint;
- reduce the complexity of resolving any complaints that do arise; and
- deliver a more consistent outcome for customers.

Hollard also adopts a bulk recruitment approach during surge events to ensure that it is adequately resourced to deal with increased demand during such periods.

Regarding whether there *should be* a change in Hollard's general dispute management handling during surge events, Hollard supports the following recommendations as identified in the Deloitte report insofar as they may apply to dispute management handling:

- Recommendation 4 - sub- paragraph 2 - Accelerated triage. This recommendation suggests that insurers should consider triaging to accelerate claims during a catastrophe, however similar processes could also be considered in respect of Hollard's complaints management handling; and
- Recommendation 2 - sub-paragraph 3 - Customer treatment strategy. This recommendation suggests that insurers should review the effectiveness of the definition, identification and support of vulnerable customers during catastrophes. Hollard considers that this recommendation may equally apply to dispute management handling during surge events.

B-2-iii-b What percentage of policy holders engage a hydrologist during the IDR process?

Hollard does not record whether customers engage a hydrologist during the IDR process.

B-2-iii-c What percentage of policy holders engage a legal representative during IDR?

Hollard does not record whether customers engage a legal representative during the IDR process.

3 Identifying vulnerable people

B-3-i-a How does the firm define/identify vulnerable customers?

Since January 2022, Hollard has used the International Standard "ISO 22458 2022-04 Consumer vulnerability" to define and identify vulnerable customers. That standard specifies requirements and guidelines for organisations on how to design and deliver fair, flexible and inclusive services that will increase positive outcomes for consumers in vulnerable situations and minimise the risk of consumer harm. That standard (adopted by Hollard in its own policy entitled "Customers Experiencing Vulnerability Process" (**Vulnerable Customer Policy**)) defines vulnerable customers as: "consumer vulnerability is the state in which an individual can be placed at risk of harm during their interaction with a service provider due to the presence of personal, situational and market environment factors."

As part of the Training Policy, all claims' staff undertake training on the Vulnerable Customer Policy and how to identify and support vulnerable customers. For staff who have specialist roles in dealing with vulnerable customers, in addition to the general Vulnerable Customer Training they will also undertake Extra Care Specialist Training.

During customer interaction, staff will identify "red flags" that may indicate a customer vulnerability and seek to confirm the vulnerability with the customer. The factors that may help alert staff that a customer is vulnerable are identified in the staff training and the Vulnerable Customer Policy.

There are twelve different vulnerability types of staff are trained to recognise ranging from cultural, disability, domestic violence and family violence, financial hardship and other health concerns.

Claims staff, and specialist staff, are trained on what actions can be taken to thereafter provide appropriate customer support which may include referral to a specialist to manage their claim from that point forwards.

B-3-i-b Should the definition of 'vulnerable customer' be expanded?

In line with the recommendations set out in the Deloitte report, Hollard intends to continue to review the effectiveness of the definition.

B-3-i-c How are vulnerable customers supported?

Hollard's internal process which support vulnerable customers include:

- identification of vulnerable customers;
- confirming the relevant vulnerability and need for support;
- obtaining the customer's consent to capture the vulnerability in Hollard's system;
- assessing the support needed by the particular customer in their circumstances;
- subject to the needs of the customer, potential escalation to a dedicated team of specialists across all Hollard products that provide ongoing support for the customer's vulnerability and management of the claim or insurance needs; and
- potential fast track assessment of customer claims and/or access an emergency payment for urgent financial needs. This includes requests for financial hardship relating to debts owed to Hollard.

In addition, Hollard have documented guides in the Vulnerable Customer Policy that provide a list of external support services that the customer may contact for further support for each category of vulnerability identified.

B-3-i-d For each 2022 flood event, how many vulnerable policy holders were identified and supported?

The number of claims with a vulnerable customer for each flood event is as follows.

ICA Event	Product	Number of Claims with a Vulnerable Customer
CAT 221	Home	385
CAT 221	Motor	18
CAT 221	Commercial	1
CAT223	Home	22
CAT223	Motor	2
CAT223	Commercial	0
SE222	Home	37
SE222	Motor	2
SE222	Commercial	0
SE224	Home Property	4
SE224	Motor	0
SE224	Commercial	0

B-3-i-e How effective is that process?

The appointment of individual case managers, and other processes detailed above, for claims where customers are experiencing vulnerability are effective ways of dealing with those types of claims and the particular circumstances of those customers. However, Hollard is committed to improving its customer experience in the manner recommended by the Deloitte report, including improving communication, strengthening claims processes and embedding the voice of the customer into operations.

Since the 2022 floods, Hollard identified opportunities to improve its support to customers experiencing vulnerability. The following initiatives have subsequently been delivered to improve the process for identifying and supporting vulnerable customers:

- System changes to record customer vulnerability and support;
- Improved reporting to monitor compliance and trends;
- Review of processes and framework to consolidate a consistent and supportive customers' experiencing vulnerability approach;
- Enhanced staff training to uplift customer facing capability;

- Dedicated specialist teams to support more complex vulnerabilities, including end-to-end case management; and
- Implementation of a Customer Advocate role and team which acts as the voice of our customers (particularly vulnerable customers) and communities.

4 What additional resources to devote to complex cases

B-4-i-a How does the firm define/identify 'complex cases'?

Hollard does not define 'complex case'. For the purposes of this submission, Hollard consider a "complex/sensitive claim" is one with any one or more of the following characteristics present:

- Where the nature of the loss is sensitive (for example if there is a fatality involved in the claim);
- Where the customer is suffering from financial hardship;
- Where a customer may be affected by family violence; or
- Where there is sensitivity around customer circumstances or a need for the claim to be expedited due to an urgent need (Special Needs or Disabilities).

Hollard's Vulnerable Customer Policy requires a referral of "complex/sensitive claims" to the relevant team that manages customer vulnerability.

In addition to the specialist teams that manage customer vulnerability, Hollard employs specialist teams that manage claims that are large loss claims with estimates that exceed a certain dollar threshold.

In order to ensure all cases which could be considered 'complex' are adequately supported, Hollard prepares a daily report that uses word scraping to identify claims with characteristics that could be considered 'complex' or where a customer may require additional support. However, many variables make up the definition of a complex case so this may not capture all scenarios.

There are internal processes for the transfer of claims to the specific teams using the claim system workflow when the criteria is met.

B-4-i-b Once a complex case is identified, what is the process for managing that claim?

Hollard treats complex/sensitive cases on an individual claim basis.

For large losses and claims involving complex vulnerabilities, Hollard will appoint a dedicated case manager who is responsible for managing the claim and the customer experience through the claim lifecycle. The claim management will follow the usual process however where strategies for the claim management need to change to suit customer need (heightened support/vulnerability) or the individual

characteristics of the claim, this will be done on a case-by-case basis. For Direct Home Claims, this may include appointing Internal Assessing resource and Broker Claims, including appointing a Loss Adjuster.

Where an Internal Assessor or Loss Adjuster is appointed, Hollard will aim to do so as early in the claim life as possible with the view of supporting the customer at the initial claim lodgement or as soon as the need arises. Often the internal assessor or loss adjuster will continue to be involved with the claim on multiple occasions through the claim lifecycle to support a customer through their claim experience and ensure progress of the claim. Many of these interactions can be face to face.

For those claims which have been identified as complex/sensitive in the context of customer vulnerability, then in accordance with the Vulnerable Customer Policy, those customers must be assigned into the relevant team that manages customer vulnerability.

B-4-i-c How effective is that process?

The appointment of individual case managers, and other processes detailed above, for large loss claims or for where customers are experiencing vulnerability are effective ways of dealing with those types of claims and circumstances. However, Hollard is committed to improving its customer experience in the manner recommended by the Deloitte report, including improving communication, strengthening claims processes and embedding the voice of the customer into operations.

As detailed in the response to B-3-i-e, Hollard has identified opportunities to improve its support to customers experiencing vulnerability or manage cases which are considered to be more complex (either by virtue of the claim being a large loss claim or complex vulnerabilities).

B-4-i-d In what proportion of complex cases were case managers deployed? How effective was this?

Hollard does not maintain individual data specifically about complex/sensitive cases and is therefore unable to provide a quantitative response. However, to the extent that a vulnerable customer was identified to have a “complex / sensitive vulnerability”, those customers were referred to specialist teams to be individually managed. Hollard considers this to be an effective way to manage such claims.

B-4-i-e Is there a longer-term trend in the proportion of complex cases? (e.g. comparing the 2011/2012 floods to the 2022 floods)

As Hollard does not specifically define or identify complex/sensitive cases it is unable to provide this data.

Hollard is, however, able to provide data specific to Personal Lines Home Claims quantum and the proportion of claims considered a ‘large loss’. For the purpose of this response, Hollard has defined a ‘large loss’ as a claim where the Gross Incurred cost is greater than \$100K. The following table demonstrates ‘large loss’ claims by CAT Event for Building and Contents claims.

ICA Event	Claim Risk Type	% of Large Loss Claims
CAT112A	Building	3
CAT112A	Contents	0
CAT112B	Building	3
CAT112B	Contents	0
CAT221	Building	10
CAT221	Contents	2
CAT223	Building	25
CAT223	Contents	4
SE224	Building	30
SE224	Contents	9

In relation to trends, Hollard is seeing an increase in large loss claims, which fluctuates depending on the type of event.

B-4-i-f For each 2022 flood event, how many policy holders told your firm they had engaged legal representatives?

This data is not captured by Hollard.

5 Communication

B-5-i-a What is the typical process of communicating with clients once a natural disaster is declared?

Hollard communicates with its customers pre, during and post events through its normal channels using SMS, phone calls and emails, depending on the customers stated preference. In addition, Hollard utilises SMS and updates via partner websites to notify customers with active claims that Hollard representatives will be in attendance at industry led recovery centres and forums.

B-5-i-b What is the typical response time to incoming Phone calls

Hollard measures the response time of incoming phone calls through the 'Average Speed to Answer' metric. This is calculated by the 'wait time of all handled calls divided by the total calls handled'. The average speed to answer for Q1 FY24 was 174 seconds.

B-5-i-c What is the typical response time to incoming Emails

When written communication is received by Hollard, whether by email or post, a task is created on receipt and creates an action to complete. Once the communication has been responded to, the action is marked

complete and this data is recorded. The median response times has been extracted from Hollard's system and is as follows:

ICA Event Code	Product	Median days from task set to complete
CAT221	Personal Home	6
CAT221	Personal Motor	4
CAT223	Personal Home	5
CAT223	Personal Motor	3
SE222	Personal Home	5
SE222	Personal Motor	7
SE224	Personal Home	5
SE224	Personal Motor	3

Response times are not recorded for correspondence which relate to claims arising under commercial insurance policies.

B-5-i-d What is the typical response time to incoming Written correspondence

Please refer to the response for B-5-i-c which includes all forms of correspondence either email or written.

B-5-i-e What are your firm's processes to ensure effectiveness and quality of communication with policy holders after natural disasters?

To ensure effective, timely and consistent communication with customers after natural disasters Hollard's processes are as follows:

- Implementation of the Hollard Event Response Plan that includes pre-agreed process changes and communication plans that are put in motion once an event is declared. This Event Response plan is a comprehensive strategy that can be immediately activated, and is designed to facilitate clear, timely and consistent communication to customers when an event is declared. Such communications can be varied but may include, for example, SMS messages and / or emails to advise how customers can lodge a claim or if an assessment centre has been set up;
- A Due Diligence Process for communications that ensures consistency and is capable of flexing should urgent communications be required; and
- To identify opportunities to further improve from individual instances, Hollard implements a rigorous Quality Audit Framework and undertakes regular coaching of customer-facing staff.

B-5-i-f What are your firm's procedures to ensure claimants are not speaking with different customer service representatives and have to repeat information already provided?

Hollard is committed to providing a seamless and efficient claims process for its customers, ensuring that they do not have to navigate through multiple points of contact or repeat information. To achieve this, Hollard have implemented the following procedures:

1. Integrated claims platform:

Hollard utilises a sophisticated claims management system that documents all customer interactions and claim details. This platform is accessible to all customer service representatives (**CSRs**), enabling them to review the claimant's history and continue the conversation without requiring the claimant to repeat information.

2. Warm transfer protocol:

In instances where a claimant may need to be transferred to another department or specialist, Hollard's CSRs employ a 'warm transfer' method. This approach involves the initial representative briefing the next point of contact on the claimant's situation before making the transfer, thus providing a smooth transition and continuity in the service.

3. Dedicated case management:

Wherever Hollard's resources permit, Hollard assigns a single case manager to oversee the claim from start to finish. This case manager is responsible for regular updates, addressing any questions, and guiding the claim to resolution, ensuring that the claimant has a consistent point of contact.

4. Continuous training and knowledge management:

Hollard's CSRs undergo comprehensive training and have access to an up-to-date Knowledge Management System. This system supports them in providing accurate and consistent information, which is crucial after natural disasters when claim volume may surge.

5. Internal reviews and process improvements:

Hollard regularly reviews its claims management approach to adapt to the evolving needs of customers and the operational landscape. This includes learning from past events and integrating feedback to refine our procedures continually.

By integrating technology with experienced and well-trained claims staff, Hollard strives to provide a customer experience that is both personal and efficient, minimising the need for customers to retell their stories and ensuring they feel heard and supported throughout the claims process.

ii ***Strengthening Processes***

B-5-ii-a **In what ways could communication improve – before, during and after natural disasters?**

Hollard recognises the critical importance of effective communication before, during, and after natural disasters. Reflecting on recent experiences and feedback, Hollard has identified several areas for improvement which have since been implemented:

Before a disaster: proactive engagement and education

- Enhancing customer awareness through educational content on preparing for natural disasters, distributed via partner channels; and
- Implementation of regular simulations and training for Hollard's event response team to ensure readiness.

During a disaster: clear and timely information

- Utilising an event response plan that activates pre-agreed process changes for decisive communication; and
- Ensuring consistent messaging through a Due Diligence Process that can adapt to the urgent needs of a disaster scenario.

After a disaster: comprehensive support and feedback integration

- Conducting post-event reviews, like the one conducted in July 2023, to identify opportunities for communication enhancement (see below for the opportunities for improvements that occurred following the review);
- Developing customer vulnerability data reviews to proactively support those most in need; and
- Working closely with partners to co-create and disseminate supportive materials for our customers.

Continuous improvement through feedback and training

- All frontline staff participate in a 4-week onboarding program focused on quality customer interactions; and
- Hollard's Knowledge Management System is regularly updated to ensure staff are informed and prepared to provide consistent communication.

Partner collaboration for community preparedness

- Collaborating with partners to provide comprehensive information on disaster preparedness and recovery; and
- Notifying customers with active claims via SMS, phone calls, or email about the availability of face-to-face support in impacted communities.

By focusing on these key areas, Hollard aims to foster a more informed and resilient community, reduce the stress of communication during challenging times, and provide a framework for continuous improvement in our disaster response efforts.

As detailed above, Hollard conducted a post event season review in July 2023. A number of opportunities were identified, and improvements made throughout this process in relation to customer communication included, but were not limited to:

- Hollard reviewed customer vulnerability data to proactively identify customers requiring assistance when an event occurs. Hollard now has implemented regular reporting that identifies potentially vulnerable customers that are triaged by customer care specialists and all complex vulnerable customers identified are case managed;
- Investigated how Hollard's Partners could be more involved in the process of supporting customers. Hollard has worked closely with its Partners to co-create customer awareness material that is shared via Partner websites to support customers in preparing for the upcoming event season;
- Revised Hollard's offshore strategic partnership to leverage resourcing, reducing the reliance on resources within Australia during surge events. This partnership will support the ramp up of internal resources, providing additional capacity to lodge customer claims while releasing traditional lodgement resources to support claims management activities;
- Cross skilling of existing staff across Hollard has created internal capacity to respond to catastrophes, leveraging additional team members across Operations;
- A dedicated catastrophe structure was implemented with temporary and permanent resources onboarded in FY23. This resulted in catastrophe claims being ringfenced from business-as-usual claims to ensure focus on claim progression, customer outcomes and cost;
- A dedicated SharePoint site has been delivered to all staff prior to event season so they are aware of the best way to support Hollard's customers, what to expect during event season and deliver consistent information to customers;
- The launch of new technology in July 2023 includes a new claims platform for direct retail brands and Broker (with the exception of HIP which is due to launch in November 2023) and a new building panel platform. These platforms will enable faster lodgement of customer claims, consistent communication templates, faster allocation of builders, and improved transparency of repair progress
- Implementation of a new claims' digital portal for direct retail brands and Broker to enable simplified event lodgement, direct pathing and improved communication; and
- Enhancements to internal processes including streamlining of delegations and building approvals to reduce timeframes from authorisation to repair and the introduction of a fast-track claims process to support the resolution of smaller quantum customer claims, resulting in a faster decision turnaround and communication of updates for customers on these claims.

Hollard is also committed to reviewing and implementing any relevant recommendations relating to customer communication from the Deloitte Report.

6 Hydrology reports

i Use of hydrology analysis

B-6-i-a How do hydrology reports assist in determining liability (i.e. is it principally storm water vs riverine flood)?

As noted above, the determination of flood vs storm damage is only relevant to Hollard's commercial insurance customers who have elected not to include flood cover. For those customers, a hydrologist is engaged to report on the cause of damage.

The approach taken by hydrologists is explained above in response to item B-1-iii-b.

Hydrology reports assist insurers to determine the cause of damage and point of water entry to the property when determining liability.

B-6-i-b Is it common for different insurers to engage the same hydrologists with respect to the same storm and flood events?

As hydrologists in Australia are often in short supply, it is possible that multiple insurers will engage the same hydrologist to assess and report on the same storm and flood events.

B-6-i-c Did your firm engage the same hydrologists as other insurers during each of the 2022 flood events?

Hollard does not have knowledge of which hydrologist other insurers engaged. It is possible that the same hydrologist was engaged by more than one insurer to carry out assessments for one or more of the 2022 flood events.

B-6-i-d 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?

Hollard is not aware of the level of engagement between hydrologists when they were preparing a report for Hollard or another insurer. None of the reports from hydrologists engaged by Hollard refer to other insurers or the hydrologists engaged by other insurers.

ii Hydrology analysis by the insurer

B-6-ii-a For each 2022 flood event, how many hydrologists did your firm engage?

There were four hydrology firms engaged by Hollard:

B-6-ii-b Did your firm provide policy holders with hydrology reports obtained by your firm and relevant to their claims during the 2022 flood events?

Yes; hydrology reports obtained by Hollard were provided to customers when relevant to their claim.

B-6-ii-c For each 2022 flood event, how many policy holders obtained their own hydrology report?

Hollard is aware that four customers obtained their own hydrology reports. Each claim was in relation to the CAT 221 event.

B-6-ii-d Does your firm have procedures to assist policy holders obtain their own hydrology report?

Hollard does not have procedures to assist customers obtain their own hydrology report. If a hydrology report is required, it is arranged and paid for by Hollard and customers are notified of the engagement as part of the claims process. Customers can engage their own hydrologist at their discretion.

iii Hydrology analysis for policy holders

B-6-iii-a What is the average cost of a hydrologist's report for home and business claims?

The average cost for a hydrology report is approximately \$4,160 for business claims. As flood cover is automatically included in other policies, a hydrologist report is not required.

B-6-iii-b What is the timeframe for seeking/receiving hydrology reports?

A hydrologist is appointed by the loss assessor. The typical timeframe from instruction of the hydrologist to receipt of the hydrology report is four weeks to eight weeks, depending on the complexity of the event and the capacity of the hydrologist firm.

For CAT221, due to the significance of the event, volume of claims, geographical spread and the short supply of hydrologists in Australia, in a limited number of instances it took up to six months to receive the hydrology report.

B-6-iii-c **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?**

Hollard does not have quantitative data available to confirm the number of instances where lack of access to, or unaffordability of, hydrology reports was an issue for the timely and fair processing of claims and/or disputes.

B-6-iii-d **Are there ways for clients to better share access to hydrology experts?**

Following CAT221, AFCA released guidance for hydrology reports that requires those reports to be specific to each location (not at a suburb level). As a result, customers sharing access to hydrology reports is of limited utility as the reports are required to be site-specific.

iv ***Strengthening access to hydrology reports***

B-6-iv-a **How could access to hydrology reports for policy holders be improved?**

Wherever Hollard obtains a hydrology report and relies on it in respect of determining a claim, it is provided to the customer in question. As such, where relevant, all Hollard customers have access to hydrology reports.

7 **Resilience**

B-7-i-a **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)**

If a customer suffers a loss and the claim for an insured building is accepted, Hollard will, where reasonably practical, arrange for the damaged parts of the insured building to be repaired or rebuilt, and cover the costs of the repair or rebuild up to the value of the nominated sum insured, or any lesser limit that applies in accordance with the terms and conditions of the applicable Product Disclosure Statement. Some policies include an additional 25% sum insured safeguard for total loss claims.

Where upgrades to the building are required to comply with laws, regulations or other requirements, or where the customer requests that a building is repaired or rebuilt in a more resilient way, these will be reviewed in accordance with the terms and conditions of the Product Disclosure Statement.

Where building works are being undertaken outside the insurable repairs, Hollard's Service Providers may work privately with the customer to meet any additional requests to improve resilience when completing the repair or rebuild.

Where repair or rebuild is not reasonably practical, or where the customer elects not to proceed with repair or rebuild, Hollard will settle the claim by way of cash payment in accordance with the terms and conditions of the Product Disclosure Statement and Cash Settlement Fact Sheet provided to the customer (in accordance with Part 7.7, Division 3A, of the Corporations Act).

Hollard's approach to repairs or rebuilding to enhance disaster resilience is consistent with the broader sector, which is reflected in Finding 5.5 of the Deloitte Report [page 27]:

Many insurance policies only cover repairs that return the property to its original condition and resilience level. While there is an allowance for improvements to meet new building codes, this does not normally extend to increasing flood or disaster resilience.

B-7-i-b In a practical sense, what is your firm doing to reflect changes in household level resilience/mitigation in pricing?

Hollard does not capture any specific data relating to household level resilience mitigation/improvements. As a result, Hollard is currently unable to price towards any mitigation/resilience improvements.

B-7-i-c 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 risks of the more resilient building)

Hollard does not capture any specific data relating to household level resilience improvements. As a result, Hollard is currently unable to price towards any mitigation/resilience improvements.

Insurance premiums are calculated based on the risks that customers are exposed to, insurers' business costs, and taxes. For resilient buildings to decrease premiums, there would need to be an established decrease in risk associated with flood events as a result, which would therefore translate into a lower underwriting risk for that building type. Customers in locations of particular risk will have additional costs associated with those risks priced into the premium, and it is scenarios such as this where risk reduction activities are essential.

In its Insurance Catastrophe Resilience Report 2022 – 2023, the ICA noted that reducing risk (which inform the calculation of premiums) requires government action including:

long-term planning and investment to better protect Australians and their assets. This means greater infrastructure investment, changes to new and existing homes, and the removal of unfair taxes that inflate premiums and penalise insurance customers.

8 Land use and planning issues – link to risk and cost of premiums

B-8-i-a Are there instances of flood mapping or hydrological analysis that has materially changed the firm's assessment of a region's risk?

Hollard relies on various external datasets using flood mapping and hydrological analysis when assessing a region's risk and determining Hollard's flood pricing . These datasets are regularly refreshed to, among other things: cater for new addresses; to include new or updated flood mapping or studies commissioned by local councils that have been included in the National Flood Information Database (**NFID**), or hydrological analysis (which analysis may include new or updated rainfall data, flows of water, elevation, levees or other mitigation measures); or changes in methodology in relation to the treatment of the above data points when assessing a region's risk profile.

One example of a mitigation measure that materially changed Hollard's assessment of a region's risk, was the construction of the Roma levee and the updated flood mapping and hydrological studies to take into account the levee. The construction of the levee resulted in Hollard's assessment of the flood risk for the town being downgraded from low to none for a significant number of addresses that were protected by the levee.

B-8-i-b What can be done to reduce the likelihood of additional development occurring on high-risk land?

Australia's history of high consequence natural hazards such as bushfires, cyclones, floods, storms, and extreme heat requires that a proactive approach be taken to effective land use planning in areas that are subject to, or potentially subject to, natural hazards. A proactive and preventive approach, rather than a reactive one, can significantly reduce the increase in disaster risk and enhance the resilience of existing and future communities.

Hollard refers to the Australian Disaster Resilience Handbook Collection, and more particularly the Land Use Planning for Disaster Resilient Communities, published by the Australian Institute for Disaster Resilience (first edition 2020) (**Land Use Planning Handbook**), which outlines nationally agreed principles for good practice in land use planning to build disaster resilient communities.

Hollard recognises that there are a range of complex interacting factors and pressures that influence land development including in disaster-prone areas, and that reducing the likelihood of additional development occurring on high-risk land, and the risks associated with such development, requires effective land use planning. The Land Use Planning Handbook notes at pages 6 and 7:

Land use planning is widely recognised as an important measure for limiting future vulnerabilities and losses in areas of new development and a critical element for building disaster resilient communities. The location and design of buildings, houses, parks and other physical features play multiple roles, providing shelter, transport, places of business, health and education, to name just

a few. The physical design and layout of communities and settlements are central to the many functions that sustain the social, economic and environmental support systems upon which we all rely. Land use planning provides the opportunity to manage the growth in risk resulting from new development by limiting or modifying the location of new development and influencing its layout. This can limit both the impacts of new development on natural systems, ecosystem services and hazards and the flow on impacts on the existing community, as well as limiting the impacts that natural hazards can have on new development and its users. The physical location of new development in an area exposed to natural hazards, however infrequent, will generate risks to the community from natural hazards.

When used effectively, land use planning governs the future use of land and influences where development may occur and the types of assets and infrastructure that can be developed. This includes the range of systems that support communities, such as protection of vegetation, agriculture, roads and transport, provision of infrastructure and interactions with other community goals such as retention of heritage, provision of community facilities and economic prosperity. In doing so it can also influence the exposure and vulnerability of communities to the risks of natural hazards over long periods of time.

Hollard agrees with the ICA's observations in its Insurance Catastrophe Resilience Report 2022 – 2023 regarding the need for planning controls which reflect the growing impact of climate change on the natural environment.

Hollard notes that it may be that effective building requirements, such as those imposed in bush fire prone areas by the Bushfire Attack Level system in Victoria, may enable development in areas particularly prone to certain natural disasters.

B-8-i-c How can your company better support individuals who own property on high risk/medium risk/low risk land?

Hollard also supports the recommendations made by the ICA in its Insurance Catastrophe Resilience Report 2022-2023 for:

- Increased investment in resilience and mitigation funding, as part of a 10-year rolling program with indexed funding to reduce risk;
- Buybacks of existing homes where there is no viable way to protect against the risks associated with natural disasters; and
- Improved building codes and extension of household-level resilience programs such as home raising and retrofitting to make new and existing buildings more resilient.

**B-8-i-d In determining premiums, does your firm take into consideration:
Detailed flood mapping of localised areas (vs just using postcodes)?**

Hollard refers to the response to B-8-i-a above.

Hollard utilises various external datasets that use flood mapping and/or hydrological analysis at an address level, including flood maps and studies commissioned by local councils that have been included in the NFID . Hollard incorporates any changes to mitigation in local areas post-flood once flood mapping or studies are updated and reflected in an NFID update.

Local government flood planning, including changes to mitigation in local areas post-flood?

Hollard refers to the response to B-8-i-a and d.

Development approvals or risk assessments undertaken by local governments?

Not on a routine basis but may be considered if such assessments are publicly available.

Has your approach to any of these (the 3 issues above) changed in any way since the 2022 flood events?

Hollard’s approach to all of the 3 issues above remains unchanged since the 2022 flood events.

9 External dispute Resolution (EDR)

i EDR frequency

B-9-i-a For each 2022 flood event, how many claims were referred to EDR?

As of 5 October 2023, the number of claims referred to EDR for each 2022 flood event is as follows:

ICA Event	Number of claims referred to EDR
CAT 221	349
SE 222	27
CAT 223	53
CAT224	0

B-9-i-b What was the typical cause of this?

The main causes of EDR complaints can be summarized as follows:

1. Delays / Timeframe: This category includes complaints related to delays with repair timeframes, issues with the assessment turnaround timeframes, delays in relation to claim settlement as well as other similar claim delays.

2. Declined Claim / No Cover: This category includes complaints related to general and specific policy exclusions, inconsistent damage and other similar items where Hollard did not accept that the claim was covered under the policy.

B-9-i-c How many disputed claims remain unresolved (internal and external)

As at 5 October 2023:

1. 31 claims, or 0.3% of claims, subject of the IDR process remained unresolved; and
2. based on data provided by AFCA, 58 claims, or 13.52% of claims, subject of the EDR process remain unresolved.

B-9-i-d How many claims that went to EDR were resolved in favour of the policy holder?

As at 5 October 2023, the number of claims referred to EDR that were categorised by AFCA as having been resolved in favour of the customer is as follows:

ICA Event	AFCA decisions in favour of the complainant (customer)	As a percent of the relevant ICA event related EDR closures
CAT 221	21	6.58%
SE 222	0	N/A
CAT 223	0	N/A
SE 224	0	N/A

B-9-i-e How many claims lodged with your firm that went to EDR led to no change to the original decision;

As at 5 October 2023, data provided by AFCA identifies that 16 claims subject of the EDR process were categorised by AFCA as having been resolved in favour of Hollard – i.e. the decision submitted by Hollard was upheld by AFCA.

B-9-i-f How many claims lodged with your firm that went to EDR led to full acceptance of the claim;

As at 5 October 2023, data provided by AFCA identifies that 12 of the 21 complaints resolved in favour of the customer (as referred to in section B-9-i-d above) led to full acceptance of the claim. This includes complaints where there was no change in the accepted repairs, but which led to an increase in the settlement amount paid.

B-9-i-g How many claims lodged with your firm that went to EDR led to partial acceptance of the claim?

As at 5 October 2023, data provided by AFCA identifies that 9 of the 21 complaints resolved in favour of the customer (as referred to in section B-9-i-d above) led to partial acceptance of the claim.

ii ***EDR processes***

B-9-ii-a **How is the policy holder supported during this process?**

Hollard adopts a case management approach to EDR complaints, assigning a single point of contact (known as a "Customer Relations Specialist") for all EDR complaints. This ensures greater knowledge and continuity in respect of each EDR complaint. The responsibilities of the Customer Relations Specialist include, but are not limited to:

- Reviewing the EDR complaint and determining whether it should be referred to AFCA;
- Liaising with AFCA on the progress of EDR complaints;
- Acting as the single point of communication between the complainant and AFCA during the EDR process; and
- Should AFCA determine any action is to be taken by Hollard in respect of an EDR complaint, ensuring that such action is completed.

B-9-ii-b **How long does this EDR process typically take?**

Hollard is a participant in the EDR process which is managed by AFCA. The length of time the EDR process takes varies, depending on the stage in which the complaint is resolved.

In respect of complaints concerning HIC:

- during the 12 months leading up to 5 October 2023, complaints were resolved in 137 days, and the median time was 119 days; and
- in respect of CAT221, SE222 and CAT223 complaints specifically, it took on average approximately 220 days for AFCA to provide a decision.

In respect of complaints concerning HIP:

- during the 12 months leading up to 5 October 2023, complaints were resolved in 126 days, and the median time was 111 days; and
- in respect of CAT221, SE222 and CAT223 complaints specifically, it took on average approximately 238 days for AFCA to provide a decision.

B-9-ii-c **What is the expense to the company of the EDR process?**

The expenses incurred by Hollard in respect of the EDR process include:

1. Fees charged by AFCA (including annual registration fees and individual complaint fees). By way of example, for the financial year ending 30 June 2023, Hollard estimates fees and charges paid to AFCA, including GST, to be as follows:

HIC:	\$2,247,461.56
HIP:	\$2,372,588.74
Total:	\$4,620,050.30

2. Internal expenses associated with resourcing a dedicated dispute resolution team, supporting the resolution of both IDR and EDR complaints. Currently, Hollard employs approximately 16 full time equivalent employees supporting the resolution of EDR complaints.

B-9-ii-d Does this cost disadvantage a policy holder?

No fee is charged to individual customers for participating in the EDR process, however, as all expenses incurred in the EDR process (such as those referred to in B-9-ii-c above) are part of Hollard's costs of providing service, they are reflected in the ultimate premiums charged to customers – although such expenses are spread across the entirety of Hollard's portfolio.

B-9-ii-e For each 2022 flood event, how many policy holders engaged a legal representative?

Hollard does not record whether customers engaged a legal representative during the EDR process.

iii Strengthening processes

B-9-iii-a How could EDR processes be improved?

Hollard refers to the Review of the Australian Financial Complaints Authority – Report to the Minister for Superannuation, Financial Services and the Digital Economy, Minister for Women's Economic Security released by The Treasury of the Australian Government dated August 2021 (**AFCA Review**).

The AFCA Review makes various recommendations concerning AFCA's handling of complaints and the wider EDR process. Hollard welcomes these recommendations.

Further, Hollard is of the view that the EDR process could be improved as follows (insofar as they are not addressed by AFCA whilst actioning the recommendations contained in the AFCA Review):

1. A formal avenue or mechanism by which to escalate complex and/or vulnerable disputes for immediate decision by AFCA. Presently, the AFCA complaint process is extended by a period of around two months where the claim is significant and/or complex, or where the complainant is vulnerable; and
2. Consistent decision-making across AFCA case officers.

11. Future policies/renewals

B-11-i-a What trends are you seeing in policy holders reducing coverage? (i.e. potential underinsurance issues)

Hollard has not identified evidence of any material changes in customers reducing coverage for high flood risk addresses compared to the rest of its portfolios. High flood risk addresses are defined by Hollard as the top 3% of addresses nationally when ranked by flood risk.

Hollard has compared both the average increase in the 'sum insured', and the average change in excess, between high flood risk and non-high flood risk addresses and policies. As a result of that analysis, Hollard has seen very little difference in existing trends, as follows:

- In the 12 months up to September 2023, the average building sum insured increased by between 7% to 8% for high flood risk addresses, and by between 6% to 9% for non-high flood risk addresses; and
- In the 12 months up to September 2023, the average building excess for the HIC portfolio increased by between 7% to 14% for high flood risk addresses, and by between 9% to 12% for non-high flood addresses.

However, Hollard has identified some evidence of high flood risk policy excesses increasing at a higher rate than non-flood risk policies for its HIP portfolio. The average increase in excess for high flood risk has been \$250 over the last 18 months. More particularly, in the period September 2022 to April 2023, the average building excess increased by between 11% to 15% for high flood risk addresses, and by between 5% to 10% for non-high flood addresses (with an overall difference of about 7% between the two). For context, a 7% difference in the rate of excess increase between high and non-high flood risk addresses is less than \$100 on a typical excess of \$1,000.

Hollard does not impose additional excesses or sub-limits on flood coverage, nor does it allow for optional flood coverage.

B-11-i-b What are the overarching/summary trends in premium increases?

Hollard has identified an overarching trend that premium increases for all Home and Landlord insurance customers continue to occur, with materially larger premium increases for high flood risk customers.

These premium increases are:

- due to a range of factors, including claims inflation, natural hazards expectations and higher reinsurance costs, which have been well documented in various industry reports such as KPMG's General Insurance Industry Review 2023 dated 29 March 2023 and the Actuaries Institute's Home Insurance Affordability Update dated August 2023 (**AI Report**); and
- consistent with the AI Report, in which it was reported that, where the median increase in home insurance premiums over the last 12 months was 28%, the impacts were far greater for the highest risk properties, which increased by more than 50% for the 5% of households paying the highest premiums.

B-11-i-c 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?

Hollard ensures transparency in pricing by way of the following mechanisms:

- Provision of renewal Certificate of Insurance (**COI**) premium comparisons, which specifically detail to the customer what they paid in the past policy period as compared to the renewal policy period;
- Hollard's Home Insurance Product Disclosure Statements (**PDS**) contain specific information as to how Hollard calculates the premium for a given policy stated on a COI, including that the premium is comprised of the basic premium Hollard has calculated for the policy based on its assessment of the risk, a Fire or Emergency Services Levy or similar, if applicable, and mandatory government charges such as Stamp Duty and GST. If the customer seeks further information about the premium and how it is calculated, some PDSs direct the customer to the relevant Premium, Excess and Discount Guide (explained below);
- Hollard's Premium, Excess and Discount Guides specifically set out some of the factors taken into account in calculating a premium;
- Open access to customer FAQs on Hollard's website which provide guidance as to why a given premium may have changed; and
- Preparation of transparent call centre agent scripting to assist with customer premium queries as and when they arise.

In the event of a premium increase on renewal, Hollard does not clarify which specific amount of the increase is due to particular factors, including upward pressure on reinsurance costs, changes in assessment of underlying risk, or another factor.

B-11-i-d How do you convey information on the changing risk profile of policy holders?

Hollard does not specifically communicate to its customers a change in risk profile which results in an increased premium for the next policy period. As noted in the response at B-11-i-c above, the relevant COI shows the difference in premium paid by the customer in the past policy period and at renewal for the next policy period.

However, if there has been a change in risk profile which leads to a non-renewal, Hollard will inform the customer prior to the next renewal date in accordance with the relevant statutory requirements pursuant to the *Insurance Contracts Act 1984* (Cth) and refer the customer to the ICA's 'Find an Insurer' website in accordance with Hollard's requirements pursuant to the GICOP. Such communication is effected either by direct letter or email to the customer, and is sometimes followed with a direct phone call from Hollard's contact centre or its Underwriting department.

B-11-i-e How many policy holders 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?

The following table details the number of policies that have been declined on renewal for addresses located in postcodes in which Hollard had a covered claim for storm and/or flood damage during the 2022 flood events. These figures are further broken down into:

- Policies that have been declined to 30 September 2023; and
- Policies that are currently expected to be declined at their next renewal after 30 September 2023. Declines on renewal do not proceed if the customer has an open claim at the time of renewal but will be declined on subsequent renewal.

The table also details the number of policies from each of the above categories that have been the subject of a claim in the four 2022 flood events.

For HIP, these decline on renewals start from Jun-23, whereas for HIC decline on renewals has been occurring for several years with the list of policies being decline updated periodically. For HIC we have included anything that has been declined post 9th January 2022 which is the start of the first flood claims in that year.

Portfolio	Period commencing	Declined to 30 September 2023	Future Expected Decline	Claimed in the 2022 flood events
HIP	Jun 2023 (introduced to align with Hollard risk appetite)	937	2073	574
HIC	Jan 2022 (reassessment of risk profile)	1094	1309	209

12. Lessons learned since the 2010-2013 disasters

B-12-i-a 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?

The total number of claims for all events that were declared natural disasters for the period of 2010-2011 floods was 2,090.

The total number of claims for all events that were declared natural disasters for the period of 2010-2013 natural disasters was 33,401.

B-12-i-b How many clients had the same or similar claims in 2010-2013 for natural disasters?

For the period of 2010-2013, Hollard had 192 clients that had the same or similar claims for natural disasters. Hollard has established this number by identifying the number of policies that had more than one claim across the declared natural disasters for that period.

B-12-i-c 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?

Hollard no longer holds dispute resolution data from 2010 – 2013 and, accordingly, cannot provide any further information in that regard.

B-12-i-d What have you learnt from claims management from the 2010-13 period?

Since 2010, the number of customers with Hollard insurance policies has grown significantly, as has the number of partner brands that Hollard supports. During the 2010 - 2013 period, Hollard's claim numbers were low compared to its operational size today such that some learnings are not as readily applicable today. Further, the regulatory and industry landscape for insurers is more robust today than it was then.

Notwithstanding that, the following learnings for Hollard's conduct in claims management are still evident, in particular, that it:

- Clearly and concisely communicates with customers and their representatives. This was reflected in Finding 8.4 of the Deloitte Report;
- Explains the policy coverage and what is available to the customers and their representatives from initial contact;
- Trains staff to understand what support services are available to customers in distress;
- Sets expectations and provide regular updates to customers and their representatives;
- customers are given the opportunity to provide their version of events through the assessment process;
- Sets out clear instructions on claims management to staff and insurance representatives;
- Regularly reviews the claims management approach throughout the event to ensure necessary changes are made to support customers and understand potential resourcing constraints. This was reflected in Finding 8.6 of the Deloitte Report; and
- Understands available resources and prioritises vulnerable customers.

B-12-i-e What changes have been implemented in the intervening period?

In response to this item, Hollard refers to the first paragraph of its response to B-12-i-d above.

As a result of those changes, during the intervening period since 2010 Hollard has implemented several improvements to its operations, including but not limited to:

- In July 2023, launching a new building panel to improve Hollard's capacity to respond to future catastrophes across all its partners for its home claims customers. Hollard is completing the same activity across its Motor panel and expects that panel to be progressively rolled out nationally between April and June 2024. Hollard expects that this will deliver improved cost performance, set consistent expectations around timeliness, and with a strong focus on quality outcomes for Hollard's customers and business;
- In July 2023, launching a new claims platform for all partners (excluding CBA Insurance, which is due to launch in November 2023). These updated platforms will enable faster lodgement of customer claims, faster allocation of builders, and improved transparency of repair progress for each claim;

- On 1 October 2023, delivery of a One Hollard Event Response plan, including an event response framework;
- Commencing 1 July 2022 to completion on 1 July 2023 Hollard transitioned to a new claims digital portal for direct retail brands and Broker to enable simplified event lodgement, direct pathing and improved communication;
- Entering into new contracts with recruitment agencies to recruit external resources quickly to upscale operations as necessary in the event of a similar event;
- On 1 July 2023, implementing a strategic partnership with EXL in South Africa to leverage offshore resourcing and reduce Hollard's reliance on resources within Australia. This partnership supports the ramp up of internal resources and provides additional capacity to lodge customer claims, while releasing traditional lodgement resources to support claims management activities as required;
- Actively cross-skilling existing staff across Hollard to create internal capacity to better respond to catastrophes, including by leveraging additional team members across Hollard's Operations team; and
- On 13 March 2023, implementing a dedicated catastrophe structure, including onboarding temporary and permanent resources. This resulted in Hollard's catastrophe claims being ringfenced from business-as-usual claims to ensure a focus on timely claim progression, customer outcomes and cost.

In addition to the above, the regulatory environment has been strengthened across the intervening period and consumer protections have been strictly adopted. Hollard has implemented the new regulatory regime across its operations, including the new GICOP, Claims Handling as a Financial Service, Unfair Contract Terms and Product Design and Distribution Obligations.

Attachment C

1. Hydrology reports

C-1-i-a In how many instances (separately for each category incident) did the company obtain advice from expert hydrologists when assessing claims?

In each instance where flood damage was suspected as the cause of loss on a business insurance policy where the customer opted to not include flood cover on the policy, Hollard appointed a hydrologist.

ICA Event	Instances of advice being obtained from expert hydrologist
CAT 221	92
CAT 223	1
SE 222	8
SE 224	0

C-1-i-b In how many instances (separately for each category incident) were hydrology reports required to resolve disputes?

As noted in the response to C-1-i-a above, in each instance where flood damage was suspected as the cause of loss on a business insurance policy and where the customer opted not to include flood cover on their policy, a hydrologist was appointed when the claim was reported to Hollard to determine the actual cause of damage.

ICA Event	Claims where hydrology reports were required to resolve a dispute
CAT 221	92
CAT 223	1
SE 222	8
SE 224	0

Though some initial decisions were overturned on receipt of new information, no specific hydrology reports were *required* to resolve disputes.

C-1-i-c What types of issues did hydrologists typically deal with (e.g. determining whether flooding was storm water vs riverine flooding)

Hydrologists engaged by Hollard to assess provide reports to assist in determining claims dealt with a variety of matters including but not limited to:

- the timing of water ingress to the property;

- whether storm water or riverine flooding was the primary cause of the flooding to a particular premises;
- whether the damaged sustained was a result of top-down storm water damage or flood damage;
- whether the topography of the area contributed to the flooding damage and where the inundation originated from; and
- consideration of the size and configuration of the local catchment and the configuration of the existing stormwater pipe network.

C-1-i-d 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?

Hollard is aware that, in the case of Lismore and the surrounding region during CAT221, the availability of hydrologists to assess and report in a timely manner was the predominant cause of delay in processing claims and resolving disputes. The sheer volume of individual assessments required impacted Hollard's ability to assess and report on claims and resulted in some delay in that process.

Hollard is not aware of any other specific areas or regions where access to expert hydrologists was an issue for the timely processing of claims or resolution of disputes.

2. Case management

C-2-i-a 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)

Hollard understands the need to adapt its case management to balance claims efficiency with quality of customer service. In practice, this means that:

- Generally, Hollard seeks to conduct its case management by appointment of one dedicated claims consultant for each customer claim throughout the life of the claim from inception through to finalisation, with each claims consultants managing a portfolio of customer claims. When a case manager is appointed to a claim they are responsible for all aspects of the claim including supplier liaison, communication and progressing the claim through to finalisation; and
- However, depending on relevant factors including the capabilities of the current system in place, claim volume, the nature of the claim, and the need to be flexible with resourcing of claims management and the needs of different types of customers and the business, in some cases Hollard does not appoint a case manager for the life of a given claim.

Hollard's objective is to transition to full case management for all HIP claims with the introduction of a Claims Centre on 15 December 2023. Hollard is currently transitioning its operations accordingly. A description of Hollard's current case management practices is below.

In respect of HCI, case management is a well-established process that is automatically initiated upon claim lodgement. Hollard's internal claims management system assigns a case manager based on the specific

nature of the claim, such as the loss type and value. This process is currently in its preferred state and will remain consistent moving forward.

In respect of Home and Contents insurance claims, case management is active on both Hollard's legacy systems and its Guidewire platform. Claims on Hollard's Fineos platform are selectively case managed, primarily for large loss claims, , and for vulnerable customers, particularly where it has been identified they the customer has a complex or sensitive vulnerability . The remainder of HIP claims generally follow a task management approach due to the high volume of claims. Hollard anticipates a gradual return to case management for these claims as new HIP claims transition to Guidewire in mid-December 2023, Hollard's residual claims load is reduced and claims volumes are handled more effectively.

In respect of Motor insurance claims:

- Repair claims and total loss claims are currently task / team managed in Guidewire (rather than having a specific case manager), with a transition to case management to be implemented for specific customer categories in the future;
- Specialist teams, such as Customer Care and Complaints (which manages claims where customers are experiencing vulnerability), Motor Technical and Complaints teams, utilise a case manager from lodgement of the claim; and
- For Hollard's Phoenix and Fineos systems, the approach is predominantly task / team managed, except for claims handled by our Specialist Customer Care and Complaints teams, where case management is the norm (as noted above).

In respect of reporting and oversight of case manager, Hollard's various claims platforms link each claim to a specific case manager where assigned, which enables reporting and oversight of each case manager's claim portfolio.

C-2-i-b Are there timelines in relation to this appointment?

Appointment of a case manager usually occurs at lodgement of the claim, as noted in the response to C-2-i-a above. However, if a customer has, for example, not originally been identified as a vulnerable customer and is subsequently identified as one, they may be referred to a specialist team to manage their claim.

C-2-i-c Once a claim is identified for case management, how high up the chain does management of the claim go?

Where a claim is designated for case management, a frontline case manager will be appointed to the claim. Leaders of these staff and senior managers of the respective business units have oversight through regular performance reporting of what claims are being case managed, by whom, and whether performance metrics are being successfully met. Generally, those leaders and senior managers will not be involved in the day-to-day management of a given claim save for when matters are escalated to them or for the purpose of decisions made under delegated authority.

Where the claim exceeds frontline delegated authority limits, or where claims need to be considered for ex-gratia consideration, it is referred to a team leader or senior manager with the appropriate delegated

authority. On a case-by-case basis, frontline leaders and senior management may become involved in complex or sensitive claims. A frontline staff member can escalate a claim to a leader at any time.

C-2-i-d What are the protocols in terms of a case manager interacting with a policyholder (e.g. mode of communication, frequency of communication)?

Case managers will interact with the customer through various means, including via SMS, phone, email or other written communication, based on the customer's preferred method of contact. If the customer has lodged their claim online and their preferred contact method is unknown, the case manager will in the first instance attempt all contact with the customer via phone and, if unsuccessful, will continue to follow up by way of other methods of contact outlined above.

Post-lodgement of a claim, the case manager is required to provide the customer with updates on their claim every 20 business days, at a minimum. If there is an update for the customer or information required, contact will occur more frequently and prior to that date. If a customer submits an enquiry in writing or via email, the case manager will respond within 10 business days. This is in line with Hollard's obligations pursuant to the GICOP.

These protocols are outlined in compliance module training during onboarding and refreshed annually, in addition to being outlined in Hollard's Knowledge Management System.

C-2-i-e For each of the four category incidents, for how many claims was a case manager appointed?

The below table only relates to home claims. As outlined in the response to item C-2-i-a, Hollard does not yet case manage Personal Motor claims. At the time of the events, Hollard did not case manage claims from initial receipt, however, a case manager was assigned when it was determined that a claim required it. Additionally, due to the limitations of a legacy commercial claims management system, the information sought for commercial claims is not available.

ICA Event	Product	Total claim volume	Claim volume (case manager appointed)
CAT 221	Home	14,482	4,161
SE 222	Home	533	377
CAT 223	Home	1,734	649
CAT224	Home	115	52

C-2-i-f How is the progress of claims that are being case managed reported to the Board?

Hollard's Operations department provides a regular report to Hollard's Board which provides oversight on the customer experience, including claims and key customer metrics, industry comparison data when available, and aged claims. The progress of case managed claims is not specifically reported to the Board.