

HOUSE OF REPRESENTATIVES

Standing Committee on Economics

**Flood insurance inquiry: Additional questions, March 2024**

**Additional data**

20. Please complete this workbook of additional data requests, covering:
- a. Flood-related claims categories
  - b. Complaint numbers
  - c. Number and percentage of claims initially denied or partially denied
  - d. Complaints to IDR, and IDR decisions
  - e. Referral to the Australian Financial Complaints Authority (AFCA)
  - f. Decisions at AFCA
  - g. Main sources of disputes referred to AFCA
  - h. Claims-handling staff numbers
  - i. IDR staff numbers

*If you do not collect some/all of this data, please indicate why not.*

*If alternative relevant data is available, please provide this.*

*If there are particular caveats around data interpretation, please include these.*

**a: Flood insurance-related claims categories**

Total no. flood-related claims	% home and contents	% contents	% motor vehicle	% small business
14,748	74.97%	8.05%	16.98%	0%

**Data caveats:**

*Data is CAT221 claims for the period February 2020 to October 2023*

*Figures include all claims (all loss causes) under CAT221 but excludes food spoilage claims*

*"Home and contents" totalling 74.97% includes "building only" claims (50.49%) plus "building and contents combined" claims (24.48%)*

**b: Complaint numbers**

Flood event	Total no. claims lodged	Total number complaints	% of claims for which complaints were lodged	% of total complaints that went to IDR	IDR cases as a % of total claims lodged
CAT 221	14762	3914	16.85%	23.94%	6.35%
SE 222					
CAT 223					
SE 224					
<b>Total</b>					

**Data caveats:**

*Figures are based on complaint volumes as of October 2023*

*RACQ did not receive any claims for SE222, CAT223 or SE224*

*Insurers are required to meet the Internal Dispute Resolution (IDR) standards in ASIC's Regulatory Guide 271 Internal Dispute Resolution for all complaints (i.e. there is no distinction between complaints and IDR). Given the breadth of the definition of a complaint, we understand the Committee is seeking information to distinguish complaints of a more escalated nature from complaints of a more simple nature. As such, the data provided under column E are those escalated to Tier 2 Complaints as per QoN report.*

*The % of complaints that went to IDR is including the cases that were then further escalated to EDR.*

*To be consistent both the % of IDR Cases of total claims and the % of claims for which complaints were lodged is using the total complaint volumes vs claims lodged and does not account for when multiple complaints were made on the same claim.*

*Percentages are rounded to the nearest 2 decimal points*

**c: Number and % of claims initially denied or partially denied**

Flood event	No. claims denied	No. claims <b>partially</b> denied	% of denied claims due to no flood cover	% of denied claims due to other policy exclusion
CAT 221	572	867	0%	100%
SE 222				
CAT 223				
SE 224				
<b>Total</b>				

**Data caveats:**

*Claim outcomes are as at March 2024 as this data field cannot be reported retrospectively*

*Flood cover is standard on all RACQ policies*

*Figures include household claims only*

*RACQ did not receive any claims for SE222, CAT223 or SE224*

**d: Complaints to IDR, and IDR decisions**

Flood event	Total no. complaints handled	No. cases – insurer’s decision upheld	No. cases resolved in <b>full</b> favour of policyholder.	No. cases resolved in <b>partial</b> favour of policyholder; whether in relation to claim or in the form of a financial or non-financial remedy	No. <b>unresolved</b> cases at IDR
CAT 221	937	617	N/A	99	221
SE 222					
CAT 223					
SE 224					
<b>Total</b>					

**Data caveats:**

*Figures are based on complaint volumes as of October 2023 however complaint outcomes are as at March 2024*

*Insurers are required to meet the Internal Dispute Resolution ( IDR ) standards in ASIC’s Regulatory Guide 271 Internal Dispute Resolution for all complaints (i.e. there is no distinction between complaints and IDR). Given the breadth of the definition of a complaint, we understand the Committee is seeking information to distinguish complaints of a more escalated nature from complaints of a more simple nature. As such, the data provided for tab D are those escalated to Tier 2 Complaints as per QoN report including those that have escalated further to EDR.*

*Of the 617 cases that were upheld in column C. There were 64 instances where the insurer’s decision was upheld, however an ex-gratia payment was made to resolve the complaint.*

*RACQ does not record if the decision IDR is in partial or full favour of complainant so all decisions in the complainant favour are in column E  
 Cases that were escalated to EDR are considered as unresolved at IDR (221)*

**e: Referral to AFCA**

Flood event	No. claims that went to AFCA	% of total claims referred to AFCA
CAT 221	221	1.50%
SE 222		
CAT 223		
SE 224		
<b>Total</b>		

**Data caveats:**

*Figures are based on complaint volumes as of October 2023  
RACQ did not receive any claims for SE222, CAT223 or SE224  
Percentages are rounded to the nearest 2 decimal points*

**f: Decisions at AFCA**

Flood event	No. cases – insurer’s decision/handling upheld	No. cases – insurer’s decision/handling <b>partially</b> upheld	No. cases – insurer’s claim decision overturned/rejected in <b>full</b> favour of <b>policyholder</b>	No. of <b>unresolved</b> cases at AFCA	% cases to AFCA that were resolved <b>early*</b>
CAT 221	45	3	8	4	72.85%
SE 222					
CAT 223					
SE 224					
<b>Total</b>					

*\*AFCA cases referred early = they did not require the appointment of an adjudicator, panel or ombudsman to make determinations*

**Data caveats:**

AFCA complaints referenced in our accompanying response as IDR tier 3.

*Figures are based on complaint volumes as of October 2023 and updated outcomes as at March 2024*

*RACQ did not receive any claims for SE222, CAT223 or SE224*

*Percentages are rounded to the nearest 2 decimal points*

**g: Main sources of disputes referred to AFCA**

	Issue	% of all complaints to AFCA
1	Claim Decline	38.91%
2	Delays	20.81%
3	Claim Repairs	14.48%
4	Customer Service	8.14%
5	Settlement Value	7.24%

**Data caveats:**

*Figures are based on complaint volumes as of October 2023*

*Percentages are rounded to the nearest 2 decimal points*



**h: Claims-handling staff numbers**

Year	Permanent FTE	Temporary FTE	Total claims lodged	Ratio of clais to perm. FTE	Ratio of claims to total FTE
2019	62.40	0	29,676	475.58	475.58
2020	60.85	0	28,690	471.49	471.49
2021	56.89	33	31,225	548.87	347.37
2022	89.86	60	39,688	441.66	264.83
2023	91.33	125	23,707	259.58	109.59
2024 YTD	89.38	65	23,064	258.04	149.40

**Data caveats:**

*FTE is average frontline claims processing roles including lodgement and management of claims, excludes leadership and specialist roles*

*Claim lodgements are household claims only*

**Figures are based on financial year due to availability of data**

*Temporary FTE is an average employed during the year, which varies with CAT event caseloads and demand*

*Note - ratio of claims to FTE may be influenced by claims received in the year prior and higher FTE carries into the next year to manage the claims*

**i: IDR staff numbers**

Year	Permanent FTE	Temporary FTE	Total cases (complaints) handled	Ratio of perm. FTE to complaints	Ratio of total FTE to complaints
2019	7	1	2679	1:382.71	1:334.88
2020	10	0	2658	1:265.80	1:265.80
2021	11	0	1879	1:170.82	1:170.82
2022	13	4	3893	1:299.46	1:229.00
2023	13	11	4082	1:314.00	1:170.08
2024 YTD	17	11	900	1:52.94	1:32.14

**Data caveats:**

*Figures are based on calendar year*

*Total Cases handled is the total number of cases handled by RACQ's dedicated complaints staff*

*FYI 2024 cases is to 31/03/2024*

*Ratios are rounded to the nearest 2 decimal points*