



Allianz Australia Insurance Limited
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5 July 2024

Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
Canberra ACT 2600

Be email: corporations.joint@aph.gov.au

Dear sir/madam

Inquiry into the Financial Services Framework in relation to Financial Abuse

Allianz Australia (**Allianz**) appreciates the opportunity to make a submission to the Committee's Inquiry into the Financial Services Framework in relation to Financial Abuse (the **Inquiry**). Allianz recognizes the critical importance of ensuring we have the frameworks in place to appropriately support customers who may be experiencing financial abuse. In our experience, general insurance products can be used as a means of abuse most commonly in a family violence context. This is why Allianz has focused on understanding the lived experience of customers who have been affected by family violence to design appropriate supports for customers and employees.

Allianz supports the submission of the Insurance Council of Australia to the Inquiry, which comprehensively canvasses potential reforms to the financial services framework to better equip financial services organisations to protect and support customers vulnerable to financial abuse. We understand the Committee is keen for input from Allianz on:

- Specific policies, systems, processes or other safeguards Allianz has in place to identify, respond to and report suspected financial abuse occurring to customers;
- The extent of suspected financial abuse identified by any such measures in place; and
- The impact of the shift of financial products to online platforms on the prevalence of, and ability of Allianz to identify, respond to and report, suspected financial abuse.

Our submission focuses on these aspects of the Inquiry's terms of reference.

1. Financial Abuse and General Insurance

In our experience, general insurance products can be used as a means of abuse most commonly in a family violence context. In 2020, Allianz commissioned the Gendered Violence Research Network (**GVRN**) at the University of New South Wales (**UNSW**) to undertake research to better understand circumstances where general insurance products can be weaponized in the context of family violence. While the research found that there is no one typical customer experience, it concluded that the risks associated with insurance in a family violence context were not well

understood by consumers and insurers alike¹.

The research found that insurance products (like home and motor insurance) can be used or manipulated by perpetrators to exert control over victim-survivors, including:

- **Perpetrators cancelling an insurance policy without their partner's knowledge** – Where a perpetrator is a co-insured on an insurance policy, the perpetrator may be able to cancel insurance policies without the knowledge or consent of their partner. This means the partner may be at risk of having their property or car uninsured.
- **Perpetrators using insurance arrangements to access information to stalk an ex-partner** – Allianz has assisted customers who have left a family violence situation but were concerned that the perpetrator may gain access to their new address through the insurance policy via fraudulent means. Additionally, if the perpetrator is a co-insured, they are entitled to information related to the policy, such as a risk address or new garaging address.
- **Perpetrators demanding half the insurance payout if named on the policy** – Where a customer has left a violent relationship, and the perpetrator remains as a co-insured on the policy, the perpetrator may demand half the payout of any claim on the policy.

Other poor consumer outcomes that may arise in an insurance context include:

- **An insurance claim may be declined if malicious damage is intentionally caused by a perpetrator invited into the customer's home** – It is common for home insurance policies to contain an "invited guest" exclusion, which means that damage caused by an invited guest is not covered, resulting in potential declinature of an insurance claim.
- **An insurance claim may be declined if damage is intentionally caused by a perpetrator named on the policy** – It is common for insurance policies to contain a "malicious damage" exclusion, which does not cover deliberate damage caused by the insured, resulting in potential declinature of an insurance claim.
- **Customers being forced to pay insurance excess to avoid aggravating a perpetrator** – For example, the perpetrator has an accident in the customer's car, but the customer does not want to pursue recovery from the perpetrator as it could aggravate the family violence situation. The customer is therefore technically liable for an excess under the insurance policy.
- **Customers unable to pay for insurance after leaving an abusive relationship** – If a customer has left a family violence situation, they may be financially reliant on the perpetrator, leaving them experiencing financial hardship and unable to afford the premium.

Leveraging off these research findings, Allianz has initiated a number of measures to better support customers vulnerable to financial abuse (outlined in the next section of our submission). Allianz currently supports between 35-40 customers experiencing vulnerability per month, with 90 percent of these customers being impacted by family violence.

Allianz has been cognisant of the risks and opportunities presented by online platforms and customer interactions in assisting us to support customers vulnerable to financial abuse. In developing our online customer journey, Allianz has considered ways to protect and support customers in the online environment. For example, where customers are using an online portal to service their policy, if we are aware of a customer experiencing family violence, we are able to mask contact details and addresses on co-insured policies (with the exception of home policies where the address is the asset being insured). We also have the ability to lock the online portal when abuse is reported to us, which ensures that insurance amounts cannot be varied and personal claims details can be protected.

We continue to consider the challenges specific to online interactions with customers, particularly the reliance on

¹ Allianz & UNSW (2020), *Understanding family violence and the risks of insurance*, https://www.allianz.com.au/content/dam/onemarketing/aal/au_site/documents/about-us/understanding-family-violence-and-the-risks-of-insurance.pdf

customers to disclose that they are experiencing vulnerability or abuse given the more limited opportunities for early identification that would be available through, for example, a telephone interaction. In this context, we continue to work on raising customer and broader community awareness of financial abuse in the context of insurance. We have developed practical toolkits² to assist customers, including information to help customers protect themselves during a separation.

2. Allianz's Policies, Systems and Processes to Identify and Respond to Financial Abuse

Allianz's processes for assisting customers experiencing vulnerability recognise that vulnerability can take many forms. Allianz's model is to support customers with different levels of care, so that customers experiencing vulnerability have the appropriate support mechanisms which are also scalable based on the customer's needs. Allianz has a dedicated High Care Team which assists customers with vulnerabilities such as domestic violence or mental health. Allianz's Family Violence Policy recognises economic and financial abuse as a form of family violence and offers a range of support mechanisms to impacted customers.

Key initiatives, policies, systems and processes we have implemented include:

- **Training employees to be able to identify and respond to cases of family violence** – Unlike other financial institutions, insurers generally have limited interactions with customers outside of initial policy purchase (or renewal) or where the customer has made a claim. It is important that, in the context of these limited interactions, we are able to identify early signs that a customer may be experiencing family violence. The training Allianz provides to employees, agents, partners, distributors and suppliers with interactions with customers are geared towards this objective. We have also leveraged our research into family violence to inform the training we provide to ensure employees and other stakeholders are aware of the intersection between family violence and insurance.
- **Provide customers experiencing family violence with a specialist case manager** – Where it has been identified that a customer is experiencing family violence, the provision of services (most often in the context of a claim) is escalated to our High Care Team to provide a more tailored case management approach. Case managers are cognisant of the need to minimise the number of times the customer needs to disclose their situation and are trained to provide additional confidentiality, sensitive claims handling, and financial hardship assistance.
- **Protect customers' private information** – Allianz takes data security and protection extremely seriously but has developed even more robust processes and procedures to provide for private, confidential and personal information of customers affected by family violence. Each customers' circumstances are different, but we would generally discuss safe ways to communicate with the customer and accommodate the customer's preferences where possible, including providing the customer with control over how their personal information is shared with third parties. We have a secure system for recording customer vulnerability and we can also put a password on an account to stop access and ensure personal details are protected.
- **Introduce a "conduct of others" clause** – As noted, it is common for insurance policies to exclude damage intentionally caused by an invited guest or a co-insured under the policy. Allianz has introduced a "conduct of others" clause, giving our policies the flexibility to pay claims in circumstances which arise from wrongful conduct by a family member in circumstances such as family violence and mental illness that would otherwise trigger an exclusion even when cover has been varied or terminated with malicious intent.
- **Provide access to financial hardship** – Allianz recognises the importance of financial hardship assistance for victim-survivors of family violence which can be a potential cause of payment difficulties. Customers affected by family violence may be able to access financial hardship assistance such as deferred or reduced payments for premiums and reduced or waived claims excess payments.
- **Referring customers to specialist family violence services** – Allianz recognises the important role

² See for example: https://www.allianz.com.au/content/dam/onemarketing/aal/au_site/documents/about-us/motor-vehicle-insurance-and-family-violence.pdf

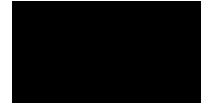
insurers play in referring customers to external specialist support services and we have reviewed our referral pathways in each state and territory to ensure that employees are provided with an up-to-date list of external specialist services that can assist customers affected by family violence.

As part of our product governance framework, Allianz requires customers experiencing vulnerability to be considered (including financial abuse) with the introduction of any new products, including whether new processes need to be developed to appropriately support customers.

In 2021, Allianz's family violence organisational response was benchmarked as "best practice" by the UNSW, which acknowledged the work we have done in partnership with social organisations to ensure our response is grounded in lived experience. While we are proud of the work we have done to date, we recognise that financial abuse and customers experiencing vulnerability more broadly is an evolving area of expertise and there is always room for improvement. We are keen to engage in the learnings from the Inquiry to ensure we continue to make all possible efforts to support customers.

Allianz appreciates the opportunity to make a submission to the Inquiry. Should you have any queries about the matters raised in our submission, please do not hesitate to contact Denise Hang at [REDACTED] or [REDACTED].

Kind regards



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Chief Corporate Affairs Officer

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