



12 July 2013

**Insurance Australia Limited**

ABN 11 000 016 722  
AFS Licence No. 227681  
trading as NRMA Insurance  
An IAG Company

388 George Street  
Sydney NSW 2000 Australia  
Telephone 02 9292 9222  
Facsimile 02 9292 8472  
[www.nrma.com.au](http://www.nrma.com.au)

Mr Tim Bryant  
Committee Secretary  
Senate Economics References Committee  
[economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Mr Bryan

I refer to your letter of 26 June 2013, attaching a copy of the submission by Mr Mair to the Committee's Inquiry into the performance of the Australian Securities and Investments Commission (ASIC). We appreciate the Committee seeking our response to Mr Mair's submission.

Mr Mair referred his complaint against NRMA Insurance to the Financial Ombudsman Service (FOS), which accepted Mr Mair's position. NRMA Insurance fully complied with the FOS decision.

While not the subject of the original dispute, Mr Mair's case and one other formed the basis of a FOS Systemic Issues review, looking at the manner in which NRMA Insurance informed customers of the premium impact of claims. This issue became the focus of Mr Mair's ongoing objections, which were voiced to both FOS and ASIC.

An extensive (and collaborative) review process ensued, which also included a review of premium complaints in relation to rating factors and incident/claims history. In the ten-month period reviewed, only two of the 360 complaints recorded related specifically to the disclosure of an incident rating and resulting premium increase.

Throughout the course of the review, in which NRMA Insurance maintained that its disclosure arrangements were appropriate, it agreed to take steps, satisfactory to FOS, to make its documentation clearer for customers. These steps included:

1. Specific reference within the Product Disclosure Statement that a claim or incident may impact upon the calculation of premium before the application of the no claim discount;
2. Strengthened link between the Product Disclosure Statement and the Premium, Excess & Discounts Guide; and
3. Changes to the Certificate of Insurance.

We understand that both FOS and ASIC are satisfied with the actions taken by NRMA Insurance in relation to this matter.

Yours sincerely

**George Karagiannakis**  
Head of Government & Industry Affairs  
NRMA Insurance, SGIO, SGIC, IMA