



Appendix 2

Details of IAG claims:

- i) South-east Queensland and northern New South Wales (NSW) floods of February and March 2022;
- ii) Hunter and greater Sydney floods of July 2022;
- iii) Victorian, NSW and Tasmanian floods of October 2022; and
- iv) Central west NSW floods of November and December 2022;

Event	Claims received	Claims – Open	Claims - closed	Total loss (\$)
CAT221	44,872	1,975	42,897	\$1,059,402,888
SE222	6,885	353	6,532	\$88,333,009
CAT223	6,917	673	6,244	\$222,230,389
SE224	5,048	399	4,649	\$97,879,735

Data current 13 November 2023.

- 1.7 For each 2022 flood event, what is the average time taken to:
- 1.7.1 determine claims for each relevant category of insurance including, but not limited to, home and business;
 - 1.7.2 provide a payout to the policy holder;
 - 1.7.3 commence repair work.

	CAT221	SE222	CAT223	SE224
Claim Acceptance	6.6 days	3.1 days	4.6 days	4.4 days
Property Repair	108 days	87 days	56 days	51 days
Motor Repair	75 days	41 days	62 days	84 days
First Payment	134 days	120 days	88 days	80 days
Settlement for total loss	36 days	28 days	42 days	42 days

- 1.14 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? What percentage of total claims made for both home and business insurance do these refusals represent?

Event	Total Denials	Full Denial	Partially Accepted	Percentage
CAT221	1,479	1,003	476	4%
SE222	58	38	20	1%
CAT223	40	32	8	0.7%
SE224	164	78	86	3.5%

Data current 13 November 2023.

- 1.19 For each 2022 flood event, how many ex-gratia payments were made? How much was paid on average, and what was the distribution of payments made?

Flood Event **Volume of Ex Gratia & Commercial Decision Payments** **Average Cost**

CAT221	681	\$3,522
SE222	51	\$1,560
CAT223	57	\$2,118
SE224	100	\$5,344

Data current 6 November 2023.

2.5 How many cases involved dispute resolution? What was this as a percentage of overall claims?

Flood Event **Total Complaints** **Percentage**

CAT221	1,672	3.73%
SE222	181	2.62%
CAT223	235	3.4%
SE224	101	2%
Total	2,189	3.43%

Data current 23 October 2023.

Note: This figure does not take into consideration a claim that may have multiple complaints lodged against it.

2.6 What were the main causes of disputes?

The following-reasons make up **42%** of total complaints received:

Reasons for complaints **Percentage**

<i>Denials due to flood exclusions</i>	10%
<i>Delays in communication</i>	10%
<i>Delays in 'making a decision'</i>	6%
<i>Delays in assessment</i>	6%
<i>Delays in payments</i>	6%
<i>Insufficient payment</i>	4%

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

Timeframe **Flood**

Average Calendar Days	18.6
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Distribution **Flood**

Under 1 Month	86.6%
1 to 6 Months	13.1%
6 to 12 Months	0.3%

2.8 How many claims that went to IDR were resolved in favour of the policy holder?

1,152 complaints or 52.7% of all complaints were resolved in favour of the customer.

2.9 How many claims that went to IDR:

- 2.9.1 led to no change to the original decision;
- 2.9.2 led to full acceptance of the claim; or
- 2.9.3 led to partial acceptance of the claim?

How many claims that went to IDR were resolved in favour of the policyholder	1,152 (52.7%)
How many claims led to no change to the original decision	239
How many complaints led to full acceptance of the claim	20
How many complaints led to partial acceptance of the claim	45

Note: these are outcomes for Claim Denial as this complaint category directly relates to the acceptance or partial acceptance of a claim.

3.4 For each 2022 flood event, how many vulnerable policy holders were identified and supported?

Flood Event	Vulnerable customers
CAT221	1,083
SE222	122
CAT223	161
SE224	98

Data current on 6 November 2023

6.5 For each 2022 flood event, how many hydrologists did your firm engage?

CAT / SE code	Primary hydrology providers	Comment
CAT221	3 (Providers A, B, C)	<ul style="list-style-type: none"> • Due to the large volume of reports required, Provider A was not engaged for events 222, 223, 224 to allow them to focus on continuing delivery of reports for CAT221 • A small number of claims, remote from the main impacted catchment areas, were handled by other providers
SE222	1 (Provider C)	<ul style="list-style-type: none"> • A small number of claims, remote from the main impacted catchment areas, were handled by other providers
CAT223	3 (Providers B, C, D)	
SE224	1 (Provider D)	<ul style="list-style-type: none"> • A small number of claims, remote from the main impacted catchment areas, were handled by other providers

6.9 What is the average cost of a hydrologist's report for home and business claims?

Hydrology Reports	No. Allocations	Average Cost	Total Cost
Hydrology allocations	1,116	\$5,934	\$6,616,679

9.1 For each 2022 flood event, how many claims were referred to EDR?

Flood Event	Number
CAT221	133
SE222	7
CAT223	17
SE224	7
Total	164

This data shows complaints that escalated to Case Management at AFCA and does not include AFCA Registrations that resolved during the IDR process.

9.2 What was the typical cause of this?

The following reasons make up 48% of total disputes received for EDR:

Reasons for complaints	Percentage
<i>Denials due to flood exclusions</i>	21%
<i>Insufficient offer or payment</i>	12%
<i>Item exclusions</i>	8%
<i>Delays in payments and settlement</i>	4%
<i>Exclusions due to wear, tear, depreciation and maintenance</i>	4%

9.3 How many disputed claims remain unresolved (internal and external)

<i>Unresolved</i>	
Internal	6
External	18

On 15th November 2023 there were **18** external complaints at different stages of the AFCA process. IAG is proactively working with AFCA to resolve these complaints or progress them to AFCA for determination.

9.4 How many claims that went to EDR were resolved in favour of the policy holder?

For disputes that went to preliminary assessment or determination, 11 were found in favour of the customer.

9.5 How many claims lodged with your firm that went to EDR:

- 9.5.1 led to no change to the original decision;
- 9.5.2 led to full acceptance of the claim; or
- 9.5.3 led to partial acceptance of the claim?

Disputes lodged at EDR can be for a variety of reasons including, but not limited to, denial of claim due to an exclusion, claim delays or settlement method. Therefore, depending on the issue in dispute,

an outcome may not necessarily lead to full or partial acceptance of a claim as the issue in dispute may not be related to partial or full acceptance of a claim.

For all disputes referred to EDR (AFCA), we have recorded the following outcomes:

Status	Reason	Flood
<i>Open</i>	Outstanding at AFCA	21
<i>Closed</i>	Negotiation between IAG & customer	107
<i>Closed</i>	In Favour of Customer	11
<i>Closed</i>	In Favour of Insurer	25

9.8 What is the expense to the company of the EDR process?

In FY23, the direct costs paid to AFCA for all General Insurance complaints referred to AFCA was approximately \$10.3 million.

10.5 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?

Of the claims received for the 2022 floods, we reviewed the policyholders who were covered for this period and identified **27** policies that were flagged for renewal reviews to assess property condition or unrepaired damage which had been cash settled after the 2022 flood events.

Of the **27** policies identified, six were cancelled by the policy holder before the policy came up for assessment at the next renewal, five were reinstated once we were able to communicate with the customer and it was confirmed that property repairs were conducted and **16** were not offered renewal as the property had either not been repaired (**five**) or the customer had not responded to our requests/attempts to establish if the property condition/unrepaired damage had been acted upon (11). This data does not include total loss policies from the 2022 floods given that total loss policies are cancelled upon total loss payment.

In addition to the home portfolio, farm and business insurance policies do not offer flood cover however claims were still made by policyholders for flood cover and/or storm water damage after the 2022 floods. Some of these claims were denied and some were covered under the storm water damage cover in the farm and business insurance policies. The business manually reviewed every flood claim (154) that was lodged under the farm and business insurance policies, and upon renewal various decisions were made regarding rating and underwriting decisions. Six policies were declined but this was due to the occupation that was discovered at claim time not matching the occupation that was disclosed or the property was in poor condition and outside our acceptable underwriting guidelines. No policies were declined due to the location of the risk.

- 11.1 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?
- 11.2 How many clients had the same or similar claims in 2010-2013 for natural disasters?
- 11.3 Of the total claims made in 2010-2013, how many ended up in dispute resolution?
- 11.4 What was the percentage (of disputes) from claims made during this period?

We have been unable to undertake the complete analysis required by this question. The events of 2010-2011 and 2010-2013 are largely incomparable to the 2022 flood events for several reasons:

- IAG brands did not cover flood at that time.
- The IAG business was made up of different brands and different customers with only a small exposure to the Queensland insurance market.
- IAG's systems and reporting definitions were different at that time.
- Data is largely archived, and disputes were not recorded in the same way as they are today.

Data that can be supplied is limited to claims lodgement numbers. However, we highlight again that flood was not generally covered, making these events largely incomparable to the 2022 floods.

Total volume of claims from the listed events in the total equals **93,297**.

The 2010 – 2011 QLD floods received **9,382** claims.

Of the 16 ICA declared events in 2010 – 2013 we have access to data for 11 of these. The data was supplied to the Insurance Council of Australia under reporting protocols for CATs at a point in time. These are not necessarily final numbers as the event may have continued to develop over time. This is due to claims history being in a variety of archive states. Information in the table provided pertains to the NRMA, RACV, SGIO, SGIC, CGU, RBI and The Buzz only Excludes WFI, Coles and Lumley as they were not part of IAG at that time.

ICA CAT Code	Event Type	Month/Year	Property & Other Lodgements	Motor Lodgements	Total Lodgements
CAT105	STORM	DEC, 2010	2,807	418	3,225
CAT111/CAT112	STORM	JAN, 2011	3,611	598	4,209
CAT113	STORM	JAN, 2011	1,678	270	1,948
CAT114	CYCLONE	FEB, 2011	8,189	27	8,216
CAT115	STORM	FEB, 2011	12,565	1170	13,735
CAT118	HAIL	DEC, 2011	13,486	19,565	33,051
CAT121	FLOOD	JAN, 2012	1,706	112	1,818
CAT122	STORM	FEB, 2012	6,498	315	6,813
CAT133/CAT134	STORM	JAN, 2013	18,357	779	19,136
CAT131	BUSHFIRE	JAN, 2013	345	15	360
CAT135	BUSHFIRE	JAN, 2013	714	72	786

12.1 In how many instances (separately for each category incident) did the company obtain advice from expert hydrologists when assessing claims?

Total hydrology allocations **1,116**

13.5 For each of the four category incidents, for how many claims was a case manager appointed?

Claims where a case manager was appointed

CAT221	1,597
SE222	220
CAT223	579
SE224	183