

Recommendations

- 7.1 This inquiry was conducted in response to reports of large numbers of disaster victims encountering extreme difficulties with their insurance claims. Having nowhere else to turn, these residents began contacting their elected representatives – local, state and federal – to plead for assistance or intervention.
- 7.2 During the course of the inquiry, the Committee met and heard from many people who could not obtain information about the progress of their insurance claim or who were struggling to understand or dispute their insurers' decisions.
- 7.3 The Committee recognises that the Australian insurance industry faced multiple major events in the space of a few years and that this had an impact on the resources able to be employed in processing claims. It may certainly have been a worst-case scenario that hopefully will not be repeated for decades or even centuries. Nonetheless, these events exposed the weaknesses in the self-regulation of claims-handling in the general insurance industry.
- 7.4 In the aftermath of the succession of wide-ranging, sometimes simultaneous, natural disasters across the country, it became apparent that consumer rights are not sufficiently protected in many aspects of the insurance contracts that are entered into for peace of mind and out of personal responsibility.
- 7.5 The Committee appreciates that the number of people with negative experiences may not be in the majority of claimants. Nonetheless, it is precisely that segment of the population that has demonstrated the necessity for consumer rights that can protect all Australians. As Cr Paul

Pisasale, Mayor, City of Ipswich, said, 'the insurance companies have been like a protected species, and it has taken a flood to flush them out'.¹

- 7.6 Moreover, the industry is aware that climate change patterns indicate increases in the number and severity of extreme weather events such as cyclones and hailstorms. Compounding these risks, larger numbers of Australians are living in or moving to higher-risk areas,² such as the coastline or in outer suburban bush settings. Unfortunately, this means that scenarios such as the recent spate of natural disasters may be repeated at any time.
- 7.7 The Committee is resolute that consumer protections must be increased for insurance policyholders, particularly due to the low levels of consumer insurance literacy. Currently, consumer rights are protected in a piecemeal fashion. In the past, the general insurance industry has successfully argued for some exemptions to relevant legislation. However, given the flaws exposed in the General Insurance Code of Practice as it currently stands amidst a self-regulatory approach, these exemptions should be overturned and more stringent, mandatory obligations implemented.
- 7.8 The Committee presents here a suite of recommendations to provide much-needed consumer protections and to require the general insurance industry to put in place measures for responding appropriately during disaster events.
- 7.9 These recommendations will ensure comprehensive protections for consumers:
- when entering into insurance contracts;
 - during claims-handling processes; and
 - when pursuing insurance disputes.

Insurance contracts

- 7.10 Consumers need to be able to make informed decisions when they purchase insurance policies. Although price is often the main consideration, consumers need to be aware of other very important

1 Cr Paul Pisasale, Mayor, City Ipswich Council, *Committee Hansard*, Ipswich, 27 September 2011, p. 7.

2 M Smith, 'Climate Change a Risk but Impact's Unclear', *Australian Financial Review*, 16 January 2012, p. 56.

factors. Given the complexity of insurance contracts, consideration must be given to how best inform consumers of their policy coverage, and the consequences that can subsequently flow from a need to lodge a claim against the policy. Awareness of levels of risk and types of insurance policies may lead to decisions based on more than just the cost of the premium.

Standard cover

- 7.11 Consumer awareness of their policy coverage could be greatly improved if it could be compared against the reference of Standard Cover as detailed in the Insurance Contracts Regulations. Standard Cover includes flood insurance among its perils coverage, and provides for total replacement, rather than up to a nominated sum, in the event of loss. The Committee considers that Standard Cover should be a benchmark for the ideal policy against which consumers can consider their needs and their capacity to accept deviations from the Standard Cover. This would enable more informed decision-making for consumers when entering into an insurance contract.
- 7.12 Greater awareness of Standard Cover can be achieved either through making it mandatory for insurers to provide policies that meet Standard Cover, and through more easily understood and readily available disclaimers of derogation from Standard Cover than those that are currently given. This would mean clear up-front information without the capacity for a disclaimer to be lost within a lengthy Product Disclosure Statement.
- 7.13 Consumers should be able to choose a policy that does not conform to Standard Cover, but in such instances they should be made aware that in doing so they are opting out of certain standard conditions, such as cover for flood or actions of the sea, or total replacement cover. State and local government measures to quantify and reduce the risks of natural disaster damage will assist consumers in making decisions about general insurance policies.

Recommendation 1

- 7.14 The Committee recommends that the Australian Government amend the *Insurance Contracts Act 1984* (Cth) to make it obligatory that insurers offer to consumers the option of a general insurance policy that conforms to Standard Cover, as prescribed in the Insurance Contracts Regulations 1985 (Cth), from 1 July 2012, so that all insurers carry a product that provides full replacement in the event of total loss and cover for damages resulting from flood.

Recommendation 2

- 7.15 The Committee recommends that the Australian Government amend the *Insurance Contracts Act 1984* (Cth) so that from 1 July 2012 any derogation from Standard Cover is required to be communicated to policyholders as a departure from ideal standards:
- in clearly understood terms and separately from the policy or the Product Disclosure Statement;
 - with specific reference to the fact that the policy derogates from Standard Cover; and
 - with specific reference to the manner in which the policy derogates from Standard Cover.

Standard definition of flood

- 7.16 The fine print about types of water inundation and definitions of flood led to confusion, trauma and lengthy delays for many insurance claimants. Further, many only discovered their policy terms when they lodged their claim. The Committee fully supports the enactment of the Insurance Contracts Amendment Bill 2011 that will provide for a standard definition of 'flood' to be defined in the Insurance Contracts Regulations.
- 7.17 The bill will also require insurers to provide clients with a Key Facts Sheet that summarises the main elements and exclusions of the relevant policy. The Key Facts Sheet would be an ideal vehicle for explaining Standard Cover and communicating any derogation from Standard Cover, as per

the above Recommendation. The Committee recommends the expedited passage of the bill.

Recommendation 3

- 7.18 **The Committee recommends that the Australian Parliament pass the Insurance Contracts Amendment Bill 2011 and ensure its enactment by 1 July 2012. The Committee further recommends that the standard definition of 'flood' be included in the definition of Standard Cover in the Insurance Contracts Regulations 1985.**

Unfair contracts terms

- 7.19 The Committee does not consider that the exemption of general insurers from unfair contract terms obligations is warranted. Further, the industry as a whole has not demonstrated a capacity to protect consumers under the current exemption. It is the view of the Committee that the application of unfair contract terms laws would not be unduly onerous to general insurers who already have sound business practices. However, their application would provide a much-needed layer of protection to consumers by ensuring that they have access to legal remedies against unfair terms or exclusions.
- 7.20 The Natural Disaster Insurance Review report concluded that:
- ... unfair contract terms legislation will provide consumer protection over and above that provided by the duty of utmost good faith under section 13 of the [Insurance Contracts] Act and the general fairness test under the [Financial Ombudsman Service] Terms of Reference.³
- 7.21 Noting that the Treasury Department has released an options paper and a draft Regulation Impact Statement for feedback on unfair terms in insurance contracts, the Committee recommends that the exemption for general insurers to the unfair contract terms laws contained in the *Australian Securities and Investments Act 2001* (Cth) be removed.

3 The Treasury, 'Natural Disaster Insurance Review: Inquiry into flood insurance and related matters' September 2011, p. 107.

Recommendation 4

- 7.22 **The Committee recommends that the Australian Government introduce legislative changes required to remove the exemption for general insurers to unfair contract terms laws, and ensure its enactment by the end of 2012.**

Claims-handling process

- 7.23 Consumer protection is particularly weak in the area of insurance claims handling. As demonstrated in the aftermath of recent disaster events, with some exceptions, the performance of insurers has been unacceptable with regard to delays in determining claims and to communication practices with clients.
- 7.24 At present, oversight of consumer rights in the handling of insurance claims is contained in the General Insurance Code of Practice (the Code). Given the operation of the general insurance industry during recent disaster events, the Committee has little faith in the Code as it currently stands as an effective self-regulatory tool.
- 7.25 The Committee considers it essential that the Code be amended considerably. The Code must have clear outcomes and definite timeframes for the claims-handling process.
- 7.26 The Insurance Council of Australia has proposed amendments to the Code that provide a maximum of four months to make a decision on a claim 'unless there are exceptional circumstances in relation to your claim'.⁴ 'Exceptional circumstances' include claims related to a catastrophe or disaster that has been declared as such by the Insurance Council Board. It is envisaged that such a declaration would be made in the event that insurers were 'under severe strain' to determine claims.
- 7.27 The Committee considers it essential that there is an identified end-point for determining claims, regardless of the situation or declaration of a disaster. The Committee considered carefully the issue of an alternative set of standards and timeframes to apply during exceptional circumstances such as declared disasters.

4 Proposed changes to the General Insurance Code of Practice, 28 November 2011.

- 7.28 The Committee considers that many industries and services are required to develop contingency plans to ensure that there is the capacity to respond as required during unforeseen and exceptional circumstances. Furthermore, during these situations, the needs of policyholders are even more acute as losses are often catastrophic.
- 7.29 Consequently, the Committee concludes that it is the responsibility of the insurance industry to collectively ensure it has the capacity to operate, meeting agreed timeframes and obligations to regularly communicate regarding the progress of a claim, regardless of the circumstances. The business of the insurance industry is the unforeseen, and they must be adequately prepared to meet service standards at the times that their services are most urgently required.

Recommendation 5

- 7.30 **The Committee recommends that the Australian Government work with the Insurance Council of Australia to make the following amendments to the General Insurance Code of Practice by 1 July 2012:**
- **remove the clauses that set aside the Code standards in times of disasters;**
 - **require insurers to refrain from advising policyholders against making a claim under their insurance policy, and incorporate a ‘right to claim’ so that policyholders who contact their insurer about their eligibility to make a claim are offered the opportunity to lodge a claim and have it assessed fully;**
 - **ensure that a full explanation of the claims-handling process, including the right to escalate decisions to internal dispute and external dispute resolution systems, is given when policyholders lodge a claim;**
 - **ensure that an acknowledgement of the claims lodgement, contact details of the claims officer, and expected timeframes for the claims-handling process are provided to policyholders in writing;**
 - **require that copies of external expert reports used in the determination of a claim to be provided to claimants within 10 days of request; and**

- **introduce the following minimum standards for claims handling in times of exceptional circumstances such as declared disasters:**
 - ⇒ **a timeframe for informing claimants of the progress of the claim;**
 - ⇒ **a timeframe for advising claimants if an external expert has been appointed;**
 - ⇒ **assurance that external experts are fully qualified to undertake assessments;**
 - ⇒ **an undertaking to provide claimants with information about the qualifications, employer, and role of external experts that are appointed to assist with their claim;**
 - ⇒ **a maximum timeframe of 12 weeks for external experts to provide reports;**
 - ⇒ **a maximum timeframe for accepting or denying a claim;**
 - ⇒ **a timeframe for responding to requests for information;**
 - ⇒ **an undertaking to communicate all decisions about insurance claims to the claimant in writing with clear and explicit reasons relating to their particular claim; and**
 - ⇒ **a timeframe for informing claimants of the progress of their complaint or dispute.**

- 7.31 At present, the Financial Ombudsman Service (FOS) compiles comparative tables regarding the outcomes of the external dispute resolution process that FOS engages in with insurers. Information published on the FOS website details for each company the chance of a dispute coming to FOS, the average length in resolution, and the outcomes of the resolution process.⁵
- 7.32 Under Australian Securities and Investments Commission (ASIC) Regulatory Guideline 139, FOS also monitors the Code and reports to ASIC on its findings. These reports, while informative about the industry as a whole, are generalist and lessen the enforcement power of the Code and the capacity to sanction insurers who breach the Code.

5 Financial Ombudsman Service, 'Comparative Tables 2010–2011' <http://fos.org.au/centric/home_page/publications/comparative_tables/comparative_tables_20102011.jsp> viewed 14 February 2012.

- 7.33 The Committee deems it appropriate that FOS is required to provide to ASIC more detailed reports on breaches and systemic issues of the Code by identifying the insurers concerned. In addition, following disaster events, reports specific to the disaster area should be provided to ASIC regarding the operation of insurance companies.

Recommendation 6

- 7.34 **The Committee recommends that the Australian Securities and Investments Commission amend Regulatory Guideline 139 by 1 July 2012 to require the Financial Ombudsman Service to report regularly to the Australian Securities and Investments Commission and also to make public:**

- **the names of insurance companies that have breached the Code or are involved in systemic issues, and the types of breach; and**
- **the annual number of internal dispute resolution and external dispute resolution cases for each insurance company.**

Further, the Committee recommends that, following declared disaster events, the Financial Ombudsman Service should be required to provide a report to the Australian Securities and Investments Commission on breaches and dispute resolutions specific to the disaster area.

- 7.35 The Insurance Contracts Act imposes the duty of utmost good faith on insurers in their dealings with policyholders. However, consumers would have to take legal action against an insurer to prove a breach of this duty.
- 7.36 Under the *Corporations Act 2001* (Cth) (Corporations Act), ASIC is responsible for ensuring that financial service providers, including insurers, fulfil the requirements of holding an Australian Financial Service licence, such as providing services efficiently, honestly and fairly. However, claims handling and settlement are exempt from the definition of a financial service, meaning that the above obligations, and ASIC regulation, do not apply to claims handling.

- 7.37 The Insurance Contracts Amendment Bill 2010 sought to reverse this exemption to regulation. The bill proposed that breaches of the duty of utmost good faith in claims handling would constitute a breach of the Insurance Contracts Act. ASIC would then be empowered to deal with such breaches through the use of remedies that apply to Australian Financial Service licensees. The bill lapsed when the 2010 general election was called.

Recommendation 7

- 7.38 **The Committee recommends that the Australian Government empower the Australian Securities and Investments Commission to regulate claims handling and settlement of financial service providers. This can be achieved by the Treasurer introducing legislation by 1 July 2012 to give effect to the measures contained in Schedule 1, Part 1 of the lapsed Insurance Contracts Amendment Bill 2010, so that breaches of the duty of utmost good faith in relation to claims handling constitute a breach of the Insurance Contracts Act.**

This would enable the Australian Securities and Investments Commission to:

- **monitor and regulate claims handling and settlement processes;**
- **impose sanctions on insurance companies, under Australian Financial Services Licence remedies, on behalf of consumers; and**
- **negate the current exemption of claims handling and settlement from the definition of financial services for the purpose of the *Corporations Act 2001*.**

- 7.39 In the event that legislation is not introduced to empower ASIC to deal with breaches of utmost good faith on behalf of consumers, as per Recommendation 7, the Committee recommends compulsory standards for general insurance claims-handling practices.
- 7.40 Some legal aid organisations have called for the implementation of an Australian Standard on claims handling. However, given that there is an existing Code of Practice endorsed by the general insurance industry, the

Committee does not consider that there is a need to recreate standards for minimum claims-handling requirements. Moreover, the development of an Australian Standard on claims-handling procedures would be a lengthy process and one that the Australian Government would not be able to provide input into.

- 7.41 The Code, once amended as per Recommendation 5, can be introduced into legislation as mandatory for all general insurers who hold an Australian Financial Service licence under the Corporations Act or who are authorised by the Australian Prudential Regulation Authority under the *Insurance Act 1973*.

Recommendation 8

- 7.42 **The Committee recommends that the Australian Government introduce legislation by 1 March 2013 to make adherence to the General Insurance Code of Practice a compulsory requirement for all general insurers.**

Managing disputes

- 7.43 It is critical that the general insurance industry has effective internal dispute resolution (IDR) and external dispute resolution (EDR) systems to ensure the integrity of the industry. The Committee was dismayed with the lax operation of insurers' IDR processes. There was evidence of a systemic problem of lack of engagement by insurers in IDR. Some of the multi-tiered processes seemed to be needlessly complex and frustrating. In addition insurers did not appear to take seriously their obligation to inform clients of their rights to IDR and EDR with FOS. Further, consumer awareness of IDR and EDR was exceedingly low.
- 7.44 In the Committee's opinion, IDR processes are effective when they are managed in a genuine, efficient and transparent manner and complainants have access to key information. As this is not occurring in the current regime, the Committee considers that ASIC Regulatory Guideline 165 on IDR and EDR standards should be more prescriptive in setting out obligations on general insurers.

Recommendation 9

7.45 The Committee recommends that the Australian Securities and Investments Commission amend Regulatory Guideline 165 to:

- require general insurers to provide clear and comprehensive information about both Internal Dispute Resolution and External Dispute Resolution to clients at time of claim lodgement;
- require general insurers to provide information to clients at the time of claim lodgement on the right to seek from Financial Ombudsman Service an independent external expert report (such as a hydrology report);
- prohibit general insurers from commenting to policyholders on the merits of a dispute;
- prescribe an Internal Dispute Resolution model which avoids multi-tiered components; and
- automatically escalate a claim that has not been settled within four months to an internal dispute should the General Insurance Code of Practice amendment to this end not be implemented.

7.46 As insurance is a complex subject area, many consumers may benefit from legal assistance in navigating IDR or EDR processes. The Committee understands that legal aid and pro bono legal assistance resources are stretched and that insurance law is a specialist area. With additional funding, specialist insurance law services can combine the resources of lawyers, financial counsellors, social workers and consumer advocates.

7.47 Particularly during disaster events when claimants are stressed, losses are extensive, and claims are numerous, there is a need to be able to mobilise specialist legal resources and ensure greater ongoing consumer advice through FOS.

7.48 It is recommended that consumers have access to a consumer advisor at FOS who can provide advice on registering, managing and progressing general insurance disputes with FOS. The Committee considers it appropriate that such a position be co-funded by the general insurance industry and the Insurance Law Service. Such a position could also coordinate better dissemination of information about the role of FOS, particularly in the wake of disaster events.

Recommendation 10

- 7.49 The Committee recommends that the Australian Government and relevant State and territory governments jointly allocate additional and continuing funding in the 2012–13 budget to the Insurance Law Service for the mobilisation of a temporary physical presence in areas of need following natural disasters.

The service should be available to all persons in an affected disaster area and not subject to means-testing.

Recommendation 11

- 7.50 The Committee recommends that the Australian Government allocate additional and continuing funding in the 2012–2013 budget to the Insurance Law Service to establish a consumer advisory position at the Financial Services Ombudsman. The position should be co-funded by the Insurance Law Service and the insurance industry.

- 7.51 Another issue of concern to the Committee, although slightly outside the terms of reference, is the cost of contacting insurers. In the wake of natural disasters that damage or destroy homes, many people do not have access to landlines and must rely on mobile telephones. Calls to 1300 numbers are untimed and charged at a local cost from landlines, but not for mobile telephones. Given that consumer can be on hold for long periods of time, the cost of the call can become prohibitive.

Recommendation 12

- 7.52 The Committee recommends that the Australian Government investigate ways to reduce the cost of calling 1300 numbers from mobile telephones in areas of natural disasters.

Topics for further investigation

- 7.53 The Committee heard evidence about several issues that were outside the scope of the terms of reference. However, the evidence and the nature of the issues are compelling enough that the Committee considers they warrant investigation.
- 7.54 These issues include:
- the sizeable increases in insurance premiums in the wake of multiple natural disasters that have diminished the insurance industry's profits; and
 - the emotional impact of recovering from the life-changing physical and financial effects of disaster events.
- 7.55 Further detail on these issues is provided in the following sections. A third significant issue raised with the Committee was the inability to secure multi-peril crop insurance or insurance for livestock and certain farming assets and infrastructure. The Committee considers that the Department of Agriculture, Fisheries and Forestry should hold discussions with primary producers to investigate this further and report to the Minister for Agriculture, Fisheries and Forestry.

Premium increases

- 7.56 By the end of 2011, renewal notices for insurance policies were beginning to arrive in policyholders' mailboxes. Many people were shocked to find that their premiums had increased out of all proportion to previous yearly increases. The Committee heard of increases in premiums ranging from 30 per cent to 1 000 per cent.
- 7.57 The cost of premiums for home and contents insurance has increased across the nation as a result of the recent natural disasters. Queensland has especially been affected with an average premium rise of 12 per cent and a median increase of 14 per cent.⁶ However, 31 per cent of Queensland policies have increased by more than 20 per cent. Price increases up to 41 per cent have been observed in one flood-affected regional area and increases of up to 36 per cent were reported in a flooded Brisbane locality.⁷

6 Canstar Cannex, 'Home and Contents Star Ratings', Report No. 4, October 2011, p. 2 <http://www.canstar.com.au/images/star_ratings_reports/home-and-contents-insurance-oct-2011.pdf> viewed 8 December 2011.

7 Canstar Cannex, 'Home and Contents Star Ratings', Report No. 4, October 2011, p. 2.

- 7.58 In recent weeks, Committee members in different states have also been approached by large numbers of constituents reporting exorbitant premium increases, especially for strata title unit-holders.
- 7.59 The insurance industry attributes price increases to the subsequent rising cost of reinsurance:
- ... it is well publicised that the appetite of reinsurers, who have also played a major part in these losses, has changed and their perception of the risk in Australia has changed, so they are changing their price models quite significantly and passing those costs on to us as insurers.⁸
- 7.60 The Actuaries Institute of Australia said that another reason could be that previously insurers had not correctly understood, and therefore priced, the risk in particular areas and were now adjusting the premiums to accurate levels.⁹
- 7.61 However, excessive premium increases have not been limited to areas affected by floods, cyclones or bushfires. Residents in Victoria and Canberra living in low- or no-risk areas for flood have reported large jumps in their insurance premiums from the previous year.¹⁰
- 7.62 The increases are due to the inclusion of flood coverage in policies that previously did not cover flood, but some policyholders at very low risk of flooding are unable to opt out of flood for a lower premium because 'some insurers are not providing the opt-out option recommended by the government'.¹¹
- 7.63 Moreover, some residents have not been able to access insurance, particularly flood insurance, at all. Victims of natural disasters whose claims had been settled, still under assessment, or in dispute, were told that their policies would not be renewed.

8 Mr John Ripepi, Chief Executive Officer, Wesfarmers Federation Insurance, *Committee Hansard*, Sydney, 14 October 2011, p. 11.

9 Mr Peter McCarthy, Chairman, General Insurance Practice Committee, and Mr Daniel Smith, Director, Actuaries Institute of Australia, *Committee Hansard*, Canberra, 3 November, p. 6.

10 G Downie, 'Residents hit by Big Rise in Flood Premiums', *Canberra Times*, 9 January 2012, p. 2; D Gough and G Wilkins, 'Home Insurance Premiums to Skyrocket', *Sunday Age*, 15 January 2012, p. 3; Geelong Advertiser, 'Pensioner cops 600pc Hike in Insurance Bill' <http://www.geelongadvertiser.com.au/article/2012/01/11/301451_news.html> viewed 11 January 2012.

11 G Bullock, 'Disasters: The first rule is take cover', *Weekend Australian*, 21 January 2012, p. 29.

- 7.64 Owners of strata title residences or units in northern Queensland, particularly above the 26th parallel, were finding that they could not secure cover from any insurer or that premiums had reached exorbitant levels.
- 7.65 Accordingly, on 24 November 2011, the then Assistant Treasurer and Minister for Financial Services and Superannuation, Hon. Bill Shorten MP, asked the Committee to inquire into and report on the costs of, and potential market failure in, residential strata title insurance. The Committee will publish the report in March 2012 as Volume Two of its investigations into insurance issues in the wake of natural disasters.
- 7.66 However, the issue of a market failure in insurance applies equally to non-strata residential properties, rural properties and businesses. Mrs Rosemary Menken, Queensland MP for Burdekin, told the Committee that:
- Quotes that I have been getting from people are that rural insurances have increased enormously and many insurance companies have pulled away from that [market].¹²
- 7.67 The Committee is concerned that the soaring costs of insurance will dissuade many Australians from insuring their properties or businesses, leaving large numbers of residents in dire situations should they fall victim to a natural disaster. The Committee considers that the issue of dramatic rises in insurance premiums is urgent and action should be expedited. The Committee has identified this issue, but fear that conducting a further inquiry may delay outcomes and result in more residents being left uninsured. Accordingly, the Committee recommends that the Minister for Financial Services and Superannuation immediately establish a joint industry-Government taskforce to address the rising costs and potential market failure of insurance premiums across Australia.

Recommendation 13

- 7.68 **The Committee recommends that the Minister for Financial Services and Superannuation immediately establish a joint industry-Government action group to address evidence of the rising costs and market failure of insurance premiums across Australia.**

12 Mrs Rosemary Menkens MP, Member for Burdekin, Queensland, *Committee Hansard*, Innisfail, 29 September 2011, p. 31.

Emotional impact

- 7.69 It was clear to the Committee that the recent catastrophes had taken a large toll on people and entire communities. This is understandable in light of the trauma that comes from significant or total destruction of one's home and contents or business. In addition to the financial ramifications, affected residents had to deal with disruptions to work, school, social networks, accommodation, health and transport.
- 7.70 In some cases, the resilience of disaster victims was sorely tested by the additional burden of slogging through an insurance process that could be a rigmarole of information-gathering, a black hole of information, a brick wall against reason, or an endless wait. The Committee believes that insurance companies should include employee training for managing people who have experienced trauma or a Mental Health First Aid course.
- 7.71 It is anticipated that the recommendations made here regarding the operation of the insurance industry will mark a new chapter in insurance standards and service.
- 7.72 Regardless of the role that unreasonably difficult or extended insurance claims-handling had on people's emotional and mental well-being, the Committee is concerned about the ongoing resources available to disaster victims after the initial goodwill, volunteer clean-ups and distribution of charitable goods have receded.
- 7.73 The Committee calls on the Australian Government and all state and territory governments to maintain their commitment to funding services that assist communities with the practical aspects of rebuilding lives with ongoing financial and emotional counselling. Unfortunately depression and suicide are all too common tragedies that follow in the wake of disasters. When the fires are extinguished, the water receded, and the media retreated, the community still needs time and assistance to heal.

Finally, the Committee thanks those who have participated in this inquiry. Although the Committee regrets that it was unable to assist with individual cases, we acknowledge your involvement while still on your road to recovery. Your contribution will help ensure a smoother path for others who face the insurance claims process in the wake of a disaster event.

Graham Perrett MP
Chair

