



Legislative Council Environment and Planning Committee

Hearing Date: 20 November 2023

Question[s] taken on notice

Directed to: Insurance Council of Australia, Kylie MACFARLANE

Received Date: 13 December 2023

1. **Ryan BATCHELOR, page 17-8**

Question Asked:

One of the things that we had evidence of from an operator on the Maribyrnong was that while they had a limited amount of insurance available to them, they were unable to provide us with feedback that they had received from the insurer as to why the quantum of insurance that they had been granted was limited, in this case, to \$5 million. Typically, what feedback do insurers give to people seeking insurance when they are unable to get the amount of insurance that they desire? What feedback are insurance companies giving these organisations about why they are not getting enough coverage?

Response: *The general reasons are due to risks and claim history associated with the business or organisation. Many operators also use a broker who would normally be able to provide clarity on reasons that may impact limits to the liability. If the committee would like to pass on the specifics of the operator, the ICA would be more than happy to make detailed inquiries.*

2. **Ryan BATCHELOR, page 18**

Question Asked:

Under that code, is one of the things required that insurers provide information to people as to why their insurance has either been declined or is not at the level that they desire or need?

Response: *Clause 47 of the General Code of Insurance requires insurers to provide reasons if they are unable to provide customers with insurance. Note, the General Insurance Code of Practice has limitation to its application outside of Retail Insurance. These limitations are listed in Clause 12. The General Code of Insurance can be found here [2023-COP_UPDATE_October_FINAL.pdf \(insurancecouncil.com.au\)](#).*

For customers who purchase their insurance through a broker, they are covered via the National Insurance Brokers Association (NIBA) Code of

Practice which outlines the standards of conduct for brokers. This can be found at [Insurance Brokers Code of Practice | National Insurance Brokers Association of Australia \(niba.com.au\)](https://www.niba.com.au) .

3. Gaelle BROAD, page 20-1

Question Asked:

Do you have any data on the number of people dropping out of insurance altogether?

Response: *The Insurance Council of Australia does not hold aggregate data on drop out rates from insurance. It would be difficult to distinguish between a customer leaving one provider and not renewing at all from a customer leaving one provider to join another. At this stage federal legislation on privacy makes this data sharing difficult to resolve, however the Federal Government's future work of Consumer Data Right, may provide an opportunity to address this issue.*

4. Gaelle BROAD, page 21

Question Asked:

Now, I am just interested too – we have had people complain. We visited Seymour, and they mentioned working with the insurance company, but they had to sign secrecy agreements. They could not help, then, the neighbour with a claim and getting information. Is there any advice or recommendation within the insurance industry to make that process easier for people to get claims or support by sharing information, or is it very restrictive?

Response: *When customers purchase an insurance policy, they are entering a contract and insurers will work with them to execute that contract if an event occurs, which may include confidentiality clauses.*

Policies vary between insurers which often makes it unsuitable for customers to compare claims.

However, should customers need assistance with their claim, they are able to escalate their claim to case managers, access the Independent Dispute Resolution (IDR) within their insurance company provider, seek independent legal advice including legal aid or apply to the Australian Financial Complaints Authority (AFCA).

5. **The DEPUTY CHAIR, page 27**

Question Asked:

You talked about inconsistencies between LGAs with regard to flood plain management and the need for that to be at a catchment level. I think you talked about adjoining LGAs with different approaches, can you give us some examples of that?

Response: *The biggest inconsistencies between LGAs are the date of their flood map data with some LGAs adopting better practices to update their data and maps more frequently. Other inconsistencies revolve around methodology and intellectual property which makes it difficult to compare catchments.*

6. **The DEPUTY CHAIR, page 28**

Question Asked:

This one might be a little bit too specific. The committee has heard evidence about Melbourne Water at Maribyrnong, where we have got roughly 600 houses that were inundated, being required to execute section 173 agreements that indemnify Melbourne Water against claim, and it has been suggested that that would result in problems with either getting insurance or the price of that insurance. Does that sound consistent with your understanding of how the industry would respond to those sorts of indemnities to the catchment management authority?

Response: *Section 173 Agreements are typically agreements between Victorian local council and a landowner. These types of agreements place a range of restrictions on how you can use the land you own, and it is registered on the title to the land. These restrictions generally apply to development conditions and the management of the surrounding environment. It outlines considerations which must be taken into account on how the land can be used in certain circumstances.*

As noted in Maribyrnong these agreements also included Melbourne Water as a party. The ICA understands that this was due to the flood risks assessment requirements. The impact on the availability of insurance would depend on the conditions imposed by the specific agreement. Without having specific information, it is hard to comment how insurance would respond. If the committee has information on the specific conditions, the ICA would be able to provide advice on how insurers would generally respond.