

Notice of Determination

by the Life Code Compliance Committee (Life CCC) on alleged non-compliance with the Life Insurance Code of Practice by a subscriber

Reference:	CX4132	Date:	11 June 2019
Code sections:	6.3 ¹		
Investigation:	Self-reported non-compliance by a Code subscriber		

The Code breach:

A Life Insurance Company that is a subscriber (the Subscriber) to the Life Insurance Code of Practice (the Code) self-reported a significant breach of Code obligation 6.3.²

Under this section of the Code, consumers will be provided with an annual notice in writing prior to the anniversary of the Life Insurance Policy. Section 6.3 further lists the information that the written annual notice will include.

When the Subscriber adopted the Code on 30 June 2017, the Subscriber identified a number of legacy policies that would not comply with section 6.3 due to an inability to send an automated annual notice to the consumer or due to the annual notice lacking some of the required information listed in section 6.3 of the Code.

This was because the legacy policies were being managed under the Subscriber's legacy IT systems, which were not able to generate annual notices to be compliant with section 6.3 of the Code.

The Subscriber contacted the Life CCC shortly before its transition to the Code and advised that it would be unable to comply with section 6.3 of the Code.

Shortly after reporting the breach, the Subscriber implemented remedial action to enable compliance with the majority of the affected consumers. This was accomplished by moving policies over to a compliant IT system or via the inclusion of an additional insert with the annual notice sent to consumers.

However, there were approximately 193 consumers who were not scheduled to receive annual notices. The Subscriber advised that the 193 consumers would not receive an annual notice until the Subscriber moved their policies to a new IT system, in 2021.

¹ The Code sections are provided in full in the last section of the Determination.

² The Code sections are provided in full in the last section of the Determination.

Findings in accordance with Charter clause 7.4(b)(iii)³:

The Life CCC assessed the matter and determined there was a breach of section 6.3 of the Code which was significant, as assessed by the Subscriber, and which was proven in whole.

The Life CCC findings and conclusion:

The Life CCC notes that the Subscriber had put in place interim remedial action for most of the consumers affected and the Life CCC was satisfied that the remedial action was sufficient to rectify the non-compliance, other than for the 193 additional consumers.

After further discussions between the Subscriber and the Life CCC, the Subscriber agreed to provide manually generated letters to the 193 consumers on an annual basis, until the new IT system solution could be implemented.

The Life CCC considered this remedial action sufficient to rectify the non-compliance for the remaining 193 consumers.

Relevant Code Section/s

Section 6.3:

We will provide **you** with an annual notice **in writing** each year prior to the anniversary of **your Life Insurance Policy**. The annual notice will include:

- a) the types of cover **you** are insured for and how much **you** are insured for;
- b) an explanation for any increase in **your premiums** in accordance with the terms of **your Life Insurance Policy**;
- c) information about the risks of cancelling and replacing an existing **Life Insurance Policy**;
- d) information about how to contact **us** to discuss options if **you** want to change the terms of **your Life Insurance Policy** or are having difficulty meeting **your** payments; and
- e) what to do in the event of a claim.

The Life CCC is the independent body responsible for the administration and enforcement of the Life Insurance Code of Practice (the Code). It acts in accordance with the Life CCC Charter, which sets out the powers, duties, functions and responsibilities of the Committee, subject to any provisions in the Code. This Determination is issued in accordance with clause 7.4 of the Life CCC's Charter in order to facilitate agreement between the Life CCC and the Subscriber on corrective measures and the relevant timeframes for their implementation.

³ The Life CCC is bound by its Charter to use the terminology 'the reported allegation was proven in whole or in part or was unfounded.' This in essence requires the Life CCC to state if it determined there was a breach or not. The Life CCC will explain its determination in plain language in the body of the Determination.