

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:	CX 4355	Date:	13 June 2019
Code sections:	8.4 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 section 8.4 of the Code.²

Section 8.4 contains two separate obligations for Subscribers. The first obligation requires Subscribers to provide consumers with updates on their claim at least every twenty business days unless otherwise agreed with the consumer or the Group Policy-owner.

The second obligation requires the Subscriber to respond to requests for information about the claim within ten business days. The self-reported breach in this instance is limited to the first obligation of section 8.4 of the Code.

The breach was initially identified by the Subscriber in October 2017 when the Subscriber started to review its compliance with the Code for death claims. The Subscriber identified that it did not have a process to track whether it was meeting the twenty-business day update timeframe in section 8.4 of the Code.

We note that the Subscriber in this instance managed death claims on a legacy claims management system separate from the other life insurance policies that it issued.

In January 2018 the Subscriber identified that there was a significant number of section 8.4 breaches of the Code relating to the Subscriber failing to provide an update every twenty business days for death claims.

The Subscriber formed the view that the breaches amounted to a significant breach of section 8.4 and self-reported a significant breach of section 8.4 to the Life CCC in February 2018.

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

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The Subscriber subsequently conducted a manual review of claims activity and identified 2,961 breaches of section 8.4 of the Code for the period of October 2017 to April 2018. The Subscriber was unable to identify any breaches prior to October 2017 as it had not completed any exception reports or reviews prior to this date.

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

The Life CCC assessed the matter and determined that there was a breach of section 8.4 of the Code which was significant, as assessed by the Subscriber, and which was proven in whole.

The Life CCC findings and conclusion:

As noted above, the Subscriber informed the Life CCC that there were 2,961 breaches of section 8.4 of the Code between October 2017 and April 2018. As the Subscriber did not have a process to monitor compliance with section 8.4 at Code adoption, the Life CCC determined there was a breach of section 8.4 of the Code which was significant, as assessed by the Subscriber.

The Life CCC further determined in accordance with Charter clause 7.4(b)(iv)⁴ that the matter amounted to serious and systemic non-compliance with the Code. This was due to the subscriber not having a robust process in place to monitor compliance with section 8.4 of the Code for death claims at the time of Code adoption, which resulted in a large number of section 8.4 breaches, only some of which were identified in its review between October 2017 and April 2018.

Since reporting the breach, the Subscriber has implemented various solutions to remediate this breach and to more effectively track its compliance with section 8.4 of the Code, including manual monitoring of death claims, providing refresher training for claims staff on the timeframe obligations under the Code and introducing weekly exception reporting and reviews.

The Life CCC is continuing to liaise with the Subscriber and review additional information updates in order to confirm the ongoing adequacy of the remedial action undertaken by the Subscriber.

Relevant Code Section/s

Section 8.4:

Prior to making a decision on **your** claim, **we** will keep you informed about the progress of your claim at least every 20 **business days** unless otherwise agreed with **you** or the **Group Policy-owner**. **We** will respond to **your** requests for information about your claim within ten **business days**.

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.

⁴ The Life CCC is bound by its Charter to state, where applicable, whether it finds that a Subscriber is responsible for serious and/or systemic non-compliance with the Code.

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.