

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:	CX7168	Date:	22 December 2020
Code sections:	6.3 ¹		
Investigation:	Self-reported non-compliance by a Code subscriber		

The alleged Code breach:

A Life Insurance Company that is a subscriber (the Subscriber) to the Life Insurance Code of Practice (the Code) reported a significant breach of Code obligation 6.3.

Under this section of the Code, Consumers should be provided with an annual notice in writing prior to the anniversary of their Life Insurance Policy. Section 6.3 also lists the specific information to be included in the written annual notice.

On 12 August 2020, the Subscriber self-reported a significant breach of section 6.3 as it identified 180 policyholders who had not received their annual notices prior to the anniversary date of their policies. The Subscriber noted that it considered the breach to be significant as the breach indicated that its arrangements to ensure compliance with the Code were inadequate.

Findings in accordance with Charter clause 7.4(b)(iii)²:

The Life CCC assessed the matter and confirmed the reported breach of section 6.3 as a significant breach of the Code, which was proven in whole.

The Life CCC findings and conclusion:

The Subscriber initially identified the issue as a result of following up a complaint from a policyholder in April 2020. The Subscriber ascertained that the breach was caused by an issue in its policy administration system which failed to properly identify all of the renewal letters required for a specific day.

Between 20 April 2019 and 11 May 2020 this issue occurred 8 times and affected a total of 180 policyholders. This resulted in renewal letters failing to be generated and issued.

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

² 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.

Since identifying this issue, the Subscriber has contacted all 180 affected policyholders and renewal letters have been sent to them either by email or post. The Subscriber also confirmed that any complaints received from policyholders affected by this issue will be resolved in favour of the policyholder.

To prevent a recurrence of the issue, the Subscriber has implemented a daily reconciliation report which compares the number of renewal letters expected with the number of renewal letters produced and receives weekly and monthly updates from its independent service provider who manages the administration of the policies.

The Subscriber also confirmed that there have been no further instances of renewal letters not being sent to policyholders and no further complaints received.

Key Learnings:

Issuing annual notices in writing has been a consistent area of non-compliance for subscribers since the commencement of the Code in July 2017. As the Code approaches its 4th anniversary, subscribers should have robust processes in place to ensure that compliant annual notices are provided to all policyholders in a timely fashion.

The Life CCC encourages subscribers to regularly review their processes relating to issuance of annual notices to ensure that any issues are identified and remediated quickly and efficiently.

Relevant Code Section

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.