

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:	CX7441	Date: 3 May 2021
Code sections:	8.19 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 8.19(c) on 16 December 2020.

When a claim is declined, section 8.19 requires a subscriber to provide the claim decline in writing and include the information in section 8.19(a) to (c). Specifically, section 8.19(c) requires a subscriber to inform the consumer that they have a right to request a review if they disagree with the claim decline decision, and to provide the consumer with details of the subscriber's complaints process.

As a result of an internal review initiated following an AFCA enquiry in 2020, the Subscriber identified 14 instances between 11 July 2017 and 29 September 2017 where the complaints handling information required under section 8.19(c) was not provided to customers by its third party administrator. This meant that the 14 impacted customers were not provided with the Internal Dispute Resolution (IDR) details or the relevant External Dispute Resolution (EDR) information that would have applied to their policy.

As a result, the Subscriber assessed this matter as a significant breach that was reportable to the Life CCC on 4 December 2020.

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

The Life CCC assessed the matter and confirmed the self-reported breach of section 8.19(c) as a significant breach of the Code, which was proven in whole.

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.

The Life CCC findings and conclusion:

Section 8.19(c)

The Subscriber's review concluded that the cause of the breach was due to an older version of the decline letter template being used by mistake.

As there were 14 instances where the customer did not receive the appropriate information as required by section 8.19 in the decline letter, the Life CCC assessed the matter and confirmed the self-reported breach of section 8.19(c) as a significant breach of the Code, which was proven in whole.

The Subscriber confirmed that all 14 customers were sent a revised letter providing them with the IDR and EDR options available to them, and that it provided the 14 customers with the option of lodging a complaint and requesting that their claims decision be reviewed.

Given that the Subscriber's third party administrator is no longer operating as a distributor or administrator for the Subscriber, further rectification of the Subscriber's processes and procedures to prevent a recurrence of the breach is not required.

Key learnings

The Life CCC notes that the breach in this instance was caused by the third party administrator's error, which resulted in the Subscriber being in breach of the Code.

The Life CCC reminds all subscribers to have processes in place to ensure that third party administrators and distributors used by subscribers have robust processes which enable these third parties to comply with the requirements of the Code.

Relevant Code Section

Section 8.19:

If **we** decline **your** claim **we** will let **you** know **in writing**:

- a) the reasons for **our** decision;
- b) that **you** have the right to copies of the documents and information **we** have relied on, and if
- c) **you** request **we** will provide **you** (or **your** doctor, where appropriate) with copies within ten **business days**, in accordance with the Access to Information section of the **Code**; and
- d) that **you** have the right to request a review if **you** disagree with **our** decision, and **we** will give **you** details of **our Complaints** process.

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.