

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:	CX7176	Date:	19 May 2022
Code section:	8.15		
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) self-reported a significant breach of section 8.15 of the Code.

Section 8.15 of the Code creates an obligation for subscribers to communicate their decision to the consumer within ten business days once the subscriber has received all the information they needed and completed all reasonable enquiries to assess a claim, including the consumer's response to the evidence underpinning the decision.

The Subscriber identified 599 individual breaches of section 8.15 of the Code resulting from the input of incorrect dates into its claims information system by human error. The Subscriber became aware of the systemic nature of the breaches of section 8.15 of the Code on 10 August 2020, having identified breaches of section 8.15 in mid-July 2020 when collating the information required to complete code compliance data for inclusion in the 2019-2020 Annual Data and Compliance Programme (ADCP) submission. The Subscriber self-reported a significant breach of section 8.15 of the Code on 24 August 2020.

The significant breach of section 8.15 of the Code related to claims received through all business channels across all insurance products. The individual breaches of section 8.15 of the Code occurred on various dates between 1 July 2019 and 30 June 2020.

Findings in accordance with Charter clause 7.4(b)(iii)¹:

The Life CCC assessed the matter and confirmed the self-reported breach of section 8.15 as significant, as assessed by the Subscriber.

The Life CCC findings and conclusion:

¹ 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 Subscriber self-reported a significant breach of section 8.15, following a review of its section 8.15 processes.

The Subscriber identified that the significant breach of section 8.15 was attributed to human error in the manual input of data into its claims information system and inadequate reporting to identify breaches in a timely manner. Specifically, the Subscriber noted that there was a 'high user error rate' in recording the date on which all the information needed on a specific file was received and/or reasonable enquiries were made, as well as the dates on which the decision in relation to those claims were communicated to consumers.

The Subscriber identified 599 individual breaches of section 8.15 of the Code. The individual breaches occurred on various dates between 1 July 2019 and 30 June 2020. Due to the extent and duration of the Subscriber's non-compliance with section 8.15 of the Code, the Life CCC confirmed the self-reported breach of section 8.15 of the Code as significant, as assessed by the Subscriber.

Remediation

The Subscriber confirmed that, since reporting the significant breach of section 8.15, it had migrated to a new claims management system. The migration process occurred over three stages between May 2020 and July 2020.

The Subscriber is confident that the new claims management system will minimise the risk of human errors in relation to the input of dates, one of the identified causes of the significant breach of section 8.15. The new claims management system automatically populates dates in the system pursuant to the relevant section of the Code and removes manually input dates. The system also tracks when all external information requirements or reasonable enquires have been received or completed and alerts case managers when they must determine if there is sufficient evidence to make a decision, when the decision must be made, and when the decision must be communicated to the consumer in accordance with the Code.

The Subscriber provided comprehensive training and question and answer (Q&A) sessions on the new claims management system to all case managers. The Subscriber also introduced a process to provide case managers with a list of upcoming section 8.15 decisions twice a day, ensuring that the section 8.15 timeframe is met for all claims.

The Life CCC notes that the Subscriber reported 282 breaches of section 8.15 in its response to the Life CCC's annual data collection for the reporting period of 1 July 2020 to 30 June 2021. The Life CCC contacted the Subscriber and requested further information on 30 November 2021, specifically in relation to whether the Subscriber's breaches of section 8.15 were ongoing and occurring post 1 July 2021.

In its response, the Subscriber noted that it recorded 36 breaches of section 8.15 between 1 July 2021 to 30 November 2021. These 36 breaches were attributed to human error caused by workload and staff movements.

The Life CCC will continue to closely monitor the Subscriber's compliance with section 8.15 and work with the Subscriber to improve its section 8.15 compliance.

Key learnings

The Subscriber in this instance has attributed its breaches of section 8.15 to human error and inadequate reporting to identify breaches in a timely manner. The causes of the breaches have been largely addressed by the introduction of automated claims management and

reporting systems, together with training and improved monitoring and reporting to prevent breaches of section 8.15, as well as early detection of any breaches of section 8.15 that might occur. The matter highlights the importance of subscribers anticipating and managing the risk of human error by ensuring that claims management functions are adequately resourced and that claims management staff are trained and supported by monitoring and supervision as well as quality systems and processes.

Relevant Code Section

Section 8.15

Once **we** have all the information **we** reasonably need and have completed all reasonable enquiries¹⁸ to assess **your** claim, including **your** response to the evidence **we** are basing **our** decision on if **we** have presented this to **you**, **we** will let **you** know **our** decision on **your** claim within ten **business days**.

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.