

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:	CX8877	Date:	13 July 2022
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) self-reported a Significant breach of section 6.3 of the Code on 6 August 2021.

Under section 6.3 of the Code, subscribers are required to provide policyholders with an annual notice in writing prior to the anniversary of their Life Insurance Policy. The annual notice must also include the information listed in section 6.3(a) to (e) of the Code.

The Subscriber became aware of the breach of section 6.3 on 23 July 2021 when it identified that between 1 July 2017 and 21 July 2021 the annual notices sent to 30,373 of its policyholders failed to include a one-page factsheet that contained the information required under section 6.3(b) to (e).

The Subscriber noted that it was unsure why the factsheet was not initially included but confirmed that it has since implemented various remediation actions which has addressed the breach of section 6.3 of the Code.

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 6.3 of the Code as a Significant breach of the Code, which was proven in whole.

The Life CCC findings and conclusion:

Section 6.3

With the implementation of the Code on 1 July 2017, the Subscriber introduced a one-page factsheet to meet the information required obligations under section 6.3(b) to (e) of the Code. This factsheet was then included in four pre-existing annual notice templates that the

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.

Subscriber sends to policyholders prior to their policy anniversary each year. On 6 August 2021, the Subscriber self-reported that this factsheet was not included in one of the annual notice templates as originally intended resulting in 30,373 policyholders not receiving the information required under section 6.3(b) to (e) between 1 July 2017 and 21 July 2021.

The Subscriber was not able to identify the reasons why the factsheet was not included in one of the four annual notice templates from 1 July 2017 as originally intended.

Remediation

The Subscriber confirmed that it has undertaken the following remediation actions to address the breach of section 6.3:

- Where appropriate an apology letter was sent to impacted policyholders together with the missing factsheet.
- The annual notice template used by the Subscriber has been amended so that it will now include the information factsheet for section 6.3(b) to (e).
- Instructions were created for the usage of the annual notice template.
- Better controls were put in place for when changes are made to correspondence templates.
- Processes were reviewed to adequately prevent this breach from reoccurring when followed correctly.
- The Subscriber commenced an audit of all correspondence templates to ensure legislative and Code requirements are met, as well as meeting community expectations.

Key learnings

Compliance with section 6.3 has been a consistent issue for subscribers since the commencement of the Code in July 2017. The Subscriber in this matter breached section 6.3 of the Code on more than one prior occasion. The Life CCC continues to work with the Subscriber to improve its compliance with this section. The Life CCC will also continue to closely monitor the Subscriber's compliance with section 6.3 of the Code.

Subscribers should have robust processes in place to ensure that compliant annual notices are provided to all policyholders in a timely fashion. In addition, subscribers should have processes to regularly review their compliance with the Code in order to identify breaches in a timely manner. In this instance the Subscriber failed to send compliant annual notices between 1 July 2017 and 21 July 2021 but only identified the issue on 23 July 2021, resulting in the Subscriber being unaware of the ongoing breach for over four years.

The Life CCC recommends subscribers regularly review their processes to ensure that any issues are identified are remediated quickly and efficiently. Subscribers are encouraged to refer to the Life CCC's [own motion inquiry report](#) on section 6.3 released on 1 February 2022. In this report, the Life CCC has made a number of observations and recommendations to support subscribers in ensuring compliance with section 6.3 and implementing continuous improvement to their systems, processes and practices.

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.