

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 14670	Date:	10 August 2023
Code sections:	9.8, 9.12 and 9.13 ¹		
Investigation:	A consumer-reported alleged Code Breach		

The alleged Code breach:

The Consumer held a Total and Permanent Disability (TPD) policy under the Subscriber's Retail Division. The Consumer lodged a TPD claim which was approved on 11 October 2021.

The Consumer's Legal Representative (CLR) lodged a complaint with the Subscriber on 13 July 2022. The complaint requested the payment of interest due to the Subscriber's late payment of the TPD benefit.

On 29 August 2022, the CLR lodged a complaint with the Life CCC alleging that the Subscriber had breached its obligations under section 9.12 of the Code. The CLR alleged that the Subscriber did not issue a decision on their complaint within the Code's 45-day timeframe.

The Subscriber ultimately resolved the complaint on 19 October 2022 (98 days since receipt of the complaint), paying the Consumer a final interest amount of approximately \$5,500.

In addition, as part of the Code team's review of the matter we reviewed the Subscriber's potential non-compliance with sections 9.8 and 9.13 of the Code.

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

The Life CCC determined that the allegations were proven in whole and the Subscriber was in breach of sections 9.8, 9.12 and 9.13 of the Code.

The Life CCC findings and conclusion:

1.1 Obligations under sections 9.8, 9.12 and 9.13

Section 9.8 of the Code requires the subscriber to arrange with the consumer to keep the consumer regularly informed about the progress of the complaint. 'Regularly' is not defined under the Code. Given that section 9.8 requires the subscriber to 'make an arrangement'

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.

with the consumer, in our view whether the updates are regularly provided will depend on the specific arrangement with the consumer.

There are two elements under section 9.12 of the Code. The first element requires a subscriber to provide its final response to a complaint in writing within 45 calendar days of receiving the complaint. The second element requires a subscriber to provide the information required under section 9.12(a) to (d) of the Code.

Under section 9.13, a subscriber must inform the consumer of the reasons for the delay before the end of the 45 calendar days timeframe if it becomes clear that the subscriber is not able to provide its final response within 45 calendar days (in compliance with section 9.12 of the Code).

1.2 Subscriber's response to sections 9.8, 9.12, and 9.13 Code breach allegation

The Subscriber received the complaint from the CLR on 14 July 2022. Under the timeframe element set out in sections 9.12 and 9.13, the Subscriber was required to provide a response to the complaint within 45 calendar days, by 28 August 2022. The response to the complaint was instead provided 98 calendar days later, on 19 October 2022.

The CLR followed up with the Subscriber on numerous occasions for a response to its complaint. The Code team noted that CLR's initial "successful" contact with the Subscriber took the form of a phone call on 13 September 2022, 17 days beyond the deadline for the complaint response. Additionally, the Subscriber made no arrangements with the CLR around the provision of regular updates on the progress of the complaint.

The Subscriber acknowledged that it breached sections 9.8, 9.12, and 9.13 of the Code by failing to regularly notify the CLR on the status of the complaint and provide a decision to the complaint. The Subscriber indicated that its usual process for handling complaints was not followed, and the approved complaints templates were not used. Whilst working on resolving the claims handling concern in the CLR's complaint, the relevant claims personnel overlooked the obligations in sections 9.8, 9.12, and 9.13 of the Code.

In this matter, the Subscriber took 98 calendar days to respond to the Consumer's request, 53 days more than the prescribed timeframe in section 9.12 of the Code. The delay caused by the Subscriber relates to interest paid on a finalised TPD claim. The Subscriber ultimately resolved the complaint by processing payment in the amount of \$5,500.37 to the consumer.

As a result, the Life CCC determined that the Subscriber was in breach of sections 9.8, 9.12 and 9.13 of the Code and that the allegations were proven in whole.

2.0 Detailed breach review by section:

2.1 Sections 9.8

The Subscriber conducted a sample review of 100 Internal Dispute Resolution (IDR) complaints of its compliance with section 9.8 of the Code and confirmed it recorded 6 breaches of section 9.8 for the months of June 2022 to November 2022 as per the below table:

Month	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Section 9.8	0	2	0	3	1	0
Compliance Rate	100%	98.73%	100%	98.06%	99.52%	100%

Based on the sampled IDR complaints, the Subscriber noted the following:

- A majority of the complaints had arrangements in place with consumers.
- A small number of complaints had no arrangements due to human error, group partner requests, fast tracking, or falling outside the usual processes.
- Its IDR Governance Team monitors compliance with section 9.8 and provides informal refresher training for relevant staff.

2.2 Sections 9.12 and 9.13

The Subscriber indicated that the breach of sections 9.12 and 9.13 was an isolated incident and was not reflective of its usual complaints handling process. The breach was caused by a staff member who overlooked the obligations of sections 9.8, 9.12, and 9.13 of the Code while working on resolving the claims handling concern in the CLR's complaint. The Subscriber also provided a breakdown of its breaches and compliance rate in relation to sections 9.12 and 9.13 over a six-month period ranging from June 2022 to November 2022:

Month	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Section 9.12	0	3	3	2	1	1
Compliance Rate	100%	98.26%	98.59%	98.73%	99.53%	99.46%
Section 9.13	0	3	3	2	1	1
Compliance Rate	100%	98.26%	98.59%	98.73%	99.53%	99.46%

Additionally, the Subscriber indicated that it has a robust complaints process. The Subscriber's complaints process is divided into two components:

- Level 1- Frontline management which involves receiving and acknowledging the complaint within one business day and attempting resolution within five business days. Escalation to the IDR team if the complaint is not resolved within five business days.
- Level 2- IDR which involves receiving and acknowledging the complaint within one business day. The Subscriber to provide regular updates on complaints.

The Subscriber has letter templates to issue an IDR response that is compliant with the obligations set under sections 9.12 and 9.13. These templates include the "Resolved Frontline Complaints" letter template (Section 9.12) and the "IDR delay notification" letter template (Section 9.13).

An IDR Governance Team, which monitors compliance with sections 9.12 and 9.13, routinely provides refresher and upskilling training sessions to its staff.

Key learnings

In this specific matter, the key learning highlights the critical importance of timely and transparent complaint resolution. The Subscriber's failure to comply with sections 9.8, 9.12, and 9.13 of the Code led to a breach as determined by the Life CCC.

The delay in responding to the Consumer's complaint caused significant frustration and inconvenience to the Consumer. Additionally, the Subscriber's failure to arrange for regular updates on the complaint's progress further exacerbated the situation.

Moreover, the lack of communication about the reasons for the delay, as required by section 9.13, added to the Consumer's dissatisfaction. It is evident that procedural compliance and adherence to approved complaint handling processes and documentation are crucial for fair and consistent resolution.

As a consequence of the breach, the Subscriber had to pay an interest amount of approximately \$5,500 to the Consumer. This not only reflects the financial repercussions of non-compliance but also highlights the potential damage to the Subscriber's reputation.

This case emphasises the need for companies to prioritise efficient complaint handling practices, adhere to regulatory timeframes, maintain open communication with consumers, and promptly address any delays. By doing so, subscribers can foster consumer trust, mitigate compliance risks, and uphold their commitment to fair and transparent resolution of consumer complaints.

Relevant Code Sections

Section 9.8

We will make an arrangement with **you** for keeping **you** regularly informed about the progress of **your Complaint**.

Section 9.12

Where possible, we will provide a final response to your Complaint in writing within 45 calendar days. We will tell you:

- a) our final decision in relation to your Complaint and the reasons for that decision;
- b) that you have the right to copies of the documents and information we relied on in assessing your Complaint, and if 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;
- c) your right to take your Complaint to the Financial Ombudsman Service (FOS) if you are not satisfied with our decision, and the timeframe within which you must take your Complaint to FOS; and d) contact details for FOS.

Section 9.13

If **we** are unable to respond to **your Complaint** within 45 calendar days, **we** will inform **you** of the reasons for the delay before the end of the 45 calendar days, and inform **you** of **your** right to take **your Complaint** to **FOS** if **you** are not satisfied, along with contact details for **FOS**.

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.