

MEDIA RELEASE – Embargo Monday 18th July

CFA Welcomes New Insurance Code of Practice

The Consumers' Federation of Australia welcomes the release of the new Insurance Code of Practice, launched today by the Insurance Council of Australia.

“The new Code contains a number of positives for consumers” said CFA Deputy Chair Fiona Guthrie. “The Code has clear and reasonable timeframes for claims handling and consumers will be kept informed of progress in assessing their claims.”

Some consumers can face financial hardship whilst waiting for a claim to be assessed. This might occur for example in a claim for stolen goods or damage to a house. “We are particularly pleased that claims will be fast-tracked for consumers in financial hardship”, said Ms Guthrie.

“For the first time, people who are denied insurance by an insurance company will have the right to ask why this has happened and be told what information the insurance company relied upon. This is a big step forward”, said Ms Guthrie. Consumers in these circumstances will also be referred to the Insurance Ombudsman Service who will have information about other companies that offer the product being sought.

In the longer term, CFA urges the industry to consider improving the Code in two ways. First to seek the approval of the Code by the Australian Securities and Investments Commission (ASIC) under ASIC Policy Statement 183 “Approval of financial services sector codes of conduct”. This would further increase consumer confidence in the Code.

Secondly, the Code gives third parties being chased for payment by an insurance company, the right to complain to the company if the company does not take into account their financial hardship or comply with agreed debt collection guidelines. Ideally the Code would also allow these people the right to access the independent external dispute body, the Insurance Ombudsman Service.

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