



ASIC

Australian Securities &
Investments Commission

ASIC APPROVES GENERAL INSURANCE CODE OF PRACTICE AND INSURANCE ENQUIRIES AND COMPLAINTS SCHEME

The Australian Securities and Investments Commission (ASIC) today approved the General Insurance Code of Practice (GI Code) and the independent complaints resolution scheme, Insurance Enquiries and Complaints (IEC scheme).

ASIC Commissioner Jillian Segal, said she was pleased to announce both the approvals and the changes that flow from the reviews of the GI Code and the operation of the IEC scheme.

“This is good news for consumers and the general insurance industry. The industry is demonstrating its commitment to thorough self-review and to implementing reform,” Ms Segal said.

The GI Code was independently reviewed in 1998. Following discussions with ASIC and other stakeholders, the Insurance Council of Australia (ICA) agreed to effect most of the recommendations contained in the GI Code Review. These recommendations include:

- promoting consumer awareness of the GI Code;
- making policy wording and information more user friendly - especially in areas such as flood cover and consumer credit;
- expanding the jurisdiction of the IEC scheme, including for third parties in relation to some motor vehicle claims;
- improving training and accountability for the conduct of employees, agents, loss adjustors, assessors and debt collectors who handle insurance claims; and
- reviewing the Code every three years subject to ASIC approval.

The recommendations are being implemented through a combination of amendments to the GI Code and its guidelines and ongoing industry action.

In connection with the approval of the GI Code, ASIC has also approved IEC under Policy Statement 139, *Approval of external complaints resolution schemes*. This means that the IEC scheme is now the third finance industry alternative dispute resolution (ADR) scheme approved by ASIC.

“ASIC is pleased to grant this approval to the IEC scheme. We recognise the significant role it plays in both the insurance industry and the ADR sector more generally,” said Ms Segal.

“Industry-based schemes provide a vital service in resolving consumer complaints, as well as making an important contribution to identifying systemic industry developments,” said Ms Segal.

The IEC scheme has committed to meeting the PS 139 guidelines, which include:

- maintaining rigorous standards for dealing with consumer complaints;
- building a framework for identifying and dealing with systemic consumer issues that may arise;

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- conducting regular independent reviews; and
- developing guidelines about the exchange of information and claims for privilege over information that relates to a complaint.

“ASIC acknowledges the efforts of ICA and IEC scheme representatives and other insurance industry stakeholders who participated in this complex approval process and contributed to these positive outcomes,” Ms Segal said.

“We encourage the general insurance industry to remain responsive to consumer protection issues and emerging market place trends.”

Background to the approvals

1. The GI Code applies to general insurers who write certain domestic and personal classes of insurance, such as home, home contents, motor and consumer credit insurance. These insurers are required by law to be members of a industry based Code of Practice that is approved by ASIC.
2. The ICA administers the GI Code. This is the only industry based Code of Practice that exists for general insurers.
3. In 1998 the GI Code was independently reviewed. The GI Code Review recommended a number of changes to the GI Code with the aim of enhancing consumer protection in the general insurance industry. Following discussions with ICA about the adoption of the Review recommendations, ASIC has approved the amended GI Code.

Copies of the General Insurance Code of Practice and the Guidelines to the Code are available from Insurance Enquiries and Complaints on **1300 363 683** and on ICA website - **www.ica.co.au**.

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