ASIC
Australian Securities & Investments Commission

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QBE Insurance (Australia) Limited
Level 18, 388 George Street
SYDNEY NSW 2000

Attention: s 22 [redacted]

Our Reference: CAS-89248-G9X0B7

10 May 2022

Dear s 22 [redacted]

Review of general insurance pricing practices

We refer to our recent correspondence with you in relation to the review of pricing practices that QBE Insurance (Australia) Limited (QBE) is undertaking to meet the expectations set out in ASIC's Media Release 21-270 dated 15 October 2021 and subsequent letter dated 25 October 2021.

We are writing to provide you with more information about ASIC's expectations for the Senior Executive attestation (the Attestation) that will accompany the review and provide ASIC with comfort that the design and implementation of the review has been complete, thorough, and robust.

Senior Executive Attestation

In our letter dated 25 October 2021 we advised that the Senior Executive responsible for overseeing this work should provide written confirmation (in the form of an Attestation) that in the Senior Executive's opinion, the program of work has been completed in a satisfactory manner.

We recognise that identifying, investigating, fixing, and remediating incidents across your business can take some time. Accordingly, ASIC considers that the Attestation should be provided in two parts, to accompany key stages of the pricing review program:

- Part 1 – Timing: We note that ASIC has provided an extension for QBE to complete the 'Find' phase of the review and deliver a final report to ASIC by 8 July 2022. Accordingly, please provide Part 1 of the Attestation to ASIC by no later than Friday 19 August 2022. This 6 week period should provide the Senior Executive with sufficient time to obtain any additional assurance they require about the matters identified in the 'Find' phase.

- Part 2 – Timing: Please provide Part 2 of the Attestation 4 weeks after the completion of the 'Fix, Repay and Report' phases.

Content of the Attestation

Below is a summary of the content that we expect to see in each Part of the Attestation.

Part 1 – 'Find'	We expect the Senior Executive to be able to give an Attestation: Confirming that the Senior Executive is satisfied that QBE has taken all reasonable steps to ensure that the review of pricing practices for the 'Find' phase has been designed and implemented, to provide a high level of confidence that: 1. In respect of retail general insurance products offered for sale by QBE during the review period; and 2. Except in relation to the adverse findings identified in the review report: a. Discounts or price rewards promised over the last five years have been delivered to all customers; b. Customers have received the benefit of pricing or other related promises made to them in relation to the offer or provision of a general insurance product; and c. Pricing promises or representations made to customers in relation to the offer or provision of a general insurance product, contain language this is not unsubstantiated or misleading. (collectively referred to as the **pricing matters**). AND In forming this opinion, the Senior Executive has satisfied themselves that the design of the scope, methodology and actuarial/statistical techniques employed in the review are appropriate, and have been executed as designed, to provide a high level of confidence about the **pricing matters**. AND Confirming that QBE has taken all reasonable steps to ensure that all failures to deliver price or other related promises that have been identified in the review findings report are <u>not ongoing</u>, except where a material system change would be required, and in this case a manual intervention has been implemented so that the failures to deliver price or other related promises that have been identified are not ongoing until such time as the system change can be implemented (**relevant matters**). A list of all such **relevant matters** should accompany the Attestation.

Part 2 – 'Fix, Repay and Report'	Fix Phase We expect the Senior Executive to be able to give an Attestation: 1. Confirming that the root cause has been identified of any failures to deliver any price or other related promises that were identified in the review findings report. 2. Confirming that any failures to deliver any price or other related promises that were identified in the review findings report are no longer occurring and an explanation about the basis for this position. 3. Confirming that they have taken all reasonable steps to satisfy themselves that, as at the date of the Attestation, QBE's systems, processes and controls as designed and implemented are adequate to ensure that, in future: a. the prices promised to customers will be the price that those customers are charged; b. the representations made to consumers about the offer of a general insurance product will be delivered in full; and c. ongoing monitoring and supervision, and the control environment, is adequate to detect and prevent any future misalignment between the prices promised to consumers, or the representations made to consumers about the offer of a general insurance product, and that received by the consumer. Repay Phase 4. Confirming that QBE has taken all reasonable steps to identify and remediate all affected customers for any inconsistency between the pricing promises made to customers and the prices delivered to them. 5. Confirming that they have taken all reasonable steps to satisfy themselves that the remediation process has been conducted in a way that was fair, thorough, complete, and customer-centric. Report Phase 6. Confirming that in respect of the matters identified in the review findings report, QBE has complied with its obligation to report significant breaches or likely significant breaches of the financial services laws to ASIC under section 912D of the *Corporations Act 2001* (Cth).

Other requirements

Please provide a draft Attestation to ASIC (in respect of both Part 1 and Part 2) prior to its finalisation.

If you believe that there are any issues which may affect the ability of the responsible Senior Executive to provide the requested Attestation in the format sought, we ask that you please let us know as soon as possible.

Next steps

Please keep us informed regarding the expected completion date for the 'Find' phase of the review.

If you have any questions about this matter, please contact s 22 [redacted] by telephone on s 22 [redacted] or by email at s 22 [redacted] @asic.gov.au.

Yours sincerely

s 22 [redacted]

Senior Manager – Insurers
Financial Services & Wealth Group
Australian Securities and Investments Commission