

8 August 2019

Ms Jacqueline Rush
Senior Policy Adviser
Australian Securities and Investments Commission
GPO Box 9827
Melbourne VIC 3001

Via email: IDRSubmissions@asic.gov.au

Dear Ms Rush

Submission

Consultation Paper 311: Proposed updates to RG165: Internal dispute resolution

ALI Group is an insurance distributor which has been protecting Australian home and property buyers from financial hardship 2003. In that time, we have protected 200,000 Australians with almost \$52 billion in cover. Critically, we have paid out over \$97 million in claims.

Our products include Loan Protection Plan which pays benefits in the event of involuntary unemployment, serious illness or injury and death. Unlike many other plans and consumer credit insurance, it pays the policy holder (or their family), not their lender.

Following are our comments on ASIC's proposed updates to *Regulatory guide 165: Internal dispute resolution* as detailed in *Consultation Paper 311* dated May 2019.

B1Q1	<p>We consider that complaints made through social media should be dealt with under IDR process so long as the complainant is identifiable or enough information has been provided to enable the circumstances to be investigated – if the complainant is identifiable, then further information may be sought; if the complainant is unidentifiable and insufficient information has been provided, it may be impossible to investigate and therefore impossible to provide a response or resolution.</p> <p>(a) and (b) - At present, ALI Group does not treat complaints made through social media any differently to complaints made via other avenues.</p> <p>We believe it must be recognised that no financial firm can guarantee that they will always be aware of a complaint made through social media not belonging to the firm.</p>
B2Q1	<p>Yes, we consider that the guidance will assist in the accurate identification of complaints.</p>

B2Q2	Yes, further clarification of the steps financial firms could take “to be proactive in identifying complaints made on social media platforms” that do not belong to the financial firm would be beneficial.
B3Q1	Yes, we support the modification to the small business definition in the Corporations Act for IDR purposes.
B4Q1	<p>Whilst we are not opposed to recording all complaints received, including those that are resolved to a complainant’s satisfaction at the first point of contact, we consider that the current guidelines may result in better customer outcomes. This is because financial firms may be motivated to resolve complaints (particularly those where the requested resolution is for smaller financial amounts) more quickly thereby reducing the need to and cost of administration required to record the data for reporting to ASIC.</p> <p>We note that extending the recording requirement will necessitate changes to current policies and procedures and the transition period should allow sufficient time to complete required training of impacted staff.</p>
B5Q1	We currently assign a unique identifier to each complaint and see no reason for all financial firms not to generate and assign a unique identifier to each complaint.
B5Q2	<p>We assume that the <i>Codes</i> source for Numbers 29, 30 and 31 in Table 4 should read “See Table 6 – Table 14”.</p> <p>(a) The data elements do not appear to cover all the products we offer. ALI Group offers products that combine the following <i>Product and service categories</i>:</p> <ul style="list-style-type: none"> • 123 Term life • 125 Trauma <p>as well as an involuntary unemployment benefit and optional accidental injury benefit, neither of which appear to be listed.</p> <p>(b) We believe that the proposed codes for <i>complaint issue</i> and <i>financial compensation</i> provide adequate detail.</p>
B6Q1	<p>We agree with ASIC’s proposed requirements for IDR data reporting. In particular, we:</p> <p>(a) agree that the proposed data variables are appropriate;</p> <p>(b) agree that the proposed maximum size of 25MB for the CSV files is adequate; and</p> <p>(c) believe that when the status of a complaint has not changed over multiple reporting periods, it should still be included in all reports to ASIC until resolved.</p>
B7Q1	<p>We believe that protection of complainants’ identification and personal information will be critical but assume that if aggregated data is to be published this will not be an issue.</p> <p>We look forward to the ASIC’s further consultation about their approach to the publication of IDR data.</p>
B8Q1	We agree with ASIC’s proposed minimum requirements for IDR responses.

B9Q1	Not applicable to ALI Group as we are not a superannuation trustee.
BQ10	Not applicable to ALI Group as we are not a superannuation trustee.
B11Q1	We are not opposed to the reduction in the maximum IDR timeframes as proposed. It should be noted, however, that whilst financial firms are generally given another period (currently 21 days) to resolve complaints through the AFCA 'refer back process', AFCA fees are incurred by the financial firm from the date AFCA receive the complaint. Whilst this prospective additional cost may be seen as additional encouragement to resolve a complaint within the IDR timeframe, it may increase the costs of dispute resolution for financial firms.
B11Q2	We are not aware of any evidence for not setting a 30-day maximum IDR timeframe for all complaints.
B12Q1	We agree with ASIC's approach to the treatment of customer advocates under RG165.
B12Q2	We do not believe that the customer advocate model as described would improve customer outcomes. Complaints staff of financial firms should always be adequately trained and empowered, and seek to treat all complaints fairly, honestly and professionally. If this is the case, then there would be no role for customer advocates or similar.
B13Q1	We consider that ASIC's proposals for strengthening the accountability framework and identification, escalation and reporting of system issues to a financial firm's board and executive committee are appropriate.
B14Q1	We agree with ASIC's approach to the application of AS/NZS 10002:2014.
B15Q1	On the basis that the revised regulatory guide and legislative instruments are released in December 2019 as planned, we believe that the transition periods provide appropriate time for the preparation of internal processes, staff and systems.
B15Q2	We do not consider that any further transitional periods should be provided for other requirements in draft updated RG165.

We thank you for the opportunity to provide our feedback and ask that you contact the writer directly via telephone ([REDACTED]) or email ([REDACTED]) should you wish to discuss any of our above comments.

Yours sincerely



JULIANNE MCKNIGHT
Head of Compliance & Risk