



12 February 2021

Senior Manager, Behavioural Research and Policy Unit
Australian Securities and Investments Commission
GPO Box 9827
Brisbane QLD 4001

Submitted by email: IDRdata@asic.gov.au

Dear Sir/Madam

**ASIC FURTHER CONSULTATION: IDR DATA REPORTING REQUIREMENTS
(Attachments 1 and 2 to ASIC 20-327MR: IDR: Updated draft data dictionary)**

Insurance Australia Group Limited¹ (IAG) welcomes the opportunity to make a submission to the Australian Securities and Investments Commission's (**ASIC's**) proposed internal dispute resolution data reporting framework, as set out in Attachment 1 *Addendum to Consultation Paper 311 Internal dispute resolution* and Attachment 2 *Internal Dispute Resolution: Updated draft data dictionary*.

IAG supports the objectives of the new standards and requirements in Regulatory Guide 271 *Internal Dispute Resolution* (RG 271) which will commence on 5 October 2021. We are committed to and continue to work towards the implementation of the obligations to ensure the desired consumer outcomes are achieved.

IAG welcomes ASIC's approach with the implementation of the IDR data reporting requirements, which will involve a pilot program and possible staggered commencement dates.

We acknowledge ASIC's objective for the guidance and data dictionary to be clear and useful. We welcome the opportunity to provide further feedback and have identified alternative approaches in our submission that we believe will provide greater clarity and certainty around how these requirements are intended to operate. We have provided our feedback to ASIC's questions and the draft data dictionary specifically on how we think the proposed guidance will impact the general insurance sector.

Our primary objective is to ensure we provide ASIC with all relevant data to meet ASIC's regulatory objective in the most cost efficient manner. As part of this, IAG considers it

¹ IAG is the parent company of a general insurance group, with operations in Australia and New Zealand. Our businesses sell insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI in Australia; NZI, State, AMI and Lumley Insurance in New Zealand. Our purpose is to make your world a safer place, which means we are working to create a safer, stronger and more confident tomorrow for our customers, partners, communities, shareholders and our people throughout Asia Pacific.

would be beneficial to align the new reporting requirements with existing reporting to the Australian Financial and Complaints Authority (AFCA) where possible.

If you have any questions or require any further information please do not hesitate to contact Allan Howden, Chief Compliance and Regulatory Officer, on [REDACTED]

Yours sincerely

Chris Newlan
Executive General Manager, Planning, Performance and Risk



Number	ASIC's Questions	IAG's Response
1	Will the draft data dictionary be practical for industry to implement? If not, why not?	<p>IAG welcomes ASIC's refinement of the draft data dictionary based on industry feedback. IAG particularly welcomes reducing the need for general insurers to collect personal data about complainant demographics that may be construed as intrusive or impractical, especially in an industry where such personal characteristics could be erroneously assumed by our customers to be risk rating factors for the purpose of premium calculation.</p> <p>IAG appreciates ASIC's proposed reduction in the overall number of categorisations in the draft data dictionary and hope that there is further opportunity to streamline the draft data dictionary, so the categorisations may better fit the nature of general insurance without the need for expansion. In particular, we note that several of the proposed "complaint issue" categories appear to be of limited or no relevance to general insurance complaints (see Table 13 in Attachment 2 to ASIC 20-327MR)</p> <p>The changes required to current reporting systems will involve significant cost and time to implement, including wholesale rearchitecting and data mapping of all policy, claim and complaint systems. As such, we would encourage ASIC to align the proposed "complaint issue" categories in Table 13 to existing established AFCA reporting categories as much as possible to help mitigate these issues. This would ensure greater harmony between these regulators, consumers and financial firms interact with.</p>
2	If your financial firm has multiple business units or brands under the one licence, would you prefer to report the	It is IAG's preference to submit complaints data collectively in a single file covering each of our respective Australian Financial Services Licenses issued by ASIC and our AFCA membership.

	complaints data separately or as one single file?	
3	The data dictionary captures multidimensional data by allowing each complaint to have one product or service, up to three issues and up to three outcomes. Where there are multiple issues and outcomes, this is captured using in-cell lists, rather than multiple rows or columns. Is this approach appropriate?	IAG considers that the use of in-cell lists is not a preferred option as creating in-cell lists from data extracts can be problematic due to the many ways our data is stored. It would be possible to merge values into a string of text using an agreed delimiter within it to separate values or split into separate columns rather than doing an in-cell list but this is not desirable. IAG's preferred option is to not capture multidimensional data but rather single item "best fit".
4	Do you support quarterly reporting of IDR data? If not, what are the additional costs of reporting data on a quarterly rather than half yearly basis?	<p>IAG would prefer half yearly reporting to quarterly reporting as this would align with the AFCA's established half yearly reporting cycle. We have established and supported routines for half yearly reporting that could be leveraged without additional operational expenditure impacts.</p> <p>Additionally, due to the long development cycle associated with most complaint trends, we consider that analysis of trends in customer complaints is more effectively conducted over data collated by way of a half yearly reporting cycle. A quarterly reporting cycle would be of more limited analytical value and may possibly detract from IAG's ability to detect and analyse trends in customer complaints and implement changes to address issues identified by the analysis to improve customer outcomes. In addition, staff and system resourcing would also need to be re-prioritised to produce quarterly reporting rather than working on longer term more meaningful half yearly action plans to address issues through analysis of half yearly reporting insights and trends.</p>
5	Do you support the two proposed additional data elements that would capture consumer vulnerability flags	<p><u>Consumer vulnerability flags</u></p> <p>IAG is a subscriber to the General Insurance Code of Practice (Code) which provides support to customers experiencing vulnerability under Part 9 of the Code and we support the introduction of a vulnerability flag if consistent with the general insurance industry's</p>

	<p>and the channel via which the complaint was received? If not, why not?</p>	<p>approach to supporting customers experiencing vulnerability in the updated Code.</p> <p><u>Channel by which complaints were received</u></p> <p>In regard to capturing the channel via which complaints are received, due to the wide variability in the way this can happen and our wide distribution network it would be preferable if channel was not required to be reported or, alternatively, an “unknown” or “other” option was added in the response set.</p>
6	<p>When we publish the IDR data, how can we best contextualise the data of individual firms? Are there any existing metrics of size and sector that would be appropriate for this purpose?</p>	<p>IAG’s preference is that ASIC does not align with the existing metrics used by AFCA’s Data cube as it relies on the very broad categories of:</p> <ul style="list-style-type: none"> • very small • small • medium • large • very large business <p>We consider that broad categories do not provide sufficient context and an accurate reflection of the scale and true performance of firms.</p> <p>As an alternative, IAG considers that ASIC should consider adopting the previous size and sector metrics used by the former Financial Ombudsman Service (FOS) which referenced the numbers of policies in force and the number of claims received in a financial year. If this is not suitable as a standalone categorisation method, the aforementioned and the AFCA Datacube categories could be used jointly.</p>
7	<p>Which IDR data elements do you think will be most useful for firms to benchmark their IDR performance against competitors?</p>	<p>IAG considers there could be a range of ways to benchmark IDR performance against competitors, including:</p> <ul style="list-style-type: none"> • Number of complaints per 1,000 claims • Number of escalations to AFCA per 1,000 claims

		<ul style="list-style-type: none">• Number of complaints by policies in force• Number of escalations to AFCA by policies in force• Average number of days to resolve a complaint by the insurer• Stage of resolution of complaint if escalated to AFCA (this a measure of early resolution culture)• Time frames for resolution at each stage which would reflect performance• Complaint resolution outcomes• Complaints by product type• Adherence to AFCA timeframes such as the number of non-responses or the number of extensions sought• Numbers of designated complaint management staff per complaints lodged (at the IDR level only)• Case Loads of IDR case handlers (which would show Board commitment to drive good complaints culture by ensuring resourcing adequacy)
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Number	Data element name	IAG feedback
2	Name of subsidiary, brand or superannuation fund that the complaint is about	IAG's preference is to report in line with existing AFSL and AFCA licenses rather than brand as we report to APRA and AFCA on this basis for the respective annual and half yearly submissions for those entities.
3	Complainant type	There are circumstances where complaints will be lodged by joint parties (such as joint insurance policy holders). IAG recommends that a provision is made for joint complainants or alternatively request further clarification from ASIC on the approach for multiple or joint policy holders. Additionally, IAG requests clarification that the data submitted is about the person raising the complaint and not any third-party representative that they may have engaged.
7	Complainant postcode	General insurance customers will often have the situation addresses (such as location of the risk that is insured if it is a property) attached to their policy and complaint details. IAG proposes to provide the complainant postcode based the customer information available to us. This may or may not be the postcode of the customer's postal address.
10	Complaint status	<p>IAG considers that the proposed complaint statuses regarding "Re-Opened" may not accurately reflect the actual practice of complaint management. In our experience, customers may directly lodge a complaint with AFCA without having raised an issue with the firm in the first instance. In those cases, customers will usually be re-directed to IAG by AFCA. This is a new complaint even if directed to the firm by AFCA.</p> <p>Additionally, as escalation to AFCA is often a continuation of the complaint process and may happen before the minimum referral time (currently 45 days which will move to 30 days under the new requirements). These cases would not be re-opened.</p> <p>IAG proposes an additional field be added to capture both circumstance (i.e." Referred from AFCA at the pre-IDR stage") or alternatively request clarification from ASIC on how best to report these complaints.</p>
12	Date closed	IAG requests clarification about the process for "Re-opened" status files.

14	Reason for re-opening	Further to our feedback regarding item 10, IAG proposes that an additional line item be added to reflect and capture referrals from AFCA at the pre-IDR stage.
17	AFCA date	IAG requests clarification from ASIC that this date is to be limited to when referrals are received from AFCA within business working days and hours and as referrals may come from AFCA after working hours or on weekends.
18	Product or service	IAG proposes that additional fields or an "Other" field be added to capture complaints that relate to products or services which are not included within the prescriptive lists in Tables 4-12 of Attachment 2.
19	Complaint issue	Complaint type is currently reported inconsistently between several regulators which can be time consuming, costly and potentially create inaccuracies. IAG propose an industry standard be developed which can be used across all agencies, or alternatively adopt the AFCA standard.
20	Adviser number	IAG would like to seek clarification on how this data field is to be completed for a complaint about a product that a financial advisor sells but does not manufacture (acting as the distributor of an insurance policy).
23	Other outcomes	IAG does not consider that the proposed list of outcomes fully caters for the range of outcomes provided to general insurance customers in our experience. IAG considers that general insurers will only be able to use 1, 2, or 10. IAG would therefore propose additional options be added: <ul style="list-style-type: none"> • Agreed alternative outcome • Service issue remedied • Feedback acknowledged