



27 February 2018

S18.04

Submission to the Insurance Council of New Zealand on the Review of the Fair Insurance Code 2016

- 0.1. The National Council of Women of New Zealand, Te Kaunihera Wahine o Aotearoa (NCWNZ) is an umbrella group representing 245 organisations affiliated at either national level or to one of our 19 branches. In addition, about 350 people are individual members. Collectively our reach is over 350,000 with many of our membership organisations representing all genders. NCWNZ's vision is a gender equal New Zealand and research shows we'll be better off socially and economically if we're gender equal. Through research, discussion and action, NCWNZ in partnership with others, seeks to realise its vision of gender equality because it is a basic human right.
- 0.2. This submission has been prepared by the NCWNZ Consumer Affairs & Economics Standing Committee after consultation with the membership of NCWNZ. Despite the summer break which limited the numbers of NCWNZ members who were able to respond, over twenty responses were received, and they have all contributed to this submission.
- 0.3. NCWNZ has previously made two submissions relating to the Fair Insurance Code [01/m/04, and 00/m/11] which highlighted appreciation for the conciseness of the Code and support for its objectives. NCWNZ has also recommended customers be provided with the name of the person with whom they were dealing, and this has been incorporated into the 2016 Code.

1. Executive Summary

- 1.1. NCWNZ supports this timely review of the Fair Insurance Code and notes the review does not address matters relating to legislative changes, but rather focuses on the efficacy of the Code. NCWNZ believes legislative considerations are also necessary to ensure the environment, scope and currency of the Code can be set to meet consumers' needs.

2. The Insurance Council of NZ and the Review Terms of Reference

- 2.1. NCWNZ is disappointed that the Insurance Council of NZ (ICNZ) does not cover health and life insurers and believes these types of insurance are significantly important and should also be covered. As women generally live longer their health and general circumstances have a greater impact and hence insurance in these areas needs to also meet customers' needs appropriately.

The Review Scope

- 2.2. As noted NCWNZ believes the Code and this review should also cover life and health insurers. Furthermore NCWNZ notes the ICNZ represents 26 members who are not identified in the Terms of Reference and may include other insurance providers who do not belong to ICNZ. Therefore NCWNZ cannot comment on the appropriateness of membership covered by the review scope.

The Review Process

- 2.3. NCWNZ notes the Code Compliance Committee (CCC) is composed entirely of male members and believes this does not reflect the diversity of its customer base. Therefore NCWNZ recommends a review of the membership of the CCC to reflect greater diversity.

3. Review questions

Customers' experience with Code standards

- 3.1. As noted below (Clause 12, Clause 28) NCWNZ agrees that any information held on record needs to be made available under the Privacy Act and that both automated and prompt follow up acknowledgments are important. NCWNZ members felt the Privacy Act and various codes to protect customers were generally well adhered to.
- 3.2. Whilst some members felt the timeframe for settling claims was adequate, one NCWNZ member cited a situation where they felt pressured to make a quick decision around the value of items claimed and has since gone on to regret the decision they made in haste. Therefore it is recommended that customers be offered a reasonable time frame under which to make such decisions.
- 3.3. Whilst the complex nature of claims can require lengthy and comprehensive settlement timeframes, NCWNZ members believe the anticipated timeframe needed to be clearly outlined to customers as early as possible.

Possible improvements to the Code standards

- 3.4. A number of specific recommendations relating to the scope, information provision, timeframes, privacy, accessibility and ongoing communication in the Code are made below in relation to the relevant Clause to which they relate.
- 3.5. NCWNZ members noted that the omission to disclose relevant information such as traffic fines, offences etc can result in declining of a claim. As such, clear timeframes and "time out" periods from when such offences occurred should very be made clear to customers. At present this information can be difficult to identify in lengthy documents. Some members noted 27 page policy information documents which they believe most customers would fail to read and hence NCWNZ believes the information should be presented more concisely and clearly.

Any gaps between the expectations of New Zealand customers compared with what customers can expect of insurers in other countries

- 3.6. NCWZN notes the recently released Chartered Institute of the United Kingdom's report on women's financial risks which calls on insurance and financial planning professionals to review their approaches to providing solutions for women, and to work in collaboration with government, regulators and society "to secure an equal, independent and stable financial future for the next generation". The report identifies six "moments that matter" for women, and a number of recommendations appropriate to each of these phases. They have also established the Insuring Women's Future Task Force to drive the changes outlined in the report. NCWZN urges ICNZ to follow the United Kingdom in such a review, and to establish a task force establishment for women in New Zealand.

The independent external disputes resolutions schemes' experience with complaints involving the Code

- 3.7. This review provides no detail on the number of disputes lodged, the number accepted, processed or that are found to be unfounded or result in imposed penalties. NCWZN believes that analysis of this data would provide further context as to the effectiveness and accessibility of this scheme.

Issues the Code needs to address in the context of technological changes

- 3.8. Whilst the use of Robo Advisors may be efficient, NCWZN is aware the programming of these significantly sets the criteria under which contacts are assessed and administered. NCWZN recommends careful consideration be made to ensure such programming is not gender biased.
- 3.9. It was noted by a number of NCWZN members that Robo voices can be very difficult to understand, complicated and could pose barriers for some customers, particularly when they may be in a stressful situation due to the nature of their claim. Availability to speak with a real person was identified by NCWZN members as very important.
- 3.10. Furthermore, members felt the nature of insurance claims requires personal customer facing services using the expertise and knowledge of competent brokers and their ability to ensure services and advice provided was appropriate to each customer.

4. The Code

Clause 4

- 4.1. The rationale behind why the Code only applies to individuals and entities with 19 or fewer employees is not clear and NCWZN believes it should apply across the board.

Clause 9

- 4.2. Whilst the provision of access to policy wording in plain English is extremely important, NCWNZ also believes this needs to be provided in a timely manner and that customers need to be kept informed on the progress of claims and complaints lodged.

Clause 12

- 4.3. NCWNZ agrees that any information held on record needs to be made available under the Privacy Act, and would add that such information be available in translated version or interpreted where appropriate to the customer.

Clause 16

- 4.4. The asking of questions to allow for appropriate disclosure is positive. However, NCWNZ believes this need to be accompanied with explanation for why the information is being sought.

Clause 27

- 4.5. As noted above (Clause 9) NCWNZ agrees that customers should be informed on the progress of claims and complaints. In addition, NCWNZ believes customers should be provided with a contact person and their details so that they can also inquire as to progress of their claims.

Clause 28

- 4.6. Acknowledgement of a claim could be initiated by an immediate email such as many recruitment companies do when an application for a job is submitted. This can then followed up within the 10 working days accompanied with the contact person's name and contact details
- 4.7. NCWNZ believes that when a claim is acknowledged the customer should also be made aware of appropriate support services, particularly where the claim has resulted from a traumatic or distressing incident.

Clause 33

- 4.8. Whilst maintaining customer confidentiality, NCWNZ recommends that details of the numbers of claims received, upheld, declined or approved, including the identity of the insurer at fault, be made available in the public domain. This would enable customers to make informed decisions when seeking insurance cover from, and would assist in maintaining industry standards.

Clause 50

- 4.9. As noted in earlier comments NCWNZ agrees this Code should be made widely available, and that this should include in Te Reo, and other languages as required.

5. Conclusion

5.1. NCWNZ supports this timely review of the Fair Insurance Code 2016 by the Insurance Council of New Zealand (ICNZ) but would like to see a wider coverage of ICNZ membership to include health and life insurance, and for the recommendations outlined above to be reflected in the revised code.



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