



MEDIA RELEASE

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Significant achievements in a challenging year for life insurance compliance body

The Life Code Compliance Committee (the Committee) – the independent Committee which monitors and enforces industry compliance with the Life Insurance Code of Practice (the Code) – today released its Annual Report for 2019–20.

In a year that will be remembered by the industry for sweeping regulatory changes and the challenges of the COVID-19 pandemic, the Committee recorded some of its most significant achievements to date, as a result of better resourcing and a focus on improving efficiency. In this context, the Committee:

- Published 40 Determinations,¹ two Guidance Notes and two case studies to help subscribers improve the quality and consistency of their compliance reporting.
- Launched the Life Code Compliance Committee website (www.lifeccc.org.au).
- Significantly cleared the backlog of investigations from the previous reporting year.
- Completed its investigation into the bulk referral of Code breach allegations by a plaintiff law firm and published the findings in *Claims and Complaints Handling Obligations: A review of compliance by Life Code Subscribers*.
- Published its Annual Industry Data and Compliance Report.
- Engaged extensively with subscribers about issues including compliance reporting, data quality, Code practices, culture and corporate governance, and the COVID-19 pandemic.

During 2019–20, Code subscribers reported 44 significant breaches of the Code – an increase of just one from the previous year. The Committee reviewed 34 and confirmed 33 as significant breaches. Just over half of the 44 significant breaches concerned claims handling, with the rest largely concerning the adequacy of overall compliance systems and processes, and policy changes and cancellations.

The Committee also received 127 new Code breach allegations during the year, assessed 102, mostly prior year allegations, and determined 65 as actual Code breaches. The majority of these breach matters concerned the Code's claims and complaints handling obligations.

¹ A Determination is a decision of the Committee, following an investigation into an alleged breach of the Code.

Overall, there was a significant reduction (36%) in the number of Code breach allegations received by the Committee in 2019–20 compared to 2018–19, and fewer allegations relating to claims and complaints than in the previous year. This suggests that the Committee’s guidance resources on compliance with these Code provisions have been beneficial to subscribers.

Committee Chair Anne Brown said:

“The Committee is encouraged that our various report recommendations, newly introduced website, supporting Guidance Notes and engagement with industry is having a positive impact on subscribers’ compliance outcomes.”

“Disappointingly, we continue to see subscribers report low numbers of significant breaches. The Committee believes that not all significant breaches are being reported. We urge subscribers to regularly review their compliance monitoring frameworks to gain assurance of their effectiveness, but also to encourage and support staff at all levels of the organisation to identify and report significant breaches.”