



MEDIA RELEASE

Wednesday 11 March 2020

FSC RESPONSE TO LCCC CLAIMS AND COMPLAINTS HANDLING OBLIGATIONS

This report by the Life Code Compliance Committee (LCCC) is the final outcome of a review relating to cases dating back to the early days of the Life Insurance Code of Practice (the Code), 30 June 2017 – these are old, resolved cases.

The report is silent on the positive changes made by the life insurance sector.

It is important to note that the allegations in this report relate only to the timing of decisions, not the outcome of decisions. What the data shows is:

- Most allegations (598) were regarding the timing of claims decisions;
- After investigating the 598 allegations, more than half were found not to be breaches, and almost one in eight (13 per cent) of these allegations were “unfounded”.
- The remaining allegations (103) were about the timing of complaint outcomes, of which two thirds were found not to be breaches, and over 7.5 per cent were “unfounded”.

This report is also silent on the LCCC’s own findings from their latest compliance report, which shows in the year to 30 June 2018, life insurers assessed 131, 271 claims. Of these, 89 per cent of income related claims and 92 per cent of non-income related claims were within the required Code timeframes.

In addition, FSC/KPMG data shows that life insurers decide the overwhelming majority of claims in favour of customers: 92 per cent of all claims assessed are paid in the first instance.

Both the Royal Commission and the Australian Securities and Investments Commission have acknowledged that the Life Insurance Code of Practice has resulted in improvements.

Contact: Esther Jago on 0421 102 944 or ejago@fsc.org.au

About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia’s GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.