

ASIC adds insurance claims handling on their 2024 enforcement priority list.

Dear Member

The Victorian Automotive Chamber of Commerce (VACC) wishes to inform its members that ASIC is taking the right steps in 2024 in ensuring large financial service providers (general insurers) are doing the right thing.

What does this mean?

For consumers in the unfortunate situation of needing to claim on their insurance policy, **timely and fair claims handling** is crucial. This means that you cannot in any way delay a claim unreasonably. Equally, the insurer first and foremost, must not delay a claim due to **claims handling, poor communication and record keeping, and inappropriate use of exclusions under the policy.**

If your business undertakes any work for any insurance company, please continue reading below.

Most likely, you or your business is an Insurance Fulfilment Provider (IFP). IFP's are an insurer's representative by law because they provide **claims handling and settlement services** on an insurer's behalf (e.g., a body repairer who is engaged by an insurer to repair cars under the insurer's liability to the insured, but who does not have authority to reject claims).

If you are an IFP, then you **are** involved in the claims handling process. If you are involved in the claims handling process then be aware that in 2024, ASIC is turning their attention to failures in insurance claims handling. As a business, that undertakes work on behalf of the insurer, please ensure in 2024, you do not cause any delay in the claims handling process (that includes from the time the vehicle arrives in your shop to the time it leaves). We know insurers are less than perfect at this, they will and must improve their claims handling services. Equally so do we as an industry, for a few reasons. Below are a few tips to stay efficient, irrespective of how good, or bad the insurer's current claim handling processes are.

- Ensure estimates are sent to an insurer as soon as practicable, after the vehicle has arrived at your shop. If you can't write an estimate *promptly*, then release the vehicle, do not stockpile. Stockpiling may be viewed as delaying the claim's handling process.
- Follow up insurers within 2-3 business days of sending the estimate if you have not heard from them, to ensure your business stays *proactive* (send a quick email following up the assessment, do not stay on hold for 2 hours waiting for the insurer to answer the phone). Ask the customer to also follow up their insurer.
- Book vehicles in as soon as possible, if you are making bookings months ahead, ensure that is what the customer wants, is happy with and the insurer is also aware that the 'book in date for repairs' vs when the vehicle was authorised is months apart.
- Do not stockpile vehicles if you are too busy to fix it, or make a customer wait excessively to have an estimate completed and sent to their insurer. If you cannot fit in any more work, release the vehicle, or ensure the customer is aware of the time delay and that the insurer is happy with you booking in the vehicle months away. We know insurers have delays in assessments, general claims handling delays due to staffing issues, or systems and processes, a lack of communication and the list can go on, however your business should not be the reason to cause any delay to the claims handling process.
- Do not become the reason for an insurer to blame you for delaying a claim or claim/s. When the insurer sends you an authority to repair, they are responsible for you to ensure the vehicle is repaired and returned to the customer. As an AFS licensee, the insurer is obliged under section 912A(1)(a) of the Corporations Act 2001, to do all things necessary to ensure that the financial services are provided efficiently, honestly, and fairly. IFPs and other service providers acting on the insurer's behalf should be sufficiently overseen by the insurer to ensure they do not cause delays, as stated under the Corporations Act 2001. This includes being responsive to complaints about the quality and timeliness of work they perform, as stated under the Corporations Act 2001. Therefore, insurers need to correct their own failings with overall claims handling and processing/assessing issues, equally how a repairer must ensure an efficient and timely service is provided to the customer.

What to expect in 2024

Speaking at ASIC's annual forum in Melbourne on Tuesday 21 November 2023, ASIC's Deputy Chair Sarah Court stressed 'Our enforcement approach of today is proactive, strategic and bold,'. 'We select matters with the broadest possible reach, such that our work will have a deterrent effect well beyond the matter we are prosecuting.'

VACC is committed to ensuring its members stay informed about regulatory matters that affect them and are critical to their business. If you believe a financial firm is delaying a claim due to **claims handling**, **poor communication** and **record keeping**, and **inappropriate use of exclusions under the policy**, please inform ASIC <https://asic.gov.au/about-asic/contact-us/>

Should you have any questions, please contact Industry Policy Advisor, Kathy Zdravevski kzdravevski@vacc.com.au

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