

**STATEMENT OF JAMES JOSEPH HIGGINS  
IN RESPONSE TO REQUIREMENT TO PROVIDE INFORMATION  
ISSUED TO SUNCORP INSURANCE DATED 5 SEPTEMBER 2011**

**JAMES JOSEPH HIGGINS**, c/- Suncorp, Level 31, 266 George Street, Brisbane, states on oath:

1. I am the Executive Manager, Queensland Event Recovery for Suncorp Personal Insurance, a division of the Suncorp Group.
2. I have authority on behalf of Suncorp Metway Insurance Limited (Suncorp) to respond to the Requirement to Provide Information issued by the Commission of Inquiry dated 5 September 2011 and addressed to the Suncorp Group.

**INSURANCE POLICIES**

3. Suncorp Metway Insurance Limited issues Suncorp brand policies. Suncorp Metway Insurance Limited is part of the Suncorp Group.
4. In accordance with clarification received from the Commission on 5 September 2011, this response relates to policies issued by Suncorp Metway Insurance Limited and not policies issued by other insurers within the Suncorp Group.
5. Some processes are managed jointly within the Suncorp Group, for example mobile claims response teams handle lodgement of claims for all insurers within the group. Therefore, in responding to the Commission's Requirement to Provide Information directed to Suncorp, I have referred to Suncorp when the information relates to Suncorp Metway Insurance Limited only, and to the Suncorp Group when the information applies to all insurers within the Suncorp Group.

**Question 1: Please name the relevant home and/or contents policy or policies**

6. Suncorp's home and contents policies for residential properties are:
  - a. Home & Contents
  - b. 55UP Home & Contents
  - c. Platinum Home & Contents
  - d. Investor Home & Contents

**Question 2: Did more than one version of the policy or policies exist? If so:**

**2.1 Please identify each different version of the policy or policies by reference to the dates for which they subsisted as the relevant policies.**

7. Suncorp introduced some changes to its home and contents policy wordings as from 13 September 2010. The new wording applied to all policies issued to new customers on and after 13 September 2010, and to policies issued to existing customers renewing their policies from that date. Therefore at the time of the Queensland flood events, for each policy there were two versions:
  - a. one for existing customers who had last renewed in the twelve months prior to 13 September 2010; and
  - b. one for customers who renewed or were first time customers on or after 13 September 2010.

8. The following table sets out the versions and date of change for each product:

Product	Document	Active Dates
Classic Home & Contents	12314 v28/01/2008	28/01/2008 to 12/09/2010
	12314 v13/09/2010	13/09/2010 to current date
55UP Home & Contents	12316 v28/01/2008	28/01/2008 to 12/09/10
	12316 v13/09/2010A	13/09/2010 to current date
Platinum Home & Contents	12317 v01/07/2008	01/07/2008 to 12/09/2010
	12317 v13/09/2010	13/09/2010 to current date
Investor Home & Contents	12315 v01/07/2008	01/07/2008 to 12/09/2010
	12315 v13/09/2010	13/09/2010 to current date

**2.2 How did staff of Suncorp identify the correct version of a policyholder's policy and ensure that the correct version of the policy was used in all dealings with a policyholder and his or her claim?**

9. Each customer's policy details are recorded on Suncorp's electronic records system, which automatically identifies the relevant Product Disclosure Statement for call centre staff and claims staff when a customer contacts Suncorp or a staff member takes any action on the customer's file.

**Question 3: For each version of the policy or policies:**

**3.1 What were the terms of cover relevant to damage caused by weather of the kind experienced at the time of the Queensland floods? How were these terms defined?**

10. The relevant terms of cover for these policies are as follows:

PDS	Terms of cover
Classic, 55Up and Investor Home & Contents policies issued prior to 13 September 2010	<i>"damage caused by rain, wind, hail, storm (e.g. your roof is torn off during a storm) and damage caused by flood from rivers, streets and canals."</i>
Classic, 55Up and Investor Home & Contents policies issued or renewed after 13 September 2010	<i>"loss and damage caused by storm and flood eg rain, wind, hail, storm and damage caused by flooding from rivers, streets and canals".</i>
Platinum Home & Contents issued prior to 13 September 2010	<i>"loss or damage which happens</i> <ul style="list-style-type: none"> <li><i>• at the insured address</i></li> <li><i>• in the period of insurance</i></li> </ul> <i>Accidental loss or damage also includes ..... loss or damage</i>

	<p><i>from incidents such as:</i></p> <p>....</p> <p><i>Storm and Flood"</i></p>
<p>Platinum Home &amp; Contents policies issued or renewed on or after 13 September 2010</p>	<p><i>"accidental loss and damage" which includes "storm and flood"</i></p>

**3.2 (If not covered by sub-paragraph 3.1 above) Was flood cover included? How was the term 'flood' defined?**

11. The following definition of flood applied in all Classic, 55Up, Investor and Platinum Home & Contents policies current at the time of the flood events:

*"Inundation caused by rain falling over land resulting in water pooling, overflowing or spreading from:*

- *Naturally occurring or man made inland water courses such as rivers, creeks, canals, lakes, ponds, dams and reservoirs*
- *Wet areas of land (eg marshes)*
- *Dry roads and streets*
- *Normally dry areas of land*

*Flood also includes water escaping, overflowing or being released from a dam or reservoir.*

*Flood is not:*

- *Water from actions or movements of the sea*

*A mixture of water from actions or movements of the sea combined with water from any other source.*

**3.3 What exclusions or conditions applied to a claim?**

12. All policies contain an exclusion for flood occurring within 72 hours of new policy inception except where a new home is being insured for the first time.
13. In addition the following exclusions relevant to the Queensland flood events were contained in the differing policies:

<p>All Classic, 55Up and Investor Home &amp; Contents policies</p>	<p>Specific exclusion:</p> <p><i>"We do not cover</i></p> <ul style="list-style-type: none"> <li>• <i>Damage by actions or movements of the sea</i></li> </ul> <p><i>But we will cover damage caused by:</i></p> <ul style="list-style-type: none"> <li>- <i>A tsunami</i></li> <li>- <i>Storm surge if it occurs at the same time your home or contents are damaged by a storm or flood</i></li> </ul> <ul style="list-style-type: none"> <li>• <i>Retaining walls, garden borders and free standing walls</i></li> <li>• <i>The surface of a tennis court</i></li> <li>• <i>Wharf, jetty, pontoon or sea wall</i></li> <li>• <i>Water in a tonk, swimming pools or spas or their liners or covers</i></li> </ul>
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	<ul style="list-style-type: none"> <li>• <i>The cost of cleaning mud or debris out of tanks, swimming pools and spas</i></li> <li>• <i>Damage to swimming pools and their parts or underground tanks caused by water leaking down the sides, against the sides or getting underneath them</i></li> <li>• <i>Paint when there is no structural storm damage to other parts of the home</i></li> <li>• <i>Gates, fences or wall fences that were in a state of disrepair which would have been obvious to a reasonable person before the damage occurred."</i></li> </ul> <p>General exclusions:  <i>"actions or movements of the sea  caused by actions or movements of the sea, but we will cover:</i>  - <i>Damage caused by storm surge to the extent is covered under insured event X (storm and flood)</i></p> <p><i>"flood caused by deliberate damage to a reservoir or dam</i>  • <i>Flood damage caused by deliberate or malicious damage to, or destruction of a reservoir or dam, or any looting or rioting following these incidents."</i></p>
<p>All Platinum Home &amp; Contents policies</p>	<p>Specific exclusion:  <i>"not covered for storm or flood</i></p> <ul style="list-style-type: none"> <li>• <i>The cost of cleaning mud or debris out of tanks, swimming pools and spas</i></li> <li>• <i>Damage to swimming pools and their parts or underground tanks caused by water leaking down the sides, against the sides or getting underneath them</i></li> <li>• <i>Storm or flood damage to:</i> <ul style="list-style-type: none"> <li>- <i>Retaining walls, garden borders and free standing walls</i></li> <li>- <i>The surface of a tennis court</i></li> <li>- <i>Wharf, jetty, pontoon or sea wall</i></li> <li>- <i>Water in a tank, swimming pools or spas</i></li> <li>- <i>Liners or covers for swimming pools or spas</i></li> <li>- <i>Paint when there is no structural storm damage to other parts of the home</i></li> <li>- <i>Gates, fences or wall fences that were in a state of disrepair which would have been obvious to a reasonable person before the damage occurred."</i></li> </ul> </li> </ul> <p>General exclusions  <i>"actions or movements of the sea</i>  • <i>Loss or damage caused by actions or movements of the sea</i>  <i>But we will cover:</i>  - <i>Damage caused by tsunami</i>  - <i>Storm surge if it occurs at the same time your home or contents are damaged by a storm or flood"</i></p>

	<p><i>"flood caused by deliberate damage to a reservoir or dam</i></p> <ul style="list-style-type: none"> <li>• <i>Flood damage caused by deliberate or malicious damage to, or destruction of a reservoir or dam, or any looting or rioting following these incidents."</i></li> </ul>
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### 3.4 What were Suncorp obligations in processing and assessing claims?

14. Suncorp is an adherent to the General Insurance Code of Practice and endeavours to process claims in accordance with the principles and timeframes in the Code to the greatest extent possible.
15. As to how particular claims are managed, Suncorp's approach to claims processing and assessing are set out in the section of each PDS headed "Claims" which includes:
  - a. Advice to the customer as to steps to take to make a claim;
  - b. Proofs of ownership and value required for lost or damaged items;
  - c. Suncorp's role in arranging assessment of loss basis of settlement – "new for old", and an explanation of what this means in relation to different types of home and contents items;
  - d. Detailed explanation of the customer's entitlements for home repair and rebuilding, eg where part only of the home is damaged including examples and diagrams to inform the customer of what is and is not covered.
16. The PDS also advises the customer of the customer's rights where a claim is declined. This is discussed in more detail in my response to Question 26 and following below.

**Question 4: Please provide a pro forma copy of each of the policies referred to in answer to the questions at paragraphs 1 – 3 above.**

17. Attached as Annexure 1 are copies of the following Suncorp PDSs:
  - Classic Home & Contents PDS for policies issued before 13 September 2010
  - Classic Home & Contents PDS for policies issued on or after 13 September 2010
  - 55Up Home & Contents PDS for policies issued before 13 September 2010
  - 55Up Home & Contents PDS for policies issued on or after 13 September 2010
  - Investor Home & Contents PDS for policies issued before 13 September 2010
  - Investor Home & Contents PDS for policies issued on or after 13 September 2010
  - Platinum Home & Contents PDS for policies issued before 13 September 2010
  - Platinum Home & Contents PDS for policies issued on or after 13 September 2010

### INSURANCE CLAIMS

The following questions relate to household insurance claims made as a result of the events comprising the Queensland floods (in December 2010 and January 2011):

**Question 5: Did Suncorp establish any special processes or procedures in order to manage claims handling**

18. The Suncorp Group established the following processes and procedures to manage claims handling arising from the December 2010 and January 2011 weather events additional to the claims handling processes and procedures employed by the Suncorp Group in handling 'business as usual' claims.

## Personal Insurance Corporate Event Response Plan

19. In the management of any catastrophe likely to strain 'business as usual' resources and infrastructure, the Suncorp Group prepares a Personal Insurance (PI) Corporate Event Response Plan. The Event Response Plan provides guidelines of key decisions and actions to consider during an event response. It includes the creation of an Event Leadership Team (ELT) whose purpose is to collaboratively respond to the event in order to ensure consistent communication and governance of critical activities within the Suncorp Group during event response times. Each members of the ELT is responsible for coordinating the response within their respective business unit.
20. The Event Response Plan process is structured around the clear operational phases that a large event tracks through, with each plan tailored to the specific event. Timeframes specified for each step of the process depend on the type of event that occurs. The following table demonstrates how the Suncorp Group responds to different phases of an event.

Event Stage	Operational Phase	Objective
Pre Event	Event Alert	<ul style="list-style-type: none"> <li>• Raise awareness and commence early planning for event</li> <li>• Refresh response models for event type</li> </ul>
	Event Imminent	<ul style="list-style-type: none"> <li>• Develop tailored response given current BAU status and likely event impacts</li> </ul>
During Event	First Response	<ul style="list-style-type: none"> <li>• Initiate response as planned in line with pre agreed triggers</li> <li>• Clear communication of immediate actions</li> <li>• Focus on managing call volume surge without compromising customer experience or information quality</li> <li>• Firm up fulfilment phase resource plan once scale of event is clear</li> <li>• Consider segregation of claims to specialist claims service team</li> </ul>
	Transition	<ul style="list-style-type: none"> <li>• Effectively moving focus from Lodgement to Fulfilment as the call volumes scale down and the processing load increases</li> </ul>
	Fulfilment	<ul style="list-style-type: none"> <li>• Focus on fulfilling claims in line with product guidance on PDS coverage, particularly where exclusions may cause adverse public response.</li> <li>• Focus on fulfilling claims quickly while managing claim indemnity cost</li> </ul>
Post Event	Finalisation	<ul style="list-style-type: none"> <li>• Focus on finalisation of event claims and transition back to BAU</li> <li>• Focus on timely and accurate reporting of event statistics</li> <li>• Conducting a post incident review to continually improve on Suncorp Group's Event Response Management</li> </ul>

21. The decision to declare an Event, which triggers initiation of an Event Response Plan, is made by the Executive General Manager PI Claims after careful consideration of the current and forecast weather situation and likely disruption to normal business operations. Factors that influence this decision include the size, severity and location of the impacted areas and customers.

### Customer Response Teams

22. As part of its planning for natural disasters, the Suncorp Group has developed an innovative system of self-sustainable mobile claims centres, which we call CRTs (Customer Response Teams). These CRTs are deployed at the site of a natural disaster immediately after a weather event to provide immediate, on-the-ground claims support to customers. The fleet of dedicated CRT vehicles are able to establish response centres into multiple disaster areas simultaneously anywhere in Australia within 24 hours.
23. CRTs service AAMI, Suncorp Insurance, GIO, Apia, Shannons, Vero and all other Suncorp Group general insurance brand customers. They operate as a coordinated team

with immediate decision making abilities to directly service customers face-to-face at the time when they most need Suncorp's assistance and support.

24. These CRTs have the ability to operate entirely independently in the field as they are equipped with mobile generators to power electronics, and communications technology enabling complete claims lodgement and customer service capabilities directly from the disaster area.
25. During the Queensland floods and Cyclone Yasi, the CRTs were deployed to Emerald, Theodore, Toowoomba, Bundaberg, Chinchilla, Dalby, Grantham, Cardwell, Tully, Cairns, Brisbane and Ipswich. Over the four events in Queensland we had approximately 77 claims staff operating in CRTs in the affected regions.

#### **Pre-event Communications**

26. Leading into each storm season the Suncorp Group PI Corporate Affairs team prepares a fully integrated communications program. This communications plan continually evolves to take into account learnings from previous storm season responses. It includes government and stakeholder engagement, customer alerts, proactive and reactive media communications and internal communications mechanisms. The plan for the 2010/11 storm season included:

- Group-wide Bureau of Meteorology National Briefing (video conference).
- Community Flood Awareness Roadshows – these events occurred prior to the summer storm season to educate flood prone communities in Queensland about Suncorp's flood cover, details of which were:
  - 8 metropolitan and regional QLD community and stakeholder briefing events;
  - 5 metropolitan and regional NSW community and stakeholder briefing events;
  - 6 metropolitan and regional VIC community and stakeholder briefing events.

Over 300 people attended these roadshows.

27. In that period, we also released 21 print and broadcast articles on related issues.
28. After receiving a Bureau of Meteorology briefing indicating a horror storm season was likely to be experienced in Queensland, ie in excess of a 'usual' summer storm season, the Suncorp Group undertook Storm Season Launches by which it briefed communities about Suncorp's event response capabilities. These activities were:
  - 7 media launches (major metropolitan and regional centres)
  - 7 regionally tailored media releases
  - 27 print and broadcast articles
  - 31 political briefings on storm season preparedness and claims risks.
29. Approximately \$500,000 in claims specific advertising was also booked in key at risk communities.

#### **Post-event Communications**

30. During and following the weather events, the Suncorp Group's PI Corporate Affairs and Marketing teams were heavily involved in managing internal and external communications with customers and relevant stakeholders to ensure that accurate and appropriate messages around policy coverage and claim processes were being delivered. Some of

these activities were:

- 42 daily stakeholder updates with latest claims data and response messaging;
- 38 intranet updates with latest claims figures, customer facing messaging and staff support programs;
- Twice daily, then daily co-ordination calls with corporate affairs, internal communications, government relations and investor relations;
- Daily messaging provided to Suncorp Bank branches and regular communications to insurance brokers for their use in communicating with Suncorp Group insurance customers if required;
- Full page colour advertisements in all affected areas with messaging about how to make and help speed up the claim process;
- More than 12 media releases were distributed tailored for each affected region with information about claims numbers, claims processes and locations of Customer Response Teams (CRTs);
- Key PI Claims Managers were sent to affected areas at the height of the events to do government briefings, talk to customers and do media interviews around how customers can speed up or make their claims. These managers also highlighted that flood coverage was in their Suncorp Insurance policies and they should not risk their lives or family lives to protect belongings;
- Twitter and Facebook pages provided customers, media and stakeholders with updates on locations of Customer Response Teams, timing around claims and assessments; and
- Monthly full page ads in metropolitan and regional media updating on claims processes and completion times.

### **Chronology of Events**

31. Attached as Annexure 2 are copies of media releases and advertisements issued by Suncorp ahead of the 2010/2011 Queensland summer storm season, and in response to the 2010/2011 weather events.
32. A chronology of how these processes and procedures were deployed is as follows.
33. On 25 December 2010, the Bureau of Meteorology issued a warning that tropical cyclone Tasha was moving towards the Queensland coastline. The Suncorp Group maintained a watching brief as to the movement of this cyclone over the following few days and, in accordance with standard practice under the Suncorp Group's Event Imminent protocols, relevant teams within the Suncorp Group monitored weather warnings, potential for claims, emergency response activity and any local issues around evacuations, inundations, power outages etc.

### ***Central Queensland Flooding***

34. Within days, it became apparent that areas of central Queensland would experience imminent flooding, so we commenced planning for this which included:
  - Travel arrangements for assessors being deployed to the affected region;



- General communications to affected customers, e.g. radio reads, newspaper ads, internet messages;
  - Resourcing and deployment of CRTs to the affected regions;
  - Internal administration around reporting activity for both internal and external stakeholders (e.g. APRA);
  - Claim estimation and repair costs – this leads to discussions on repair and supply strategies as well as their current capacity to assist;
  - Claims resources for the call centres and claim management activities, including real estate requirements; and
  - Claims management decisions, e.g. management of flood claims, management of emergency funds to customers, temporary accommodation, use of experts etc
35. On Wednesday 29 December 2010, the Insurance Council of Australia (ICA) declared a catastrophe in Queensland as a result of the Central Queensland flooding (known as CAT 105). Following this announcement we activated our Event Response Plan and called an Event Leadership Team (ELT) meeting for Friday 31 December. The Suncorp Group also issued a media release that communicated our operational response to the catastrophe.
  36. Throughout Thursday 30 December 2011, we were heavily involved in planning our operational response to the central Qld flooding. This planning included an assessment of potential damage in the affected regions as well as continuing the customer messages through radio and print. We also monitored talkback radio and took steps to respond to issues as they arose. For example, we conducted live interviews on 4BC and ABC radio to advise customers of flood coverage under Suncorp Insurance and how we were responding to the disaster.
  37. The Suncorp Group's Corporate Affairs team set up an official twitter account and connected it to all major media outlets, politicians and industry groups. The account was used to provide updates on claims, CRT locations, provide tips on claims etc as well as monitor any incorrect or negative information about Suncorp's insurance brands that we should respond to. On Friday 31 December 2010, the Suncorp Group issued an ASX release that provided an update on our claims position and response activity.
  38. A further internal update was provided in our ELT during which we decided to deploy our CRTs to the flood affected townships of Dalby and Bundaberg. Over the next couple of weeks we held daily ELTs to provide updates and actions on responding to customers and claims
  39. On Sunday 2 January 2011, we received reports that various townships across Queensland had experienced significant inundation resulting in evacuations and isolations. By that date, Suncorp had received approximately 1,300 claims from the flood affected townships of Emerald, Alpha, Jericho, Barcaldine, Bundaberg, Wowan, Biloela, Theodore, Dalby, Warwick, Chinchilla and Condamine.
  40. On Tuesday 4 January 2011, two CRT units arrived in Bundaberg and one in Dalby (and later in Chinchilla on 8 January). Assessors were initially deployed to Bundaberg and Dalby only, as the other flood affected areas had limited access. We also arranged for emergency funds for insured customers impacted by these floods.
  41. Five of our property assessors went to Bundaberg, four to Dalby and two to Theodore.
  42. The CRTs deployed to Bundaberg were set up at the school grounds at Bundaberg High

School. The CRTs were operational by mid morning on Tuesday 4 January 2011 with customers attending to lodge claims or seek insurance advice about flood cover. Customer messages were also communicated through interviews conducted with the regional media outlets (e.g. Channel 10).

43. By Friday 7 January 2011 Suncorp had assessed approximately 90% of the claims in Bundaberg and Dalby. This enabled us to start planning our response to Rockhampton and St George, which were by then under threat of flooding.
44. While in Bundaberg we met with the Bundaberg Mayor (Cr. Lorraine Pyefinch), Deputy Mayor (Cr Tony Ricciardi) and Bundaberg Regional Council CEO (Mr Peter Byrne). At these meetings we briefed the Council on Suncorp's response plans, the set up of the CRT locations and provided our contact details for any customer concerns or issues raised with them. We also sought advice from the Council on the worst impacted areas of their city as well as seeking a list of streets and houses that had experienced above floor inundation. This information was provided to our claims teams and assessors so that we could identify significantly impacted customers quickly and start assessing their claims.
45. Over the initial two days in Bundaberg, the CRTs had seen a steady flow of customers across all our brands. Based on the continuing volume of customers using the CRTs, we decided to maintain our presence in Bundaberg for a few extra days. We were also advised that the local Bundaberg radio was advising listeners of our CRT presence at the local High School which reinforced our decision maintain one CRT in Bundaberg.
46. The CRT remained in Bundaberg until Saturday 8 January 2011. At this point, customer usage of the Bundaberg CRT had significantly reduced. Local authorities were granting access to the previously evacuated township of Theodore. Due to the damage suffered in Theodore we set up a CRT base in Biloela and the CRT travelled to Theodore daily to assist customers with claims lodgement.
47. Our second ELT was held on Tuesday 4 January 2011, during which we were advised that the Fitzroy River was going to peak in Rockhampton. On hearing this news a small senior team (myself and [REDACTED] Head of Corporate Affairs) made plans to travel to Rockhampton the following day.
48. The roads to Rockhampton had been closed and the only road access to the city was from the north via Mackay. Therefore, in order to get to Rockhampton we drove from Bundaberg to Gladstone and then flew to Rockhampton. This decision to go to Rockhampton was in response to several factors:
  - a. We needed to critically assess the potential damage so that we could reassess our response strategy if needed.
  - b. We were concerned about general negative discussions about flood coverage which were circulating in the media. We wanted to take the opportunity to send clear messages to our Suncorp Insurance customers around this issue and to encourage them to lodge claims as soon as possible. This was well reported in the media. In addition, we encouraged customer to contact us if they were not sure about their policy coverage and conducted a number of interviews with television channels to communicate these messages
49. As a part of this communication strategy, we met with the state member for Rockhampton, Mr Robert Schwarten to brief him on our response strategy and

deployment of CRTs so that he would be in a position to advise these details to any constituents who were Suncorp customers who contacted his office for assistance. We also accompanied Mr Schwarten to one of the Rockhampton evacuation centres where we met with some Suncorp customers, talked to them about the claims process and encouraged them to lodge claims as soon as possible.

50. The restrictions on access to Rockhampton remained for a couple of weeks, which prevented us sending our internal assessors to the city and we eventually used external assessors for the claims in Rockhampton.
51. [REDACTED] and I returned to Bundaberg (via Gladstone) later on 5 January 2011, with the intention of travelling to Emerald the next day to communicate the same message to Emerald residents. We also intended redeploying to Emerald the second CRT which had initially been deployed to Bundaberg.
52. On Thursday 6 January 2011, we travelled as far as Biloela where we were informed that the Dawson River had flooded preventing access along our planned route into Emerald. We were advised that the only access to Emerald at this time was from the west, via Barcaldine. At this point we split up the CRT equipment and arranged for the CRT vehicle to be driven to Emerald via Roma, Augathella and Barcaldine (a two day drive). The critical equipment (PCs, data cables etc) was loaded onto a charter plane that we booked and we flew to Emerald with this equipment. We had separately arranged for internal assessors and client managers to travel to Emerald from Brisbane.
53. We arrived in Emerald on the afternoon of 6 January 2011 and set up a temporary CRT site at the Mayfair Motel until a more permanent site was available at the Emerald Recovery Centre. We had also arranged to meet with the Central Highlands Mayor, Mr Peter Maguire as well as Mr Vaughan Johnston, state member for Gregory. In both these meetings we provided information on our CRT presence and Suncorp's operational response to the floods. Again, we provided information and contact details so that each of them would be able to assist constituents who were Suncorp customers with any issues they had.
54. To date Suncorp has received approximately 1,270 home claims across central Queensland at a claim cost of \$71m. Suncorp currently has 520 active claims representing 60% of claims finalised and closed. We have also paid out \$52m on these claims representing 74% paid of the total expected cost. In terms of claims under \$10,000 we have finalised over 84% or 480 claims.
55. Over the January and February months we completed 780 assessments across central Queensland, the majority of which were completed by 18 February 2011. The table below is a summary of our assessing activity and performance for the central Queensland region across all Suncorp Group brands:

Town/Area	Claims Assessed	No of Days	No. of Assessors	Assessing Resource	Majority Completed
Bundaberg, Biloela, Theodore	160	5	6	Internal	07-Jan-11
Dalby, Chinchilla, Warwick, St George	130	6	4	Internal	11-Jan-11
Emerald, Alpha, Jericho	440	6	17	Internal	14-Jan-11
Rockhampton	50	5	2	External	18-Feb-11

### ***South East Queensland Flooding***

56. On Monday 10 January 2011 Toowoomba experienced a severe flash flood through the city centre. The Suncorp Group's call centre at Margaret Street, Toowoomba sustained ground level inundation and resultant damage, forcing closure of the call centre until repairs could return the centre to an operational state. In order to deal with that closure:
- a. Inbound claims calls were immediately transferred to our Milton call centre site and some interstate call centres.
  - b. We transferred all banking and sales staff based at the Milton call centre, and some from our centre at 160 Ann St, Brisbane to interstate call centres, in order to expand insurance call centre capability at Milton and 160 Ann St. Due to the volume of claims arising from the ongoing weather events, we considered it important to create additional call centre services for insurance customers.
  - c. We attempted to redeploy staff from our Toowoomba call centre to our Milton and Ann Street call centres where possible. In some cases, staff were unable to redeploy due to road closures.
57. Our initial estimates were that the Toowoomba call centre would be re-operational in a few days, and that the above strategies were effective to manage the short-term loss of that call centre capacity. However, as detailed below, that strategy became compromised when the Brisbane River flooded on Wednesday 12 January 2011 resulting in inundation of the Milton call centre and forced evacuation of the temporary capacity established at 160 Ann Street.
58. On Tuesday 11 January 2011:
- a. We became aware early in the morning of the catastrophic impact of the floods in the Lockyer Valley, in particular Grantham.
  - b. By mid-morning, we were also receiving reports of the impending closure of the public transport system in Brisbane from 2pm that day, which created anxiety among staff as to whether they would be able to get home, retrieve children from school/day-care facilities etc.
  - c. The media was reporting that flooding of low lying areas of Brisbane and surrounding suburbs was imminent, to levels beyond the 1974 floods.
59. A small team of senior claims management, including myself, remained in our Brisbane Square offices from which we coordinated the Suncorp Group's response to these further events as they unfolded. This team remained in the Brisbane CBD for the next five days. We also made the decision to send staff home and by midday on 11 January 2011, most employees had evacuated the city. Once evacuated, the vast majority remained away until Monday 17 January 2011.
60. By this time it was clear that the Milton call centre was under threat of flooding, and we developed contingency strategies for Voice and IVR services. Our IVR for Suncorp is voice based where customers choose from a list of simple options on the call – preference is always given to the initial lodgement of a claim. Once the customer has selected their choice (e.g. lodgement and the product) from the phone menu, they are sent to the first available consultant (who has the relevant skill set identify by the system).

Our phone system sees the three sites (Milton, 160 Ann St and Toowoomba) as one pool of people, so customers are not disadvantaged if one site is busy or in the case of Toowoomba, goes down.

61. During this event various messages were put on the IVR (before the choices were presented) advising customers of delays and urging anyone not affected by the event to call back at another time. Many customers who had simple queries or small issues took that advice and did wait a few days to call again; helping those in real need get through more quickly. The messages ranged from our standard disaster message to a variety of updates as the situation worsened with the loss of Brisbane.
62. Our main priority on Tuesday was to get the Toowoomba call centre operational as quickly as possible. These clean-up activities were hampered by access issues and difficulties in getting electrical contractors to the Toowoomba site.
63. Later that day, restoring operations at Toowoomba became even more critical after Energex issued a press release advising of CBD power outages as buildings and substations with potential for inundation would be powered down for damage limitation efforts. As a result of those power outages, we were forced to close the call centre at 160 Ann St.
64. On Wednesday 12 January 2011, we were advised that a number of Suncorp Group buildings were being closed due to the rising river. The situation was made worst at noon when the State Emergency Services (SES) elected, as a safety measure to avoid elevator rescues in flooded buildings, to cut power to lifts in all high rise buildings. This resulted in the closure of Brisbane Square (among others buildings), which required us to move our operational command post to another building that was not impacted by the power outages or flood.
65. By Wednesday afternoon, the Toowoomba call centre site passed electrical, OH&S and IT infrastructure assessments. Even though Ground Floor clean-up operations were continuing, Level 1 was re-opened as a call centre, with approximately 70% of staff back on site. The utilisation of our call centre staff and assessors was hampered by the closure of access roads. Throughout Wednesday afternoon we received a steady volume of calls but were not seeing any substantial increase in call volume.
66. Our experience with call volumes differs between different types of events. For flood events, residents are typically evacuated or displaced and power outages occur – this was the case for the Lockyer Valley and Toowoomba. In these situations we don't typically see an increase in call volumes for a couple of days after the event as residents are returning to their homes and power is being restored (electric phones can't work without power).
67. On Thursday 13 January 2011, the Toowoomba site became fully operational and as the Brisbane River receded throughout the day other sites in the Brisbane CBD became available. We had advised staff to continue to work from home where possible and to limit non-essential travel to the CBD and impacted sites until safe passage to work was certain.
68. We also tried to get a full assessment of claims staff that had been impacted by the floods. We were very aware of the fact that many of our staff had been affected on a personal level by the floods.
69. Over the following week we experienced a significant increase in claim numbers as power was restored to homes and people returned to assess damage to their homes and

belongings. As a result we dispatched CRTs and assessors to flood affected areas of Ipswich, Toowoomba and Brisbane. We set up CRTs at the Ipswich Showgrounds, the Toowoomba City Council chambers, the Brisbane RNA Showgrounds and Graceville.

70. We were unable to access Grantham for some weeks because of local authority orders forbidding access, but once that restriction was lifted, we immediately set up a CRT in Grantham.
71. At that time we also had a CRT on standby for deployment to Victoria as that state was experiencing a flood event as well (CAT 113 declared on Monday 17 January 2011).
72. Over the following 8 weeks the Suncorp Group we completed approximately 3,920 assessments across the Toowoomba, Lockyer Valley, Ipswich and Brisbane regions with the majority of these being completed by the first week in March. The table below is a summary of our assessing activity and performance for the south east Queensland region across all Suncorp Group brands:

Town/Area	Claims Assessed	No of Days	No. of Assessors	Assessing Resource	Majority Completed
Toowoomba/Lockyer Valley	920	16	20	Internal, External & Repairer	28-Feb-11
Ipswich and Brisbane	3,000	20	50	Internal, External, Repairer & NZ Vero Assessors	05-Mar-11

73. As at 1 September 2011, Suncorp had:
- received over 5,900 home claims across south east Queensland at a total estimated claim cost of approximately \$314m;
  - finalised and closed approximately 2,700 claims, which is approximately 63% of all claims;
  - paid out approximately \$230m, which is approximately 73% of total expected costs;
  - of claims under \$10,000, finalised and closed 2,580, which is approximately 80% of those claims.
74. Suncorp has approximately 3,200 active claims remaining. It is important to note that a claim is considered active until all payments are made and any third party recoveries are complete. An active claim can be one on which repairs are completed but a final account is outstanding from a builder, or one in which major rebuilding work is being undertaken and progress payments are being made. At the other end of the spectrum, we would also have a record of an active claim if a customer telephoned and registered a claim immediately after the flood events but then has not provided claim details.
75. The reasons for some claims remaining active are discussed in more detail later in this response.

### **Cyclone Yasi**

76. Although not strictly within the terms of reference of the Commission of Inquiry, it is relevant to note that before the assessment of claims arising from the south east Queensland weather events had been completed, the Suncorp Group's resources were also required to respond to claims arising from Tropical Cyclone Yasi.
77. On 31 January 2011, we received notification that Cyclone Yasi was predicted to hit the mainland on Thursday 3 February 2011 as a Category 4 cyclone. In preparation for this

cyclone we dispatched two CRTs to Cairns and Townsville. We also increased our assessing capability by using our national assessing resources from Victoria and NSW as well as working with external assessing firms to bring in resources from New Zealand and the USA.

78. After Cyclone Yasi had crossed the mainland we set up CRTs at Mission Beach, Cardwell and Tully. Due to logistical issues we set up our assessing operations at the Novotel Hotel in Cairns. We utilised 60 assessors for the regional areas impacted by Yasi. At the same time, we were also still assessing the tail end claims in the south east Queensland floods, particularly late lodgements.
79. Over the following weeks the Suncorp Group completed approximately 3,100 assessments across the far north Queensland regions, with the majority of these being completed by the last week in March. The table below is a summary of our assessing activity and performance for the Cyclone Yasi regions:

Town/Area	Claims Assessed	No of Days	No. of Assessors	Assessing Resource	Majority Completed
Cyclone Yasi	3,100	42	60	Internal, Repairer & USA Adjusters	27-Mar-11

80. As at 1 September 2011, Suncorp had:
- received over 11,300 home claims for Cyclone Yasi at a total estimated claim cost of approximately \$184m;
  - finalised and closed approximately 8,100 claims, which is approximately 72% of all claims;
  - paid out approximately \$106m, which is approximately 58% of total expected costs;
  - of claims under \$10,000, finalised and closed 7,150, which is approximately 85% of those claims.
81. The tables below provide a summary of Suncorp's claims performance for the four events across Queensland in 2010/11 as at the date of this statement.

Qld Event/PI Home Claims as at 1 September 2011	Claims		Finalised (%)	Total Cost (\$m)	Total paid (\$m)	Finalised (%)	Claims Under \$10,000		
	Lodged	Active Claims					Lodged	Active	Finalised
PI Central Qld Flooding CAT 105 Loss date/s: 24/01/2010 to 02/01/2011	1,273	519	59.2%	\$70.7	\$52.2	73.8%	577	93	83.9%
PI Toowoomba/Lockyer Valley Flash Flood CAT 111 Loss date/s: 10/01/2011 to 11/01/2011	1,449	501	65.4%	\$37.2	\$26.9	72.3%	955	191	80.0%
PI Ipswich/Brisbane Floods CAT 112 Loss date/s: 11/01/2011 to 17/01/2011	4,425	1,703	61.5%	\$277.1	\$203.1	73.3%	2,265	446	80.3%
PI Tropical Cyclone Yasi CAT 114 Loss date/s: 02/02/2011 to 08/02/2011	11,351	3,235	71.5%	\$183.9	\$106.1	57.7%	8,386	1,231	85.3%
<b>Progress</b>	<b>18,498</b>	<b>5,958</b>	<b>67.8%</b>	<b>\$568.9</b>	<b>\$388.3</b>	<b>68.3%</b>	<b>12,183</b>	<b>1,961</b>	<b>83.9%</b>

82. In addition to the catastrophes that occurred in Queensland in early 2011, there was also significant flooding in Victoria in early February. On 5 February 2011, the ICA declared a catastrophe for the flooding that was predominantly in Metropolitan Melbourne, but also included impacted regional areas. This placed additional pressures on our claims businesses as we moved assessment teams to Victoria to assist with assessing claims. We also sent a small team of assessors to New Zealand following the earthquake in Christchurch on 22 February 2011.

## **Outsourcing of management of major building repairs**

83. In order to respond to our customers to help rebuild their homes, the Suncorp Group has partnered with Lend Lease, a Project Management and Construction business, to assist with the management of major building repairs.
84. Lend Lease was first engaged by the Suncorp Group in 2006 to assist with the rebuild of homes damaged by Cyclone Larry. Since then, Lend Lease has provided Project Management services to the Suncorp Group during other major disasters. Shortly after the January 2011 floods, the Suncorp Group made the decision to engage Lend Lease to Project Manage the major rebuilds across south east Queensland and far north Queensland (damaged by Cyclone Yasi).
85. This decision was largely driven by the magnitude and geographical spread of the damage as well as the need to ensure proper governance around repair costs, quality of repairs and timeframes to complete repairs. The services provided by Lend Lease include:
- a. Source, manage and co-ordinate the services of building contractors, repairers and other consultants required to assess and repair homes (e.g. engineers);
  - b. Manage the costs of:
    - i. all major home repairs above \$10,000 in the South East Queensland region; and
    - ii. homes damaged by Cyclone Yasi;
  - c. Provide technical advice on building repairs to all stakeholders - customers, builders and Suncorp;
  - d. Manage the allocation of repairs to a panel of builders ensuring builder capacity and capability is properly managed and monitored. This also includes the oversight of repair timeframes to ensure appropriate building contract start and finish dates were reasonable and achieved;
  - e. Review the Scopes of Work (SOW) provided by the builder for each repair job, to ensure the job has been properly scoped and priced;
  - f. Ensure all building repairs comply with current building code regulations and guidelines and that materials used in the repair are of the proper quality;
  - g. Ensure proper building contracts are executed, including the review and validation of all building invoices and variations;
  - h. At Practical Completion of the repairs, ensure the appropriate building certificates are completed, and that the customer is satisfied with the repairs and given an opportunity to provide feedback on the repair process.
86. The Lend Lease team was co-located with the Suncorp Event Recovery team at 160 Ann St. This provided direct access between the claims team and Lend Lease team, enabling questions and issues to be resolved quickly and effectively. It also provided a greater level of understanding between both operations that enabled us to achieve the optimal repair and customer outcome.



87. The process under the Suncorp Group's arrangement with Lend Lease is as follows:
- a. Upon a claim being accepted by Suncorp as within policy coverage, Suncorp would arrange initial assessment of repair and, if estimated at over \$10,000, the claim would be sent to Lend Lease (via unique event mailbox) for allocation to a builder.
  - b. From this point Lend Lease takes over responsibility for the management of the repairs, while the Suncorp claims consultant continued to manage the customer (e.g. settling contents claims, paying temporary accommodation, being the contact point for any customer issues).
  - c. Lend Lease would allocate the work to a builder from its panel, based on builders' capacity to take on the work and capability to perform major repairs. Lend Lease would review the repair quote provided by that builder and provide authority to the builder to proceed to contract stage.
  - d. Once the building contract was signed, Lend Lease would give authority to proceed to construction stage. Throughout the repairs Lend Lease would check on progress and ensure timeframes were being achieved. They would also review and approve all building repair invoices and send these to us for payment. Suncorp would pay the builders directly.
  - e. Lend Lease submitted weekly progress reports to Suncorp advising consolidated repair status of all claims under their management.
  - f. A monthly Steering Committee meeting was held between Lend Lease and Suncorp executive management where repair progress issues were discussed and actions (if any) were agreed.
88. The table below is a summary of the current repair status of all claims managed by Lend Lease as at 1 September 2011.

Lend Lease Repair Status as at 1 September 2011	AAMI	APIA	GIO	Suncorp	Total Claims	% complete	Repair Progress
To Be Allocated	7				7	0.2%	
Issued to Builder	1	3		19	23	0.8%	7.8%
Quote Returned	5	5		76	86	3.0%	
With Suncorp	14	3		90	107	3.7%	
Approved	13	5		82	100	3.5%	92.2%
Repairs Underway	51	58		494	603	21.1%	
Repairs Complete	24	47		344	415	14.5%	
Finalised (CSR)	13	10		126	149	5.2%	
Cancelled	10	12		441	463	16.2%	
Cash Settled	126	78	1	703	908	31.7%	
<b>Total Claims</b>	<b>264</b>	<b>221</b>	<b>1</b>	<b>2,375</b>	<b>2,861</b>	<b>100.0%</b>	

89. The repairs relating to the central Queensland floods were managed separately by other external Project Managers using the same model. Specifically:
- a. Serگون were appointed to Project Manage the claims in the Central Highlands region (most of which were in Emerald); and
  - b. Senseo to manage the claims along the mid north coast from Rockhampton to

Bundaberg (including Theodore).

90. This decision was made prior to the south east Queensland floods but for the same reasons - the magnitude and geographical spread of the damage.
91. The table below is a summary of the current repair status of all claims managed by the above Project Managers as at 1 September 2011.

Central Old Repair Status as at 1 September	Total Claims	Repair Progress
Issued to Builder	17	3.8%
Repairs Under way (>70% FIN)	199	
Repairs Completed	131	96.2%
Cash Settled	102	
<b>Total Repairs</b>	<b>449</b>	<b>100.0%</b>

92. The 17 claims above that are at "Issued to Builder" status are at various stages of activity and predominantly relate to decisions yet to be made by the insured, e.g. considering cash settlement, doing renovations/upgrades or obtaining their own quote for repairs.

#### Fast track processes for small claims

93. In the ordinary course, and depending on the nature of the item lost or damaged, in order to process claims for lost or damaged property, Suncorp would require:
- For a lost item or damaged item, proof of ownership of the item, such as a receipt and/or proof of details of the item, such as a photograph showing the item; and
  - A quote or repair report confirming the replacement/repair cost of the item, to be approved and authorised by Suncorp before any repairs are undertaken or items replaced
94. In respect of the central Queensland and south east Queensland weather events, Suncorp received almost 3,800 claims (approximately 53% of total claims) for under \$10,000, typically related to minor home repairs, or replacement of damaged or destroyed contents items.
95. In order to assist customers settle these claims quickly we initiated a fast track strategy whereby Suncorp requested customers to proceed as follows:
- If the repair/replacement cost was up to \$2,000, no quotes were required. We instructed the customer simply to proceed with the repair or replacement and send us the invoice for reimbursement;
  - If the repair/replacement cost was between \$2,000 and \$5,000, Suncorp would ordinarily arrange repair/replacement by an authorised Suncorp repairer/supplier. For flood claims we instructed to customer to obtain one quote (from a local builder or supplier) and send it to us for authorisation. Suncorp would then authorise repair/replacement based on that single quote or cash settle the customer;
  - If the repair/replacement cost was between \$5,000 and \$10,000, Suncorp managed the repair through our normal repair and supply management team. There were very few claims in this cost bracket.

96. To promote this strategy we placed regular advertisements in local and regional newspapers encouraging customers to lodge claims and provide quotes for minor damage. We also ran outbound call campaigns to customers whose claims were under \$10,000. These campaigns were designed to inform customers of the fast track process and to follow up their quotes so their claim could be settled.
97. Some claims under \$10,000 remain open as customers contacted us to make a claim but have not yet submitted quotes for the damaged assets. These customers are being contacted on a regular basis to either follow up outstanding information such as quotes or to see if they wish to continue with their claim. For those customers that cannot be contacted, letters are being sent requesting the information required to settle their claim. Our current telephony reports show that for the last few months our outbound/inbound call ratio was over 140%, meaning we are making more customer outbound calls than receiving inbound calls for this category of claims.
98. Suncorp currently has 730 active claims in the under \$10,000 category. On review of these claims, the reasons they are still active are:
- We are still waiting on customers to send us the relevant documentation (approximately 56% of active claims);
  - Documents have been recently received from customers and are being reviewed for acceptance and settlement, e.g. fair and reasonable quotes, proof of ownership (approximately 36% of active claims);
  - Claim was recently lodged (approximately 4% of active claims); We are waiting on a call back from the customer to finalise the claim (approximately 3% of active claims); and
  - The claim is a low priority for the customer (approximately 1% of active claims).

**Question 6: What changes, if any, were made to staffing levels in order to deal with the volume of claims Suncorp received? Were staffing levels found to be adequate to deal with the volume of claims? What training, if any, was given to staff of Suncorp involved in processing, assessing and deciding claims relating to the Queensland floods**

99. Over the four major events in Queensland, Suncorp received over 18,500. The Suncorp Group received some 27,800 claims as follows:

Qld Event: PI Home Claims Claim Classification	Major Loss	Assessed	Not Assessed	Small Claims	Uncateg- orised	Total Claims
PI Central Qld Flooding CAT 105 Loss date/s: 24/01/2010 to 02/01/2011	728	175	525	34	290	1,752
PI Toowoomba/Lockyer Valley Flash Flood CAT 111 Loss date/s: 10/01/2011 to 11/01/2011	518	290	911	56	363	2,138
PI Ipswich/Brisbane Floods CAT 112 Loss date/s: 11/01/2011 to 17/01/2011	2,489	695	2,091	308	1,480	7,063
PI Tropical Cyclone Yasi CAT 114 Loss date/s: 02/02/2011 to 08/02/2011	1,801	1,919	10,136	1,003	2,024	16,883
<b>Total</b>	<b>5,536</b>	<b>3,079</b>	<b>13,663</b>	<b>1,401</b>	<b>4,157</b>	<b>27,836</b>

100. The week following the flooding in south east Queensland, the Suncorp Group made the decision to set up a separate Event Recovery team to manage and oversee the rebuilding and settlement of claims. The decision to quarantine the event claims from 'business as usual' claims was critical to the success of our response and recovery effort. We

recognised the significance of the program of work that we were about to embark upon and our responsibility to respond to all our customers in their moment of need.

101. Quarantining the event claims also enabled us to minimise disruption to our normal claims business, ie for those customers that were not impacted by the Queensland floods. The Queensland Event Recovery team also managed the Cyclone Yasi claims that occurred 3 weeks later.

#### **Changes to staffing levels to deal with the claims volume**

102. The following changes to staffing levels were made in order to deal with the volume of claims received.

#### ***Claims lodgement***

103. The Suncorp Group utilised a combination of existing staff, internal staff temporarily transferred from other areas of the business (whose usual positions were then back filled by external temporary staff) and temporary staff supplied by an outsourcing agency.
104. In this way, capacity was increased by 150 consultants, one-third of whom were internal staff temporarily transferred to roles as Lodgement Consultants and two-thirds were temporary staff from an outsourcing agency.

#### ***Assessments***

105. The Suncorp Group had 24 internal assessors based in Queensland who were called upon to assess flood and Cyclone Yasi claims across all brands. In addition we engaged:
- a. 26 assessors employed by the Suncorp Group in other Australian states;
  - b. 6 assessors (2 rotations of 3) sourced from Vero New Zealand;
  - c. The services of 3 external assessing companies; 18 contracted building assessors from two external companies to undertake home damage assessments; and
  - d. 20 external contracted staff to assist with general administration and reporting duties in relation to assessments.

#### ***Claims management***

106. Suncorp increased its claims management by approximately 132 staff by:
- a. redeploying 24 permanent staff to the Event Recovery team and backfilling their positions with temporary staff;
  - b. 63 temporary contractors were trained in Suncorp products and placed in the Event Recovery team;
  - c. redeploying 15 permanent managers and leaders to the Event Recovery team; and 30 external loss adjusters from a claims management company were contracted to manage claims.
107. In addition to increasing the numbers of staff, Suncorp arranged staff into teams to ensure that claims were handled by staff with the experience and expertise appropriate to the

complexity of the claim. In order to ensure that the Event teams had the right balance of experience relevant to the claims being managed, we structured the Event teams as follows:

- Team 1 – managed all major and total losses over \$200,000 for all Suncorp Group brands, as well as flood claims for AAMI. This team is a highly experienced team that was utilised during previous disasters (e.g. Cyclone Larry, Mackay floods, Victoria bushfires) and are permanent staff who ordinarily manage 'business as usual' major loss claims.
  - Team 2 – managed all Apia flood claims.
  - Team 3 – managed all Suncorp claims (flood and Cyclone Yasi) where repair costs were between \$50,000 and \$200,000.
  - Team 4 – managed all Suncorp claims (flood and Cyclone Yasi) where repair costs were between \$10,000 and \$50,000.
  - Team 5 – managed all Suncorp claims (flood and Cyclone Yasi) where repair costs were under \$10,000.
  - Team 6 – managed all Suncorp claims (flood and Cyclone Yasi) where repair costs were under \$10,000.
  - Team 7 – managed all Suncorp claims (flood and Cyclone Yasi) where repair costs were under \$10,000.
  - Team 8 – managed all AAMI claims arising out of Cyclone Yasi.
  - Team 9 – managed all Apia claims arising out of Cyclone Yasi.
  - Yasi Field Operations Team – the Suncorp Group operated a satellite team based in Cairns and Innisfail so that we could have a local presence in far north Queensland.
108. Claims in Teams 1, 2, 3, 4, 9 and the Yasi Field Operations Team were managed at a Client Manager level. This means that each claim is allocated to a specific Client Manager, who manages that claim from allocation to completion.
109. Claims allocated to Teams 5, 6, 7 and 8 were managed at a team level. This means that the team is responsible for a batch of claims and team members rather than particular claims being assigned to particular team members.
110. Further details of the roles and accountabilities of staff within Client Managed teams and Team Managed teams are set out in my response to Question 23.

#### **Adequacy of staffing levels to deal with the volume of claims**

111. These changes were adequate to deal with the volume of claims received. The Suncorp Group uses its experiences in handling each catastrophic event to identify processes which will improve its service capabilities when the next event occurs. By way of comparison between two like catastrophe events in the same region resulting in similar types of damages:

- a. in the immediate aftermath of Cyclone Larry, customers experienced wait times of three to four hours to lodge claims by telephone. After the Queensland floods and Cyclone Yasi, average wait time was less than 30 minutes; and
- b. 140 days post-event, Suncorp had finalised 4,500 Cyclone Larry claims. At the same point post-event, Suncorp had finalised almost 7,500 Cyclone Yasi claims.

**Training for staff involved in processing, assessing and deciding claims relating to the Queensland floods**

112. All temporary staff had insurance experience and in many cases were people who have worked for the Suncorp Group in the past.
113. As all Suncorp policies cover flood as an insured event, staff did not require specialist training in relation to differentiating different types of water damage.

**Question 7: How could and did policyholders lodge claims? If claims were lodged by telephone, did policyholders do so by calling a freecall number accessible by landline and mobile phone?**

114. Customers were able to lodge claims:
  - a. By telephone on 13 25 24 which is accessible by landline and mobile phone and is a toll free number; or
  - b. By email on [customer.relations@suncorp.com.au](mailto:customer.relations@suncorp.com.au)
115. These contact details are stated in each Suncorp PDS and are available on Suncorp's website.
116. In addition, as outlined above, the Suncorp Group deployed CRTs to affected areas following the various weather events. Customers were able to lodge a claim by attending a CRT and providing their claim details to a team member. CRT staff are trained and experienced in assisting customers with lodging a claim and have the authority to make an immediate decision on most claim lodgements.
117. Information regarding how to lodge claims was also communicated to customers by:
  - a. Full page colour advertisements in all affected areas with messaging about how to make claims; Media releases, Twitter and Facebook pages confirming the location of CRTs and advising customers to go to a CRT to lodge a claim; and
  - b. Advice to local council members, State politicians etc as to how their constituents could contact Suncorp to make a claim.
118. The majority of claims (99%) were lodged by telephone.

**Question 8: Were there any cases in which Suncorp made contact with a policyholder before the policyholder contacted Suncorp (whether to make a claim or otherwise)? If so, for what purpose.**

119. Suncorp did not endeavour to contact individual customers about their circumstances, claim entitlements or other issues prior to the customer making contact.

120. Suncorp representatives did visit evacuation centres and centres where a CRT had been established, to provide information to customers about claims eligibility and processes. These contacts were generally very soon after a flood event and evacuees often did not yet know if their home had been damaged. The information provided was general in nature rather than being specific to the particular customer's circumstances, and customers with whom contact was made in this way were advised and encouraged to contact a CRT or call centre to lodge a claim or make enquiries about their particular circumstances.

**Question 9: What information was given to policyholders in their first communication with a representative of Suncorp? In particular, what information was given to policyholders (whether voluntarily or in response to queries from policyholders) about:**

- 9.1 The terms of the cover provided by their policy;
- 9.2 Making a claim (both as to how a policyholder could make a claim and whether a policyholder should make a claim); and
- 9.3 What to do with damaged property?

**If the information given to policyholders varied according to the location of the insured property, please outline the variations. Please provide a copy of any and all instructions or scripts given to telephone operators.**

121. A customer contacting Suncorp to lodge a claim would speak to a member of the Claims Assist team (or a CRT team member if they attended a CRT). At this initial contact, the customer would be advised of their coverage level based on their PDS. For example, the customer would be advised whether they had home cover, contents cover or both. Assuming the customer did have a policy with Suncorp customers were advised to lodge a claim and were advised of the location of a CRT if relevant (ie in regional areas where a CRT had been established).
122. The customer would be advised of the following:
- a. a claims consultant would contact the customer to discuss their claim in detail; they would be contacted by an assessor to arrange a time to assess damage;
  - b. for flood damaged contents items, the customer should remove damaged items from the building and make a detailed list of each item, noting quantity, make, model and age, and they should take photographs of damaged items if possible;
  - c. the customer should compile a list of damaged contents item. A template was emailed to those customers who had email access. Otherwise, customers were advised to begin by listing items room by room;
  - d. the customer could remove carpet damaged by water but to keep a piece to show the assessor; and if building repairs or contents repairs/replacement were \$2,000 or under, the customer was advised to arrange to repair or replacement and forward the invoice to us for payment.
123. Attached as Annexure 3 is a copy of instructions given to Claims Assist consultants. Instructions such as these were issued from time to time as new processes were put in

place, for example advice about the fast track process for small claims was added when Suncorp commenced that initiative.

**Question 10: How did a representative of Suncorp giving information to a policyholder (whether voluntarily or in response to queries from a policyholder) about matters of the kind referred to at sub-paragraph 9.1 – 9.3, or any other matter concerning the policyholder's policy or claim, ensure that the information provided to the policyholder was accurate and based on the correct version of his or her policy?**

124. Each customer's policy information is recorded in Suncorp's electronic policy management system. This includes indentifying the PDS version applicable to that customer's policy.
125. Claims Assist (call centre) staff deal with claims lodgement. By accessing the customer's details on the electronic policy management system, a Claims Assist staff member can advise whether a caller has a policy or, for example, that the customer has a car policy but not a home policy.
126. Once a claim is lodged, the claim is allocated to a Client Manager or, for small claims, to a team of Claim Consultants, who will make the decisions on how that claim is to be managed. Customer queries about whether particular claims are covered are dealt with by the Client Manager or Claim Consultant.
127. Suncorp representatives who had contact with customers (call centre staff, consultants and claims managers in Suncorp's Claims Assist division, and staff in CRTs) are trained in the use of Suncorp's electronic policy management system. In dealing with a customer, they would access the customer's file within the policy management system, which identifies the relevant PDS, enabling them to provide information which is accurate for the applicable PDS.

**Question 11: Is Suncorp aware of any instances of staff of Suncorp having given incorrect advice in response to queries from policyholders?**

128. Details of matters in which customers have complained that incorrect advice was given are outlined in my response to Question 31. Other than those matters, Suncorp is not aware of specific instances where staff provided incorrect advice in response to questions from customers arising from flood claims. I accept that, as with any large scale catastrophe event, it is possible that some incorrect information or advice may have been provided, however I also believe that Suncorp has robust and appropriate processes in place to protect customers where this may occur, including:
  - a. The PDS clearly advises customers of their right to internal review if they are unhappy with any decision made or any aspect of the service they receive from Suncorp;
  - b. The PDS also clearly advises customers of their right to external review through the Financial Ombudsman Service; and
  - c. Specifically in relation to the flood events, Suncorp conducted a specific media and communications program advising customers of their rights in the event they were dissatisfied with service or claims decisions.

**Question 12: What information was a policyholder required or asked to give Suncorp for the purposes of assessing the policyholder's claim? If the information which a policyholder**



**was asked or required to give varied according to the location of the insured property, please outline the variations.**

129. As flood is covered under Suncorp policies, in most cases a general description from the customer as to the date, time and nature of the event resulting in the loss was sufficient to determine cover under the policy. The information sought from customers was in relation to the type of loss (home, contents or both) and the extent of loss or damage (to determine what information Suncorp required in order to process the claim). In that regard, the information requirements from customers were as follows:
- a. **damaged contents below \$2000:** customers were advised to send proof of ownership/loss as required under our PDS, and to replace the item and submit their invoice for payment.
  - b. **building repair below \$2000:** customers were advised to carry out the repair and submit their invoice for payment. The invoice had to state the cause of damage.
  - c. **building repair \$2001- \$5000:** customers were asked to provide one quote for Suncorp's review and that provided we considered the quote fair and reasonable, Suncorp would cash settle the claim to enable the customer to use their local repairer to complete the work rather than waiting for Suncorp to arrange a repairer.
  - d. **contents only \$2,000 - \$20,000:** customers were asked to provide repair reports/photos of damage or if the claim was assessed, the assessor would determine what level of proof was required. Customers were also requested to provide a quote and if this quote was fair and reasonable then we would settle the customer direct. If the customer was unable to provide a quote or their quote was not fair and reasonable we would request a quote from our supplier to compare.
  - e. **contents only over \$20,000:** claims with an estimate greater than \$20,000 were assigned to an assessor to attend, examine the damaged contents and agree on a settlement amount in accordance with Suncorp's business as usual contents assessment and settlement rules. Requests for proof of ownership were in accordance with the applicable PDS wording. However where customers were unable to provide proof of ownership because items had been disposed of during the clean up due to contamination issues, claims were reviewed on a case by case basis.
  - f. **building repair over \$5,000:** claims were assessed by an assessor in accordance with Suncorp's business as usual process
130. In summary, outside the fast track process, the information required was the same as what would be required in business as usual claims. For example, for a damaged investment property the customer would be required to provide a copy of a valid lease as evidence of the amount of rent being received for the property in order to make a 'loss of rent' claim.
131. The information which a customer was asked to provide did not vary according to the location of the insured property. It was determined by the nature and extent of loss and damage claimed.

**Question 13: Please outline each step, and by whom each step was or is taken, in the process by which claims were or are processed, assessed and determined. Please also outline the information relied upon in determining claims.**

132. The steps in processing, assessing and determining small claims are outlined in my

answer to Question 5 in which I describe the 'fast track' process.

133. For larger claims, which are generally home claims, when claims are initially lodged they are classified according to the damage described by the customer. This description, along with the estimated costs of repair or replacement categorises the claim as follows:

- a. Major Loss – claims where the home is uninhabitable due to extensive roof damage or water throughout living areas. These claims are assessed as soon as practicable after they are lodged.
- b. Assessment Required – claims where there is extensive damage to home, but main living areas are habitable (likely to be uninhabitable during repairs). These claims are assessed as soon as practicable after they are lodged.
- c. Assessment Not Required – claims where damage is restricted to just one room or outbuildings, fences, garage/ under Queenslander. These claims are generally not assessed after they are lodged.
- d. Small Claims - claims for minor internal or external buildings damage and/or minor contents loss. These claims are generally not assessed after they are lodged.
- e. Uncategorized - claims which have not been categorised into any category at lodgement, or at any time during the life of the claim. These claims are generally not assessed after they are lodged.

134. Attached as Annexure 4 is an actual Suncorp Flood claim (that was accepted) that shows the steps in processing, assessing and determining this type of claim (customer's details blacked out).

**13.1 Were site assessments/inspections carried out? If so:**

**13.1.1 Were they carried out for every claim or some claims? If the latter, in how many cases were site assessments/inspections carried out?**

**13.1.2 At what stage of the claims handling process were site assessments/inspections carried out?**

**13.1.3 Who conducted the site assessments/inspections? What instructions, written or oral, were they given?**

135. As Suncorp policies cover flood, it was generally not necessary to carry out site assessments or inspections in order to determine cover under the policy. As outlined above, assessments were undertaken in claims classified as Major Loss and Assessment Required are assessed to determine immediately the extent of damage.

**13.2 Were any claims declined without site assessments/inspections having been carried out? If so:**

**13.2.1 In how many cases?**

**13.2.2 To which areas did the claims relate?**

**13.2.3 Why were site assessments/inspections not carried out in those cases?**

**13.2.4 What information was relied upon to determine whether those claims would be accepted or declined?**

136. Although Suncorp policies cover flood, they do not provide cover for flood occurring within the first 72 hours from the commencement of cover (ie when insurance is first taken out). In relation to Queensland flood claims, Suncorp received a small number of claims where policies had been incepted within the 72 hour embargo period.
137. In those cases, investigations were conducted to establish when the flood damage to the property occurred. If shown to be within the 72 hour embargo period, these claims were declined. In these cases, no site assessment or inspection would have been carried out, because the issue determining the claim was the time of inundation, not any issue for which an inspection of the property may have been relevant.
138. In addition, there are some limited exclusions to the flood cover, for example loss of a jetty as a result of flood is not covered. A claim for an item such as this might be declined without a site inspection. I am not aware of any other claims declined without site assessment/inspection.

**13.3 Please outline all hydrology information obtained and used/relied upon in determining claims and explain:**

**13.3.1 Who provided the hydrology information? If Suncorp engaged hydrology experts, what did Suncorp brief the hydrology experts to do? What instructions, written or oral, were provided to the hydrology experts? Please provide copies of any written instructions.**

**13.3.2 How did Suncorp ensure that the hydrology information addressed the relevant terms of the applicable policies? In particular, how did hydrology reports relied upon define the terms 'flood' and 'flash flood'?**

**13.3.3 When the hydrology information was received.**

**13.3.4 When investigations upon which the information was based were conducted.**

**13.3.5 Whether the hydrology information related to general areas or regions or specific sites or both. If the first, please identify the areas or regions and provide copies of the information/reports. If the second and third:**

**13.3.5.1 At what stage of the claims handling process was hydrology information for specific sites requested and obtained?**

**13.3.5.2 What determined whether hydrology information for a specific site was requested?**

**13.3.6 If the nature of the hydrology information varied according to the location of insured property, please set out the variations.**

139. As Suncorp policies cover flood, and do not differentiate between "flood" and "flash flood", the only hydrology reports sought by Suncorp were reports to assist in determining claims where a policy had been incepted within 72 hours prior to a flood event. In those cases:
- a. The hydrology expert was briefed to undertake modelling to confirm the time of inundation of the property.
  - b. The instructions were in writing. Attached as Annexure 5 is a copy of the instructions.

- c. Suncorp was able to ensure that the hydrology information addressed the relevant terms of the applicable policies because the only relevant issue was the time of inundation. It was not necessary to obtain opinion on whether events were "flood" or "flash flood" as no such distinction is made in Suncorp policies.
- d. The reports were received between 2 March 2011 and 18 March 2011.
- e. The hydrology firm was appointed on 23 February 2011.
- f. The information was site specific. The hydrology information was sought when, on lodgement of the claim, it was identified that the event potentially occurred within 72 hours after policy inception. It was requested in all cases where a claim was lodged for an event known or believed to have occurred within 72 hours of policy inception.
- g. The hydrology information varied according to the location of the insured property only to the extent that different properties experienced inundation at different times, and the information to be confirmed was when this occurred for the particular property relative to the date of policy inception.

**Question 14: If any of the processes or information relied upon, outlined in answer to questions in paragraph 13 above, varied according to the location of the insured property, please set out the variations.**

- 140. Suncorp's claims handling processes did not vary according to the location of the insured property.

**Question 15: Was any advice other than hydrology information/reports and reports of loss adjustors/assessors obtained and relied upon in determining claims? If so, please identify the nature of the advice.**

- 141. Because Suncorp's home and contents policies do not contain exclusions based on the distinction between "storm" and "flood" or between different types of flood events such as "flash flood", "riverine flood" etc, hydrology reports were not necessary for claims determination.
- 142. Flood related policy exclusions refer to the type of damage not covered, for example Suncorp's policies do not cover flood damage to a jetty. Determining these claims did not require specialist hydrological information.
- 143. As with any damage claim, Suncorp required information to support the cause of the damage. As the Suncorp policies cover damage from storm, wind and flood, the information sought included:
  - a. information from the customer or other credible witnesses as to the event resulting in the damage. In some cases this was a verbal description. In some cases it was supported by photographs;
  - b. wind and rainfall data obtained from the Bureau of Meteorology which confirmed daily rainfall totals in customers' immediate locations (e.g. a particular suburb of Brisbane), and in cases of storm damage, maximum daily wind speed;

- c. opinions from engineers as to home structural issues; and
- d. services and reports from building project managers and building contractors in relation to the cost of repairs and rebuilds. Details of this are set out in my response to Question 5.

**Question 16: Were policyholders advised of all information Suncorp relied upon in determining their claims? If so, was this advice given voluntarily or only if requested? If any piece of information was not provided or withheld for any period of time:**

**16.1 What was the nature of the information?**

**16.2 Why was it not provided?**

- 144. For claims that have been accepted, Suncorp advised the customer that the claim had been accepted and of the basis of that acceptance. This would usually be done verbally. Customers whose claims have been accepted are also advised of their right to dispute the settlement of the accepted claim should they be dissatisfied with the basis of settlement offered.
- 145. For any claim that was declined, Suncorp provided the customer with a decline letter setting out the reasons for the decline, referring where relevant to the terms of the PDS and any facts or evidence relevant to the decision to decline, and advising of Suncorp's dispute resolution process.

**Question 17: Were policyholders given copies of all documents relied upon in determining their claims? If any document was not provided, or withheld for any period of time:**

**17.1 What was the nature of the document?**

**17.2 Why was it not provided?**

- 146. For claims that have been accepted, Suncorp usually would not provide the customer with copies of the documents relied upon in determining the claim. For those claims:
  - a. In relation to the decision to accept the claim, a customer is rarely interested in reasons if cover is confirmed.
  - b. In relation to the claims management process, a large number of documents such as a scope of works, engineer's reports, invoices and reports from the Project Manager may be generated. Suncorp does not provide these to the customer but regularly updates the customer as to progress of the claim. Unless some element of the claim is in dispute, it is our experience that customers do not wish to receive copies of documents which simply record the process of the settlement of their claim.
- 147. If a claim has been declined, or where cover has been confirmed but any element of a claim has been declined, Suncorp would advise the customer of the reasons for the decline, including a summary or extract of any report Suncorp relied on. Typically, Suncorp would not provide copies of the reports. In our experience a customer finds it more helpful to have a summary of the evidence and our explanation as to why it means that a particular claim is not covered, as compared to providing a report which may be highly technical or which may cover a large volume of material only a small portion of

which is relevant to the reasons for denying a particular claim.

148. I am not aware of any instance of a customer requesting their claim file in relation to the flood events. However, if a customer did want to obtain the underlying material on which a claim determination was made, the customer is entitled to make a request under the Privacy Act 1988, which entitles the customer to a copy of any document personal to that customer (subject to some specific exceptions relating to legally privileged or commercially confidential documentation) and customers are also advised of their right to dispute our denial of their claim.

**Question 18: Were any difficulties encountered in processing, assessing and deciding claims? In particular, did any factors cause delays in this process?**

149. The management of a significant volume of claims and repairs does create challenges and complex issues, which can inevitably cause impediments to the claim process. Some of the challenges Suncorp experienced in the four Queensland events is provided below:

***Disruption to call centres***

150. For a short period of time, Suncorp's operational capabilities were affected by flood damage to the Toowoomba call centre, closure of the Milton call centre due to the risk of flooding from the Brisbane River, and closure of our Brisbane CBD premises due to power outages and access restrictions.
151. However, we were able to manage these issues by transferring call centre services to our interstate offices and by prioritising the repair and re-opening of the Toowoomba call centre.

***Restricted access to flooded areas***

152. Timeframes for assessing claims were also impacted by limited access to various regions. For example, there were access limitations to Rockhampton, Grantham and Cardwell after the events in those localities, due to road closures and/or local council orders restricting or prohibiting entry to affected areas.
153. A related issue was that in some cases delays were experienced in being able to arrange inspections because the customer was not available, for example where customers were not available during ordinary business hours due to work commitments.

***Ongoing weather events***

154. The weather in far north Queensland prevented builders from starting any repair work for almost two months. There was constant rain following Cyclone Yasi and repair work was delayed on those homes with roof damage.

***Nature of damage***

155. Water damaged homes must be allowed to properly dry before any sanitisation or repair work can take place. If a home is not properly dried before repair work commences, the repair may appear to be effective initially, but problems may emerge later, for example mould can develop underneath re-painted or restored surfaces. It is also necessary for the land to dry out sufficiently to allow building works of a structural nature to be commenced. Therefore in some cases, even if a claim has been accepted, repairs authorised and a builder allocated, it may not be possible for repair work to start because areas of land or damaged parts of the home were still drying out.

156. These events resulted in a large number of extensively damaged homes requiring repair or rebuild, rather than claims which were 'cash settled'. This is not always the case with catastrophic events. For example, following the Victorian bushfires, there was little need for these kinds of time-consuming and resource-intensive investigations, because the vast majority of affected homes were completely destroyed, therefore insured claims were paid on a 'total loss' basis without the need for specific assessments. In addition, there were a large number of customers who did not want to return to the affected area and therefore were 'cash settled', ie the value of the home was paid rather than the home being rebuilt. These claims are much faster to process and close than a claim involving repair or rebuilding.
157. In contrast, in the Queensland flood claims, there were a high number of damage claims rather than total loss claims, and a larger number of customers wished to rebuild rather than be 'cash settled'. Accordingly, we experienced:
- a. a significant demand for engineering and building assessment services, which impacted on our ability to turnaround reports quickly; and
  - b. a high number of longer duration projects, because the time to rebuild is much greater than the time to value a destroyed property and cash settle.
158. In part, we dealt with this by appointing a Project Manager to project manage the process of appointing builders to provide a scope of works, review the scope and ensure a Building Services Authority (BSA) compliant contract was entered into to commence the works.
159. It is also a characteristic of claims involving extensive repairs that work may commence and then either the builder or the customer discovers additional damage which is not in the scope because it is concealed or because it has been inadvertently missed by the builder when the scope was prepared. In those cases, work ceases whilst a revised scope is agreed, costed and approved.
160. Some disputes also arose where a claim was accepted but some part of the damage had been assessed to be pre-existing and therefore not covered by insurance. If a customer disputes that assessment, it is often the case that no work can proceed until the dispute is resolved.

### ***Changes to council requirements***

161. Suncorp policies entitle the customer to have the insured home repaired/rebuilt in compliance with the latest building standards and local council requirements. Some delays have occurred because:
- a. New building guidelines have been introduced by local Councils after repairs have been scoped and settlement costs agreed. In those cases, customers were entitled to have the repairs re-scoped and re-costed, so that the repair will meet revised standards;
  - b. In some cases, Councils are yet to formalise their requirements
162. Further, in the Lockyer Valley, the Regional Council is offering a 'land swap' opportunity, and some customers have been waiting to see what they would be offered under that arrangement before making a decision as to whether to rebuild on their existing land or participate in the land swap offer.

### ***Customer related issues***

163. Some delays have related to customer actions, including the following.
- a. We have experienced occasions where customers refused to move into temporary accommodation to enable repairs to the insured home to be undertaken. Because of the extent of the damage, these repairs cannot start until the customers move out.
  - b. Some customers with minor damage claims which can be dealt with under the fast track process outlined above, have delayed, or are yet to provide, the one quote requested to process the claim. We understand that for some customers, a small claim may not be a high priority for them, so we leave the claim open until the quote is received.
  - c. While most claims were lodged within a few weeks of the various events, we continue to receive claims for these events, particularly for the Brisbane/Ipswich floods and Cyclone Yasi. Most of these claims are minor in terms of damage but we have received, and continue each month to receive, a small number of claims notwithstanding many months have passed since the flood events.
  - d. In managing over 27,500 claims, including 6,000 major rebuilds, occasionally there were claims that didn't follow the proper process and therefore needed to be reviewed. There were also occasions where customers would question certain activity or behaviour from builders which meant that it was necessary to instruct the builder to stop work until the issues raised could be investigated and the customer's concerns addressed.
  - e. In some cases, customers and others involved in immediate post-flood clean up disposed of many contents items without keeping records or proofs such as photographs. This later created difficulties for some customers in providing sufficiently detailed information about the item or proof of loss.
  - f. As with 'business as usual claims', some customers with major repairs or rebuilds have taken the opportunity to undertake additional renovations or improvements to their home at the same time that the insurance repair is taking place. For example, some customers want to make structural changes to their homes and want the same builder to do the insurance repair as well as the renovation or building modification. In these cases, it is necessary to ensure that the work is properly scoped and costed to ensure that Suncorp, the customer and the builder are clear as to the insurance related costs to be covered by Suncorp and the additional costs to be paid by the customer.

**Question 19: How does the volume of claims Suncorp received, and the timeliness with which they have been decided, compare with (a) 'business as usual' and (b) other recent natural disasters?**

#### ***Comparison to business as usual***

164. The average number of claims received by Suncorp in any given year is between 50,000 and 60,000. Over the December 2010 to February 2011 period, total home claims under management rose to approximately 130,000.
165. The average life of claims outside of catastrophic event periods is approximately 90 days



- (from lodgement to any recovery). However, there is significant variation from claim to claim. A home burglary claim involving a small number of items generally would be finalised within a few weeks. A claim for major repairs caused by a house fire would take at least four months, reflecting the time required for the construction work to be done.
166. In a catastrophic event the timing of lodgement to repair to final closure of claim can be anything between four and nine months. As outlined in my response to Question 18, this reflects many factors not necessarily related to Suncorp capacity constraints and outside Suncorp's control, which contribute to the long tail nature of these claims.
167. Attached as Annexure 6 is a comparison of the steps required and the time taken from lodgement to finalisation of:
- a. a claim arising from the Brisbane flood;
  - b. a working loss (normal) claim; and
  - c. a natural hazard (non disaster situation) claim.
168. These examples are drawn from both Suncorp and AAMI. The processes and claim durations are comparable across both brands.

#### ***Comparison to other recent natural disasters***

169. The flooding of extensive parts of Queensland, flooding of the its capital city, Brisbane, and Category 5 Cyclone Yasi crossing the Queensland coast three weeks later occurred in such quick succession that from the perspective of the capacity of an insurer to deal with them, they effectively constituted a single event. Cyclone Yasi devastated homes over an area xxx times larger than the area affected by Cyclone Larry and alone resulted in xxx% more claims than Cyclone Larry. In combination, the central and south east Queensland floods and Cyclone Yasi is the largest insurance event faced by Suncorp, and by the insurance industry, in Australia in recent history.
170. Suncorp was particularly affected by the recent events and in a unique position compared with others insurers because:
- a. It is Queensland's largest home insurer; and
  - b. It is one of few insurers in the Queensland market which automatically covers flood damage.
171. Therefore, the number of claims lodged with Suncorp, and the number of accepted claims to be processed, would have exceeded that of any other insurer.
172. Since Cyclone Larry, as partly as a result of lessons learnt from it, Suncorp has refined its processes for catastrophe events and has increased its capacity, and this has improved Suncorp's timeliness in claim response. For example:
- a. in the immediate aftermath of Cyclone Larry, customers experienced wait times of three to four hours to lodge claims by telephone. After the Queensland floods and Cyclone Yasi, average wait time was less than 30 minutes; and
  - b. 140 days post-event, Suncorp had finalised 4,500 Cyclone Larry claims. At the same point post-event, Suncorp had finalised almost 7,500 Cyclone Yasi claims.

**Question 20: Were policyholders kept informed, or have they been kept informed, of the progress of their claims in accordance with the standards stipulated in the General**

**Insurance Code of Practice? How did or does Suncorp monitor whether those standards are adhered to?**

173. Suncorp is committed to the principle expressed in section 4.2 of the Code to “respond to catastrophes and disasters in a fast, professional and practical way and in a compassionate manner”.
174. Section 4.3 of the General Insurance Code of Practice recognises that in responding to a disaster or catastrophe, it may not be possible for an insurer to meet all of the standards in the Code. Suncorp believes that it would not be appropriate to sacrifice proper consideration of claims purely to meet claims handling deadlines which the Code recognises may not be possible following catastrophic events.
175. Given the catastrophic nature of the Queensland flood events, the Suncorp Group sought, and obtained, agreement from the Financial Ombudsman Service (FOS) for the following revised claim decision making timeframes under the Code:

<b>Code section</b>	<b>Code timeframe (business days)</b>	<b>Revised timeframe (business days)</b>
3.2.1: Within 10 business days of receiving your claim, we will: 1. notify you of the detailed information we require to make a decision on your claim 2. if necessary, appoint a loss assessor/loss adjuster; and 3. provide an initial estimate of the time required to make a decision on your claim.	10	20
3.2.2: If we decide to appoint a loss assessor/loss adjuster and/or investigator, we will notify you within 5 business days of appointing them.	5	10
3.2.3: We will keep you informed of the progress of your claim, at least every 20 business days.	20	40
3.2.4: We will respond to your routine requests for information within 10 business days.	10	30

176. When the assessment of a claim required additional time, Suncorp endeavoured to keep the customer informed of progress of the claim in the timeframe in Code section 3.2.3.
177. Although the revised timeframes were in place Suncorp tried to operate to the normal Code timeframes as much as possible. In the early stages after the events, Suncorp informed customers of the revised timeframes, however our main focus was to return to normal timeframes as soon as possible to manage customer expectations. Suncorp was able to operate within the normal Code timeframes by mid May 2011.
178. Our Claims system allows the business to track claim progress by ‘activities’. Automatic and manual activities can be generated on any claim to prompt the relevant person, team or department to complete the next action on the claim. These activities have priorities based on the claim or action required (e.g. emergency situations are marked as urgent). Activities also have automatic timeframes set based on the type of activity, and will automatically escalate to a supervisor or similar if the activity is not completed within the

required timeframe. The ability to track the progress of a claim enables us to maintain compliance with the timeframes in the Code.

179. The following system triggers were utilised to ensure Code timeframe compliance:

***On our main 'Claim Centre' system***

- The relevant team was notified of action required through system prompts. System prompts throughout the claim process are maintained and monitored to ensure the customer is kept informed.
- The Claim Centre system allows the business to track claim progress by 'activities'. Automatic and manual activities can be generated on any claim to prompt the relevant person/team/department to complete the next action on the claim.
- Activities have priorities based on the claim/action situation (e.g. emergency situations are marked as urgent).
- Activities have automatic timeframes set based on the type of activity, and will automatically escalate to a supervisor or similar if the activity is not completed within the required timeframe.

***On our legacy 'CMS' system***

- Claim data was exported from mainframe system (Cogen) and assessment management sites into purpose built spreadsheets to enable tracking of claim progress.
- Manual 'diaries' were created in Protect system to prompt the relevant processing person/team/department to complete the next action on the claim.

***Operational Processes***

Operational team leaders and managers checked their team's 'activities to complete' daily and re-prioritise or re-allocate work where necessary to ensure that timeframes were duly met.

180. Suncorp acknowledges that given the sheer volume of large loss claims received during a short period of time, there would have been instances in which section 3.2.3 of the Code may not have been complied with. However

- a. in the majority of cases, service calls were well within the 40 business day period agreed with FOS;
- b. in many cases, these calls were more frequent than the amended Code requirements; and
- c. many customers would also proactively contact Suncorp.

181. Suncorp also explored better means of communicating with customers. For example during the Queensland weather events we have used SMS communication rather than relying solely on more traditional communication methods.

**Question 21: Was the position adopted by a reinsurer communicated to policyholders at any stage? If so, why?**

182. Suncorp's claim determination decisions are made on the basis of our customer's entitlement under the terms of the policy in place as between Suncorp and our customer. Decisions are not influenced or dictated by any position adopted by any reinsurer.
183. The position of reinsurers is not communicated to customers. Reinsurance arrangements are commercially confidential and are a matter between Suncorp and its reinsurers.

**Question 22: By what means did or do representatives of Suncorp contact policyholders (for example, by mail, email, landline, mobile phone)? By what means were policyholders whose claims have been determined, informed of the outcome of their claims? Were all policyholders whose claims have been determined, informed of the outcome of their claims in writing?**

184. When a customer first makes a claim, Suncorp confirms the customer's existing contact details and the customer's preferred method of contact – either mobile phone, landline, email or mail. In the vast majority of cases, contact would be by telephone or email.
185. Where a claim has been accepted, the customer would usually be advised of the acceptance verbally, ie by phone.
186. If Suncorp declines a customer's claim or an aspect of the customer's claim, we verbally advise the customer of this outcome and send a letter outlining the reasons and basis for declining the claim and advising the customer of Suncorp's dispute resolution process.
187. If we cash settle a major or total loss claim, a deed of release would normally be signed. Therefore, communication would be in writing.

**Question 23: By what means could or can policyholders find out about the progress of their claims or otherwise discuss their claims with a representative of Suncorp? If by telephone, could or can policyholders contact Suncorp by calling a free call number accessible by landline and mobile phone? Could or can a policyholder contact the person responsible for handling his or her claim directly?**

188. Suncorp's claims lodgement service is staffed 24 hours a day, 7 days a week on a toll free number. Customers can call the toll free number for the cost of a local call from any landline in Australia.
189. In relation to progress of their claim, Suncorp customers affected by the Queensland floods could contact us by the following phone numbers:
- a. The normal Suncorp claims toll free number 13 25 24. An IVR was set up on this phone number to separate the business as usual calls from flood and Cyclone Yasi calls. When the customer phoned, an automated message stated an option to be selected if the call was related to flood or Cyclone Yasi, and then routed the call directly to the Qld Event Recovery team.
  - b. A designated free call hotline was established (1300 134 726) for flood and cyclone calls only. Calls to this number went directly to the Qld Event Recovery team, and formed part of a phone queue to that team. Calls would be allocated next available event claims staff member.
  - c. For a customer with a claim being managed by a Client Manager, the customer was able to phone their Client Manager's direct number. If the call was

unanswered, the call would transfer to another Client Manager with the same skill sets. Normal calls costs were incurred, however where the customers were concerned about cost we would arrange to call them back.

190. In addition to the above, customers could also send an email to [myclaim@suncorp.com.au](mailto:myclaim@suncorp.com.au) and we would make arrangements to call them back.

191. Claims are handled in two ways:

***Team managed (TM) claims***

192. Staff are responsible for a batch of claims rather than individual claims being allocated to particular team members. Prompts and bringups within Suncorp's electronic management system produce an activity. For example, when customer documents are centrally received and scanned into the Claim system, an activity is generated (e.g. *review customer correspondence*) with set date for the activity to be actioned.

193. Activities are reviewed daily for those that are required to be actions that day. These activities are allocated to teams form them to be completed.

194. A customer with a team managed claim is given a team number and calls are allocated to any team member available when a customer call comes through. In relation to the Queensland floods, teams of this kind were set up to manage lower value, less complex claims.

***Client managed (CM) claims***

195. A claim that is Client Managed means the claim is allocated to a particular Client Manager who becomes the customer's point of contact and retains the claim through to finalisation. The Client Manager is responsible for the outcome of the claim and the customer's experience. The customer is given a direct telephone number and email address for the Client Manager responsible for their claim.

196. If a customer telephones and their Client Manager is not available, the call diverts to another Client Manager in the team, who will respond to the customer's query if it is routine, or will take details and arrange for the allocated Client Manager to take the appropriate action.

197. Suncorp's claims lodgement service is staffed 24 hours a day, 7 days a week on a toll free number. Customers can call the toll free number for the cost of a local call from any landline in Australia. Suncorp's flood claims handling team has been available from 8am to 5pm Monday to Friday since the flood events.

**Question 24: Are all telephone calls between policyholders and representatives of Suncorp recorded? Were all telephone calls between policyholders and representatives of Suncorp which took place in December 2010 and January 2011 recorded?**

198. Suncorp does not record telephone calls either at the time of lodgement or during the management of the claim. The only exception is if a claim has been referred to the investigation section because of possible irregularities. On these occasions, the customer is advised at the time the call is made, that the call is being recorded.

199. No calls between customers and representatives of Suncorp in December 2010 and January 2011 were recorded save for calls in relation to a small number of claims where eligibility was investigated because the policy was taken out within 72 hours prior to the flood event. As Suncorp policies exclude cover for flood within 72 hours of policy inception, these claims were investigated to determine eligibility under the policy, including obtaining from the customer a detailed description of when the water damage

occurred. In these cases, the customer was advised at the commencement of the call that the call was being recorded.

**Question 25: How has Suncorp responded to requests for copies of recordings or transcripts of telephone calls between policyholders and representatives of Suncorp?**

**25.1 Have any copies of recordings/transcripts been provided to policyholders (or their legal representatives) in response to such requests? If so, in how many cases.**

200. Suncorp has not received any request for a copy of any recording or transcripts of telephone calls.

**25.2 Have any such requests been refused or not responded to? If so:**

**25.2.1 In how many cases?**

**25.2.2 In the case of requests that have been refused —why have such requests been refused?**

201. Suncorp does not have any record of any request being made for a copy of a recording or transcript.

**Question 26: In what circumstances were policyholders advised of their entitlement to make a complaint or request a review of a decision through the internal dispute resolution process**

202. If a claim was lodged and Suncorp made a decision to decline or partially decline the claim, Suncorp advised the customer verbally by telephone. A letter was also sent which set out the reasons and basis for that decision. That letter set out the customer's rights under Suncorp's internal dispute resolution (IDR) process.

203. If a claim was accepted and a dispute arose in the course of the claim as to a particular item being claimed, or the customer had a complaint of a customer service nature, the claims manager would verbally advise the customer of their right to escalate the dispute to the IDR process.

**Question 27: Please outline each step, and by whom each step was or is taken, in the process which Suncorp employed or has employed in responding to complaints and/or disputes in the internal dispute resolution process. Please also outline the information considered and relied upon in determining complaints/or disputes.**

204. Suncorp's dispute resolution process involves three steps, operational (frontline) level, the Internal Dispute Resolution (IDR) team and external review by the Financial Ombudsman Service (FOS).

205. At operational level, frontline staff members are required to refer unresolved complaints to a team leader or technical services officer who is required to review and attempt to resolve the complaint.

206. If unable to be resolved, the complaint must be elevated to the IDR team. The IDR team reviews complaints by customers for all Suncorp Group general insurance brands including Suncorp home and contents customers. It is independent of the Suncorp claims team. Its decisions are binding on the claims team and cannot be challenged by Suncorp.

207. The IDR team contacts the customer, considers all of the information on the Suncorp file including expert and other reports, any written or verbal information provided by the policyholder, the terms of the policy of insurance, relevant legislation and insurance

principles, previous determinations from the Financial Ombudsman Service (FOS), what is fair and reasonable in all the circumstances and good insurance practice.

208. If the IDR decision is to overturn the claims decision, the decision is binding on Suncorp and the claim is referred back to the claims consultant for settlement.
209. If the IDR decision is to uphold the decline, a final decision letter is sent to the customer advising of the IDR decision and advising of the customer's right to a review by the FOS.
210. This is the process which was followed with any disputes in claims arising out of the Queensland floods.

**Question 28: Were written responses given in response to all complaints/disputes?**

211. In all cases in which the IDR maintained the decision to decline, a final decision letter was sent to the customer by the Dispute Resolution Officer within the IDR team who undertook the review, advising the IDR decision and reasons for the decision.
212. If the decision by IDR was to overturn the decision made by the claims team, the Dispute Resolution Officer would send a written acceptance letter to the customer stating that the decision to decline had been overturned and that the claim was now one for acceptance. The claim would then be returned to the claims team for processing of the claim.

**Question 29: Were policyholders advised of all information upon which Suncorp relied in determining their complaints/disputes? If so, was this advice given voluntarily or only if requested? If any piece of information was not provided or withheld for any period of time:**

**29.1 What was the nature of the information?**

**29.2 Why was it not provided?**

213. As outlined above, if a claim was declined or partially declined, Suncorp advised the customer in writing, setting out the reasons for the decline and either referring to or quoting relevant parts of any reports or other information relied on in making that decision. This information was provided voluntarily.
214. Similarly, if a claim was referred to IDR and the IDR team upheld the decline, a letter was sent to the customer setting out the reasons for that decision.
215. Save as set out in my response to Question 30, information was not withheld.

**Question 30: Were policyholders given copies of all information relied upon in determining their complaints/disputes? If any information was not provided, or withheld for any period of time:**

**30.1 What was the nature of the information?**

**30.2 Why was it not provided?**

216. The process of considering complaints and disputes is outlined in my response to Question 27 above.
217. Information relevant to the decision on the complaint or dispute was given to the customer as outlined in my response to Question 29. The only exception would be where investigations were being undertaken in relation to suspected fraudulent activity. In those cases, investigation reports and other documents may be withheld pending finalisation of the investigation, in accordance with the section 3.4.3 of the General Insurance Code of Practice (Code).

**Question 31: Please provide copies of all written responses by Suncorp to all complaints and/or disputes (final decision letters). For each written response (final decision letter), please attach a copy of the correspondence in which the substance of the complaint and/or dispute to which the response relates is set out**

218. Copies of all written responses by Suncorp to complaints (denied cover) and final IDR decision letters are attached as Annexure 7. These documents set out the substance of the complaint/dispute.

**Question 32: Were policyholders kept informed of the progress of their complaint/dispute in accordance with the General Insurance Code of Practice? How did/does Suncorp monitor whether the standard for providing information on progress of the dispute is adhered to?**

219. As outlined above, Suncorp obtained the agreement of the Financial Ombudsman to a timeframe regime for claims handling following the flood events. Code section 3.2.3 established a benchmark of advising customers of progress of their claim at least every 40 business days.

220. However, Suncorp did not seek to extend the Code timeframes for IDR response.

221. I have made enquiries within the Suncorp Group and I am informed that:

- a. Policyholders were kept informed of the progress of complaint/disputes in accordance with the Code.
- b. The IDR team uses the Aequitas dispute recording system to register and track all IDR disputes. Once a dispute is registered dates for acknowledgement and finalisation of the review are set in accordance with Code requirements. The dispute is then allocated to a Dispute Resolution Officer (DRO).
- c. The list of matters allocated to each DRO is monitored on a daily basis by the DROs and their team leaders to ensure tasks are completed in accordance with Code requirements. Any extension of time frames must be discussed with the customer and agreement reached as to an alternative timeframe and appropriate entries are made in the system.
- d. Daily monitoring is backed up by auditing of files to ensure DROs are complying with timeframes and quality requirements. Compliance with key result areas (KRA) is reported on a monthly basis and includes criteria to ensure Code compliance.

**Question 33: Has Suncorp received any complaint relating to inappropriate, insensitive or offensive conduct by a representative or agent of Suncorp toward, or about, a policyholder? If so:**

**33.1 How many such complaints have been received?**

**33.2 What did or does each complaint relate to?**

**33.3 What steps were or have been taken in respect of each complaint?**

222. Suncorp does not tolerate inappropriate, insensitive or offensive behaviour by any representative or agent toward or about a customer. If Suncorp became aware of allegations of such behaviour, these would be fully investigated by management. If the allegations are proven, appropriate disciplinary action would be taken against staff members involved.

223. Suncorp acknowledges that the Queensland flood events put extraordinary demands on staff and they were often dealing with emotional and stressed customers. Suncorp



recognised this and gave staff as much support as possible to ensure customers were treated with empathy, understanding and respect for their situation.

224. Suncorp may have received some complaints of this kind, usually in combination with other complaints such as a complaint about settlement of a claim. Suncorp does not have a separate record of any such complaint, as each dispute is classified according to the substantive complaint, for example, settlement amount. Therefore if a customer may have complained, for example, that Suncorp had incorrectly rejected a claim for a damaged item and that the claims manager was rude when the customer questioned the rejection, the complaint would be classed as a complaint regarding the rejection of the claim for the damaged item.

225. Any complaints about the conduct of staff are elevated to a more senior member of staff in accordance with Suncorp's human resources (HR) policies and its complaints handling process, and if the complaint involved a complaint about the claim itself (as well as behaviour), it would be reviewed by the IDR team. Contact would have been made with the customer investigate and review their concerns as part of this process.

**Question 34: Has Suncorp received any complaint, or dealt with any dispute, in the internal dispute resolution process, relating to:**

**34.1 Misrepresentation made by a representative of Suncorp to a policyholder at the point of sale as to the existence or extent of flood cover under a policy bought by the policyholder; or**

**34.2 Failure on the part of a representative of Suncorp to adequately inform a policyholder that a policy bought by the policyholder excluded flood cover?**

226. In response to this question, I have made enquiries within Suncorp's IDR service and I am advised that:

- a. Suncorp has dealt with eight matters of the kind referred to in question 34.1, all relating to the extent of flood cover, specifically that the policy does not cover flood occurring within 72 hours of policy inception.
- b. Suncorp has had no matters of the kind referred to in question 34.2 as Suncorp policies do not exclude flood cover.

**Question 35: If Suncorp has received complaints, or dealt with any dispute, of the kinds referred to in sub-paragraphs 33.1 and 33.2:**

**35.1 How many of each kind has it received?**

**35.2 Please outline the steps taken in investigating and responding to such complaints/disputes.**

227. In response to this question, I have made enquiries within Suncorp's IDR service and I am advised that:

- a. Suncorp dealt with eight IDR disputes involving allegations that there was a failure at the point of sale to adequately inform a policyholder that there was no flood cover for events occurring within 72 hours of policy inception.
- b. Each such dispute was fully investigated, including:
  - Obtaining evidence from the customer as to the content of their conversations with sales staff;

- Seeking information from the consultant involved at the point of sale as to the circumstances and any issues discussed at point of sale (where possible);
- Reviewing the policy inception date and other information obtained by the claims consultant in considering the claim;
- Reviewing any policy notations made at the time of policy inception; and
- Reviewing applicable telephone sales scripting.

**Question 36: Is Suncorp involved, or has Suncorp been involved, in any matter with the Financial Ombudsman Service? If so:**

**36.1 How many?**

**36.2 Please identify the cause(s) of the disputes**

228. As at 1 September 2011 Suncorp had 20 for home and/or contents claims at FOS which required a Notice of Response to be completed.

229. The causes of dispute were:

Cause of dispute	Number of disputes
Claim for compensation	1
Policy purchased within 72 hours of flood event	3
Delay in processing	7
Jetty/pontoon flood exclusion	1
No paid policy in force	1
Other policy exclusion	4
Quantum of settlement offered	3
<b>TOTAL</b>	<b>20</b>

**Question 37: Please outline all steps involved in the process after a claim was or is accepted in order to get insured property repaired or restored or to otherwise settle the claim. What information or steps did or does Suncorp require of policyholders in this process?**

230. Once a claim has been accepted, Suncorp's liability under the policy for insured property is ordinarily discharged in one of three ways:
- a. Repairing the damaged property (buildings and/or contents);
  - b. Rebuilding the damaged property (buildings); or
  - c. Paying the insured value of the damaged property (buildings and/or contents), known as 'cash settling'.
231. In broad terms, the typical steps in a Suncorp home claim, following acceptance are:
- a. Assessment – the claim is passed to the assessing team who make decisions on what type of assessment is required on the claim (e.g. internal assessment, external assessment, repair assessment). The assessor can recommend a decline of individual items or the overall claim based on PDS, recommend and

estimate repairs or, where applicable, assess an amount to be offered to cash settle the claim.

- b. Client Management – the client manager reviews the assessor report and decides if the claim decision should be changed and they will make this change on the system. The claim manager creates all jobs and assigns them to the Supplier or Repairer Coordination consultant. For major claims arising out of the flood events this involved referring claims to Lend Lease for project management. Following such referral, the claims manager continues to be the point of contact for the customer, to keep the claim under review as to the progress and to deal with other claim components not managed by the Project Manager such as arrangements for temporary accommodation for the customer during repairs.
  - c. Supplier & Repairer Coordinators – Interact with the vendors regarding quotes, orders and completion of jobs. They approve vendor invoices and send a request for payment to be made by the payments team.
  - d. Recoveries & Settlements/Fraud & Investigations – claims are processed through these stages if required.
232. The settlement process depends on the nature of the claim (building or contents) and the amount of the claim.
233. The steps to complete small claims are outlined in my response to Question 6.
234. The steps to complete a typical large claim are set out in the process maps attached as Annexure 8. These process maps cover different regions of Queensland and, where common processes exist, cover more than one Suncorp Group brand. Please also refer to the answer to question 19, which includes examples of claim processing, both catastrophe and non-catastrophe claim types.
235. Where practicable or commercial feasible, Suncorp will endeavour to accommodate a customer's requests, for example when a customer wishes to upgrade their building at the time of re-building.
236. The nature of the information requested from the customer differs according to the type of claim. Much of the information required is obtained during the property's assessment, or in the case of building damage, when a quote (or quotes) for repair are obtained. Suncorp requires that customers make their property available for assessment and quoting. In the case of authorised building repairs, customers also may need to enter into a signed building contract with the authorised builder, and allow site access for the duration of the works. The commencement of the works, were practicable, can also be delayed where requested by the customer.
237. In contents claim, the customer may be asked for their preferred choice of settlement – for example individual replacement of goods or the issue of a stored value card for a mutually agreeable retailer, the latter providing the customer with the option to purchase different items of contents to the value of the settlement.
238. In certain situations Suncorp may offer, or agree to, a cash settlement of a claim, for example in some contents claims, or with total loss claims.

**Question 38: Has Suncorp entered into any confidentiality agreement with any policyholder or otherwise required, advised or suggested to, any policyholder to keep matters concerning his or her claim confidential, whether before or after settlement of the claim? If**

so, please identify the nature each matter which the policyholder was required to keep confidential.

239. To my knowledge, Suncorp has not sought confidentiality agreements from any customer, and has not required, advised or suggested to any customer that matters concerning their claim are to be kept confidential.
240. I have made enquiries and have been informed that Suncorp has been involved in one matter in which a confidentiality clause has been included in a release as part of settlement of the claim. The clause was proposed because of concerns by the customer regarding financial issues. A mutual confidentiality clause was included in the settlement whereby Suncorp and the customer agreed not to disclose the terms and conditions of the release or the negotiations preceding it to any other person or entity without the written consent of the other party.

**Question 39: Has Suncorp made any public statement, or commented in any public forum, about any individual policyholder (or an advocate for a policyholder)? If so, please provide copies of the statement or comments?**

241. Suncorp has not made any public statement or commented in any public forum, about any individual customer or any advocate for any customer.

**Question 40: Is Suncorp or has Suncorp been the subject of any investigation by the Financial Ombudsman Service (other than disputes referred to in paragraph 35) or any other regulatory body about the manner in which Suncorp has dealt with claims relating to the Queensland floods?**

242. Suncorp is not and has not been the subject of any investigation by FOS (other than disputes referred to in paragraph 35) or any other regulatory body about the manner in which Suncorp has dealt with claims relating to the Queensland floods

## REFORMS

**Question 41: Should any changes be made to the General Insurance Code of Practice?**

243. Suncorp's position in relation to this issue is as follows.
244. The General Insurance Code of Practice (the Code) is a voluntary industry code of practice that has been developed by the general insurance industry in consultation with regulators. Suncorp is a long-term Code signatory and adheres to the Code in relation to its general insurance operations. The Code is an effective self regulatory tool, and is far broader in its scope than its equivalents in New Zealand and the United Kingdom
245. The general insurance industry is already revisiting the Code, following feedback from consumer advocates. The industry has been consulting (via an Insurance Council of Australia Working Group) with industry, consumer advocates and ASIC on the proposed changes. Suncorp has contributed to those consultations. These changes are directed to ensuring that insurance companies encourage their customers to lodge claims if they contact the insurer about cover. This will solve a concern that a customer may not lodge a claim and therefore would not have access to a formal claim denial review process – which is regulated by various instruments.
246. Additionally the envisaged changes will introduce a timeframe for decision making on a claim - following feedback from various sources including government, consumers and consumer advocates. The proposed timeframe is some six months in total; four months to make a decision plus 45 days for any Internal Dispute Resolution (IDR) review (in

circumstances where a decision has not been made and the consumer wishes to elevate the issue) .

247. It is understood that the Code will continue to include the present section 4.3 which allows a signatory insurer to not meet all Code standards during significant catastrophes or disasters. From a practical perspective Suncorp believes that such a section is required, as the magnitude of any particular future catastrophe cannot be anticipated. However, it remains Suncorp's practice that whenever a catastrophe occurs, Suncorp will proactively consult on response time frames with the Code's regulator, the Financial Ombudsman Service, as occurred during these flood events.
248. Suncorp supports the proposed changes to the claims handling section of the Code.

Sworn by the Deponent )  
at Brisbane )  
This 14<sup>th</sup> day of )  
September 2011 )  
Before me )

