

STATEMENT OF JAMES JOSEPH HIGGINS IN RESPONSE TO REQUIREMENT TO PROVIDE INFORMATION ISSUED TO AAMI 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 Australian Associated Motor Insurance Limited (AAMI) to respond to the Requirement to Provide Information issued by the Commission of Inquiry dated 5 September 2011 and addressed to AAMI.

INSURANCE POLICIES

3. Australian Associated Motor Insurance Limited (AAMI) issues AAMI brand policies. AAMI 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 AAMI 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 AAMI, I have referred to AAMI when the information relates to AAMI only, and to the Suncorp Group when the information applies to all insurers within the Suncorp

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

6. AAMI 'home and contents' policies for residential properties are as follows:
 - a. Home Building insurance Policy
 - b. Home Contents Insurance Policy
 - c. Fire and Theft Contents Policy
 - d. Landlords Insurance Policy
 - e. Strata Title Landlord Insurance Policy
7. AAMI also issues a number of commercial insurance products such as business insurance which may incidentally provide cover for 'home and contents' (e.g. commercial premises with a residential unit above those premises). Should the Commission require further information in relation to those products, it can be provided

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.

8. The following table sets out the versions and operative date for each policy. The versions listed for each product differ only in respect to aesthetic, marketing related changes. The material content of these product disclosure statements (PDSs) has not changed since the Active Date. The policy terms in relation to flood have not changed between different

versions.

Product	Document ID	Active Dates
Home Building Insurance Policy	PDS A01463 26/12/09 A / National PDS A01463 26/12/09 B / National	30/08/2006 to current date
Home Contents Insurance Policy	PDS A01464 26/12/09 A PDS A01464 18/02/10 A PDS A01464 18/02/10 B	8/07/2007 to current date
Landlord Insurance Policy	PDS A01460 26/12/09 A / National PDS A01460 18/2/10 A / National PDS A01460 18/2/10 B / National	30/08/2006 to current date
Strata Title Landlord Insurance Policy	PDS A01461 26/12/09 A / National PDS A01461 26/12/09 B / National PDS A01461 26/12/09 C / National	30/08/2006 to current date
Fire and Theft Contents Insurance Policy	PDS A01462 18/02/10A PDS A01462 18/02/10B	5/04/2006 to current date

2.2 How did staff of the AAMI 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. As there were no material differences between different versions of each policy, there was no need for staff to identify which version of the policy was used.

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
Home Building Insurance Policy Home Contents Insurance Policy	<p><i>"Storm and rainwater including stormwater runoff from areas surrounding the site, or water escaping from any water main, drain, pipe, street gutter, guttering or surface. Storm means violent wind (including a cyclone or tornado), thunderstorm or a heavy fall of rain, snow or hail."</i></p> <p>[Also] <i>"Impact – sudden and unexpected of any:</i></p> <ul style="list-style-type: none"> • <i>motor vehicle, aircraft, watercraft or space debris.</i> • <i>object falling from a motor vehicle or aircraft,</i> • <i>falling tree or part of a tree,</i> • <i>aeriol, mast, satellite dish which breaks or collapses."</i>

<p>Landlord Insurance Policy</p> <p>Strata Title Landlord Insurance Policy</p>	<p><i>"Storm and rainwater including stormwater runoff from areas surrounding the site, or water escaping from any water main, drain, pipe, street gutter, guttering or surface. Storm means violent wind (including a cyclone or tornado), thunderstorm or a heavy fall of rain, snow or hail."</i></p> <p><i>"Impact – sudden and unexpected of any:</i></p> <ul style="list-style-type: none"> <i>• motor vehicle, aircraft, watercraft or space debris.</i> <i>• object falling from a motor vehicle or aircraft,</i> <i>• falling tree or part of a tree,</i> <i>• aerial, mast, satellite dish which breaks or collapses."</i> <p><i>"damage or loss occurring during the period of cover caused by ... Flood."</i></p>
<p>Fire and Theft Contents Insurance Policy</p>	<p>Only covers the insured events of fire or theft, therefore there are no terms of cover relevant to the damaged caused by weather of the kind experienced at the time of the Queensland floods.</p>

3.2 (If not covered by 1.3.1 above) Was flood cover included? How was the term 'flood' defined?

11. Flood cover is included in AAMI's Landlord Insurance Policy and Strata Title Insurance Policy. In those policies, the term "flood" is not defined as no distinction between flood and other storm, rainwater, stormwater runoff or escaping water is necessary. All are covered under the policies.
12. Flood was excluded from AAMI's Home Building Insurance Policies and Home Contents Insurance Policies current at the time of the flood events. Those policies contained the following definition of flood:

"Flood - means the inundation or covering of normally dry land by water which:

- escapes or overflows from, or*
- cannot enter (because it is full or has overflowed), or*
- is prevented from entering (because other water has already escaped or been released from it) the normal confines of any watercourse or lake, including any that may have been modified by human intervention, or reservoir, canal, dam or stormwater channel.*

Flood does not mean stormwater runoff from areas surrounding the site or water escaping from any water main, pipe, street gutter, guttering or surface."

3.3 What exclusions or conditions applied to a claim?

13. The following exclusions relevant to the Queensland flood events were contained in the differing policies:

<p>Home Building Insurance Policy</p> <p>Home Contents Insurance Policy</p> <p>Landlord Insurance Policy</p> <p>Strata Title Landlord Insurance Policy</p>	<p>Specific exclusions applying to claims under 'Storm and rainwater':</p> <p><i>The cost of cleaning or clearing debris from any pool or spa.</i></p> <p><i>Damage or loss caused by water seeping into or otherwise entering your building due to:</i></p> <ul style="list-style-type: none"> • <i>a defect or fault in the design, structure or construction of your building where you could reasonably be expected to be aware of the defect or fault,</i> • <i>building alterations, renovations or additions."</i> <p>General exclusions potentially relevant to wet weather events:</p> <p><i>"You are not covered under any section of the policy for damage, loss, cost or liability caused by or arising from or involving:</i></p> <ul style="list-style-type: none"> • <i>mould, wet or dry rot, rising damp or dampness,</i> • <i>storm surge, being an increase in sea level that usually occurs with a severe storm or cyclone, tidal wave, tsunami, high tide or other actions of the sea,</i> • <i>erosion or washing away of soil, earth or gravel,</i> • <i>the washing away or movement of the surface of any path or driveway which has a surface consisting of a loose material such as gravel, stone or dirt,</i> • <i>soil movement or settlement,</i> • <i>the moving, shifting or dislodging of any swimming pool, spa and their covers and liners, septic tank or other inground structure unless caused by the insured events of earthquake or impact"</i>
<p>Home Building Insurance Policy</p> <p>Home Contents Insurance Policy</p>	<p>In addition to the above:</p> <p><i>"Damage or loss caused by flood"</i></p>

3.4 What were AAMI obligations in processing and assessing claims?

14. AAMI 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, AAMI's approach to claims processing and assessing are set out in the section of the PDS headed "What to do if you need to claim on your AAMI policy" which includes:
 - a. Advice to the customer as to steps to take to make a claim

- b. Proofs of ownership for lost or damaged items AAMI's role in arranging assessment of loss
- c. Basis of settlement – "new for old", and an explanation of what this means in relation to different types of home and contents items
- d. How AAMI decides whether to repair or replace damaged items
- e. Explanation on how to prevent further loss
- f. Advising policyholders of their requirements such as allowing assessors access, obtaining written authority for repairs and how best to assist AAMI in settling claims.

16. The PDSs 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:

- Home Building Insurance Policy
- Home Contents Insurance Policy
- Fire and Theft Contents Insurance Policy
- Landlord Insurance Policy
- Strata Title Landlord Insurance Policy

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

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 their insurer'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;
- 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.

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.

Chronology of 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 News 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 the Suncorp Group's insurance brands that we should respond to.
 38. On Friday 31 December 2010, the Suncorp Group issued an ASX release that provided an update on our claims position and response activity. 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 Group 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 Group 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 the Suncorp Group'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 and all other Suncorp Group customers 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 Group 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

Group 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 send 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 the Suncorp Group'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 Group customers with any issues they had.
54. To date AAMI has received 152 home claims across central Queensland at a claim cost of \$1.3m. We currently have 20 active claims representing 87% of claims finalised and closed. We have also paid out \$1m on these claims representing 77% paid of the total expected cost. In terms of claims under \$10,000 we have finalised over 90% or 114 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. While this closure impacted the Suncorp Group's

call centre capacity, it only affected the Suncorp Insurance and GIO brands; our redundancy capacity saw the calls immediately routed to our centres in Brisbane. For AAMI customers, service levels would have been affected but not a customer's ability to get through. AAMI calls are not handled in Toowoomba and the events there had no impact on their service.

57. The AAMI call centres are networked across three states with the Queensland operation (based in Brisbane) forming a small part of the overall capacity, approximately 20%. The service levels Queensland AAMI customers experienced, after the Brisbane flooding, were slightly reduced but the bulk of calls were seamlessly handled in NSW and Victoria.
58. In order to deal with the closure of the Toowoomba call centre (that services predominantly Suncorp Insurance customers):
 - 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.
59. 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.
60. 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.
61. 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.

62. 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 for Suncorp Group customers. For AAMI customers these strategies were not necessary as the calls were routed to interstate operations and so they could still talk to a real person when they called AAMI.
63. 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.
64. 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.
65. 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.
66. 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.
67. 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).
68. 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.
69. 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.
70. 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.
71. 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.

72. 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).
73. Over the following 8 weeks the Suncorp Group 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 regions:

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

74. As at 1 September 2011, AAMI had:
- received over 1,580 home claims across south east Queensland at a total estimated claim cost of approximately \$31m;
 - finalised and closed approximately 1,260 claims, which is approximately 80% of all claims;
 - paid out approximately \$23m, which is approximately 75% of total expected costs;
 - of claims under \$10,000, finalised and closed 1,100, which is approximately 88% of those claims.
75. 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.
76. The reasons for some claims remaining active are discussed in more detail later in this response

Cyclone Yasi

77. 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.
78. 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.
79. 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.

80. 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

81. As at 1 September 2011 AAMI had:
- received over 3,050 home claims for Cyclone Yasi at a total estimated claim cost of approximately \$41m;
 - finalised and closed approximately 2,100 claims, which is approximately 69% of all claims;
 - paid out approximately \$26m, which is approximately 63% of total expected costs;
 - of claims under \$10,000, finalised and closed over 1,800, which is approximately 81% of those claims.
82. The tables below provide a summary of AAMI's claims performance for the four events across Queensland in 2010/11 as at the date of this statement:

Old Event: PI Home Claims as at 1 September 2011	Claims	Active	Finalised	Total Cost	Total paid	Finalised	Claims Under \$10,000		
	Lodged	Claims	(%)	(\$m)	(\$m)	(%)	Lodged	Active	Finalised
PI Central Qld Flooding CAT 105 Loss date/s: 24/01/2010 to 02/01/2011	152	20	86.8%	\$1.3	\$1.0	76.9%	126	12	90.5%
PI Toowoomba/Lockyer Valley Flash Flood CAT 111 Loss date/s: 10/01/2011 to 11/01/2011	260	61	76.5%	\$4.8	\$3.9	81.3%	185	30	83.8%
PI Ipswich/Brisbane Floods CAT 112 Loss date/s: 11/01/2011 to 17/01/2011	1,324	256	80.7%	\$26.2	\$19.4	74.0%	1,066	120	88.7%
PI Tropical Cyclone Yasi CAT 114 Loss date/s: 02/02/2011 to 08/02/2011	3,057	957	68.7%	\$41.0	\$25.9	63.2%	2,307	430	81.4%
Progress	4,793	1,294	73.0%	\$73.3	\$50.2	68.5%	3,684	592	83.9%

83. 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 (CAT 115) 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

84. 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.
85. 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).

86. 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 AAMI;
 - 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.
87. 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.
88. The process under the Suncorp Group's arrangement with Lend Lease is as follows:
- a. Upon a claim being accepted by AAMI as within policy coverage, AAMI 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 AAMI 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. AAMI would pay the builders directly.
- e. Lend Lease submitted weekly progress reports to AAMI advising consolidated repair status of all claims under their management.
- f. A monthly Steering Committee meeting was held between Lend Lease and AAMI executive management where repair progress issues were discussed and actions (if any) were agreed.

89. 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%	
Total Claims	264	221	1	2,375	2,861	100.0%	100.0%

90. The repairs relating to the central Queensland floods were managed separately by other external Project Managers using the same model. Specifically:

- a. Sergon 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).

91. This decision was made prior to the SEQ floods but for the same reasons - the magnitude and geographical spread of the damage.

92. 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	
Total Repairs	449	100.0%

93. 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

94. 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, AAMI would require:
- a. 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;
 - b. Two quotes confirming the replacement value of the item (for lost items) or for cost of repair (for damaged items).
95. In respect of the central Queensland and south east Queensland weather events, AAMI received 1,377 claims for under \$10,000. These claims were approximately 80% of the total claims lodged for AAMI and typically related to minor repairs or replacement of damaged or destroyed contents items.
96. In order to assist customers settle these claims quickly we initiated a fast track strategy whereby AAMI requested customers to proceed as follows:
- a. 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;
 - b. If the repair/replacement cost was between \$2,000 and \$5,000, AAMI would ordinarily arrange repair/replacement by an authorised AAMI 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. AAMI would then authorise repair/replacement based on that single quote or cash settle the customer;
 - c. If the repair/replacement cost was between \$5,000 and \$10,000, AAMI managed the repair through our normal repair and supply management team. There were very few claims in this cost bracket.
97. To promote this strategy we conducted a campaign of outbound calls to customers advising them of the above fast track strategies. These campaigns were designed to inform customers of the fast track process and to follow up their quotes so their claim could be settled.
98. 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.

99. AAMI currently has 162 active claims in the under \$10,000 category across Central and SEQ. On review of these claims, the reasons they are still active are:
- a. We are still waiting on customers to send us the relevant documentation (approximately 56% of active claims);
 - b. 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);
 - c. Claim was recently lodged (approximately 4% of active claims);
 - d. We are waiting on a call back from the customer to finalise the claim (approximately 3% of active claims); and
 - e. 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 AAMI received? Were staffing levels found to be adequate to deal with the volume of claims? What training, if any, was given to staff of AAMI involved in processing, assessing and deciding claims relating to the Queensland floods?

100. Over the four major events in Queensland, AAMI received 4,790 claims. The Suncorp Group received over 27,800 claims that were categorised 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
Total	5,536	3,079	13,663	1,401	4,157	27,836

101. 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.
102. 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 Qld floods. The Qld Event Recovery team also managed the Cyclone Yasi claims that occurred 3 weeks later.

Changes to staffing levels to deal with the claims volume

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

Claims lodgement

104. 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.
105. 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. These staff were trained in the various Suncorp Group products.

Assessments

106. 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;
 - d. 15 builders from two external companies to undertake home damage assessments; and
 - e. 20 external contracted staff to assist with general administration and reporting duties in relation to assessments.

Claims management

107. AAMI increased its claims management by approximately 30 staff by:
 - a. redeploying 7 permanent staff to the Event Recovery team and backfilling their positions with temporary staff;
 - b. 6 temporary contractors were trained in AAMI products and placed in the Event Recovery team;
 - c. redeploying 7 permanent managers and leaders to the Event Recovery team; and
 - d. 10 external loss adjusters from a claims management company were contracted to manage claims.
108. In addition to increasing the numbers of staff, the Suncorp Group 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.
109. 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.
110. 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.
111. 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

112. 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, the Suncorp Group had finalised 4,500 Cyclone Larry claims. At the same point post-event, the Suncorp Group had finalised almost 7,500 Cyclone Yasi claims.

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

113. All temporary staff had insurance experience and in many cases were people who have worked for the Suncorp Group in the past. All newly recruited staff were trained on all of the necessary functions for their role.

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 22 44, a 24 hour freecall number which is accessible by landline and mobile phone
 - b. In writing to a PO box number
 - c. Over the internet at aami.com.au
 - d. In person at an AAMI branch or customer service centre.
- 115. These contact details are stated in the PDS and are available on AAMI's website.
- 116. In addition, as outlined above, the Suncorp Group deployed CRTs to affected areas following the various weather events. AAMI 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. Media releases, Twitter and Facebook pages confirming the location of CRTs
 - b. Advice to local council members, State politicians etc as to how their constituents could contact AAMI to make a claim.
- 118. The majority of claims (99%) were lodged by telephone.

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

- 119. AAMI did not endeavour to contact individual customers about their circumstances, claim entitlements or other issues prior to the customer making contact.
- 120. Suncorp Group representatives did visit evacuation centres and centres where a CRT had been established, to provide information to customers about claims eligibility and processes. 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. AAMI is not aware of any particular contacts with AAMI customers during this process.

Question 9: What information was given to policyholders in their first communication with a representative of AAMI? 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 AAMI to lodge a claim would speak to a member of the Claims Assist team (or a CRT team member if they attended a CRT).
122. 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 AAMI, the customer was advised to lodge a claim and advised of the location of a CRT if relevant (ie in regional areas where a CRT had been established).
123. No AAMI customer was advised that they could not or were not able to lodge a claim due to policy coverage (ie that the policy had a flood exclusion) as AAMI's standard policy and procedure dictates that a Claims Assist consultant is not authorised or equipped to make a decision on coverage related to flood. AAMI's policy is that this decision must be made by the Claims Management team based on information from an expert assessor.
124. Claims Assist consultants are aware that the AAMI Home Building Insurance Policy and Contents Insurance Policy do not cover flood, and were able to direct the customer to the section in the PDS dealing with flood. However the Claims Assist consultant could not make any decision about whether the customer's circumstances were within the flood exclusion. Claims Assist consultants were trained to encourage customers to lodge a claim regardless of the individual circumstances of the water damage in order to get an assessment and final decision made.
125. The customer would be advised of the following:
 - a. a claims consultant would contact the customer to discuss their claim in detail;
 - b. they would be contacted by an assessor to arrange a time to assess damage;
 - c. the customer was able to remove damaged items, and to make a list of each item and take a photograph of the damaged items and damage to the building.
126. Attached as annexure 3 is a copy of instructions given to Claims Assist consultants in relation to the central Queensland flood events. These instructions were supplemented as further events occurred, for example, advice about the fast track process for small claims was added. Messaging in relation to flood coverage issues was consistent throughout. As recorded in the attached instructions Claims Assist consultants were instructed:

"Please ensure that you advise customers that flood damage is not covered under the AAMI Home policy. However, still lodge the claim, and advise the IO [insured owner] that an assessor will be in contact to discuss the claim".

Question 10: How did a representative of AAMI 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?

127. Each customer's policy information is recorded in AAMI's electronic policy management system. This includes indentifying the PDS version applicable to that customer's policy.
128. 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.
129. 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.
130. AAMI representatives who had contact with customers (call centre staff, consultants and claims managers in AAMI's Claims Assist division, and staff in CRTs) are trained in the use of AAMI'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 AAMI aware of any instances of AAMI staff having given incorrect advice in response to queries from policyholders?

131. 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, AAMI is not aware of specific instances where staff provided incorrect advice in response to questions from policyholders arising from flood claims.
132. AAMI's Home Building Insurance Policy and Contents Insurance Policy do not cover flood damage but do cover other types of water damage, such as storm and rainwater runoff from areas around the insured site, and water escaping from water mains, drains, pipes, street gutters and guttering. Some customers experienced loss from consecutive or mixed events, for example, a home may have been damaged by both storm water and flood water. Customers whose damage was caused by water overflowing from storm drains rather than flooding over the land, were entitled to cover. This meant that even though the policy excluded flood, it was possible that the customer was entitled to partial or complete cover under another part of their policy, depending on the particular circumstances of their loss.
133. Given the multiple potential causes of damage, it was sometimes difficult for Claims Assist consultants to advise a customer as to whether they would likely have coverage or not based on the limited information which the customer was able to provide when the customer first lodged their claim. Therefore, all AAMI customers were encouraged to lodge claims even if they thought the damage was flood related, so that a complete assessment could be made based on the customer's individual circumstances rather than automatically assuming that no damage was covered.
134. 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 AAMI 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 by the AAMI Customer Ombudsman if they are unhappy with any decision made or any aspect of the service they receive from AAMI; and

- b. The PDS also clearly advises customers of their right to external review through the Financial Ombudsman Service.

Question 12: What information was a policyholder required or asked to give AAMI 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.

135. An assessor was appointed for each AAMI claim. If the policy was a Home Building Insurance Policy or Contents Insurance Policy, and therefore subject to a flood exclusion, the initial assessment would focus on obtaining information from the customer as to the height of the water, the time and date of flooding and the number of people living at the home.
136. The assessor would also gather some general information as to contents items lost and determine an estimate for future reference and subject to claim determination as to cover.
137. The type of information sought did not vary according to the location of the insured property.

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

138. Attached as Appendix 4 is an actual AAMI flood claim (that was declined) that shows the steps involved and timeframes to complete (customer's details have been deleted).
- 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 were they given?**
139. A site assessment/inspection was carried out for every AAMI home flood claim by customers with a Home Building Insurance Policy or Contents Insurance Policy.
140. The assessment/inspection was carried out at the commencement of the claims determination process. In the majority of cases, inspections were undertaken within days or weeks of the claim being lodged. Most inspections took place during January or February 2011.
141. The site assessments/inspections were undertaken by external loss assessment firm Cunningham & Lindsay Australia Pty Ltd (Cunningham). Attached as Appendix 6 are the written instructions which were provided to Cunningham to carry out the on-site assessments. These inspections were particularly focussed on determining the source of water damage. Cunningham's obtained information from the customer to complete a Flood Questionnaire, a copy of which is also attached in Appendix 6.
142. In some cases, site inspections were also conducted by hydrologists. This is discussed below in my response to Question 13.3.
143. In certain circumstances, factual information beyond that provided by the Cunningham assessment report was required. In those cases, AAMI appointed experienced in-house

property assessors to visit the customer's property and collect outstanding information necessary for the company to correctly determine liability. For example, an AAMI second assessor was often instructed to attend and provide site-specific photographs and site information for underground apartment car parks, which had been inundated by more than one water source (for example, some car parks were initially inundated by drain backflow flooding, before watercourse water over-topped their entry driveways to cause full inundation). Each AAMI assessor who carried out second assessments was instructed verbally, by way of a group training session conducted by the Technical Event Claims Manager and AAMI's solicitor.

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?

144. No AAMI home or contents claim was declined on the basis of flood exclusion in the policy without a site assessment/inspection having been carried out.

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 AAMI engaged hydrology experts, what did AAMI brief the hydrology experts to do? What instructions, written or oral, were provided to the hydrology experts? Please provide copies of any written instructions.

145. AAMI relied, where relevant, on general area hydrology reports provided by reputable hydrological firms (including WRM) to the Insurance Council of Australia (ICA) which were available for the following regions/cities/towns:

- Brisbane Local Government Area
- Ipswich Local Government Area
- Somerset Area
- Lockyer Valley
- Toowoomba Area
- Emerald
- Rockhampton
- Theodore

146. These general reports provided detailed information about rainfall, watercourse height and flow, and conclusions as to the origins and movement of floodwater.

147. AAMI also used a number of hydrological firms to provide site-specific hydrology reports.

148. Site specific hydrological reports for the Brisbane/Ipswich area were provided to AAMI by WRM Water & Environment Pty Ltd (WRM). WRM also provided hydrological reports in some regional cities such as Rockhampton, Bundaberg and Emerald. In regional areas such as Chinchilla and Dalby, the hydrology firm Alluvium Consulting Australia Pty Ltd (current trading name - Alluvium) was utilised. Where a site-specific hydrology report was commissioned, the hydrologist was briefed to determine the cause of water damage at a particular property.
149. When instructing site-specific hydrological reports AAMI in each instance requested the hydrologist to report on the actual cause of water damage at the site – the predominant question in almost all assessments was whether a watercourse such as a river or creek had overflowed onto the site, or whether solely rainwater runoff (from higher land/catchments) had caused the claimed damage. In some instances AAMI was aware, or believed, that both watercourse water and rainwater runoff water caused damage at the site. In those instances specific instructions were provided to the hydrologist to determine which water affected the site first (and to what inundation height), and which water followed (again, to what height).
150. Hydrologists were also instructed in some instances to determine whether 'drain backflow flooding' (flooding by watercourse water carried by drains into lower areas of land which is separated from the watercourse by higher ground) had occurred. In situations where drain backflow flooding was likely or apparent, hydrologists inspected the site and provided specific conclusions.
151. Hydrological firms were instructed by email which stated the customer's details and attached a copy of Cunningham's first assessment report, which included a 'Flood Questionnaire' which provided key information from the customer regarding the inundation. Copies of all photographs of the site and damage already held on file were also provided to the instructed hydrologist (as sourced both from Cunningham's assessment report and/or the customer). Any other relevant information about the site or known water damage was ordinarily also provided, along with any site-specific assessment instructions.
152. Attached as Appendix 7 are copies of instructions to hydrologists.

13.3.2 How did AAMI 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'?

153. The hydrological firm was provided with a copy of the relevant AAMI home insurance Product Disclosure Statement (PDS) and discussions occurred to explain the relevant aspects of the PDS. It was important for AAMI to ensure that the hydrological firm understood the meaning of key terms within its policies, as these firms often undertook work for multiple insurers, each with their own specialised policy wording. The hydrological firms were advised to differentiate between the effects of storm and rainwater on the individual properties and that of flood from a rising watercourse.
154. AAMI's domestic home insurance policies do not refer to the term 'flash flood'. They instead refer to 'storm and rainwater', including stormwater runoff from areas surrounding the site, or water escaping from any water main, drain, pipe, street gutter, guttering or surface. AAMI's domestic home and contents insurance policies do not cover flood from a rising watercourse. As such, all instructed hydrological firms were clearly informed of the definition of flood within AAMI's domestic home insurance policies.

13.3.3 When the hydrology information was received.

155. As outlined above, site-specific hydrology reports were requested after a site inspection and report by Cunningham had been obtained and initial consideration given to the claim. Once briefed, the hydrology report was generally received within four to eight weeks depending upon the hydrologist's capacity and whether it was necessary for the hydrologist to undertake a site inspection.

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

156. The investigations on which the hydrology expert relied were the assessment report of Cunningham and attached Flood Questionnaire. In the majority of cases, these were completed within days or weeks of the flood event.
157. The hydrologist would also have based opinion on flood data and modelling available to the hydrologist.

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?

158. As outlined above, AAMI relied on both general and site-specific hydrology reports.
159. The ICA commissioned reports other than those for Emerald, Rockhampton and Theodore are publically available on the ICA's website (www.insurancecouncil.com.au).
160. Site-specific reports were obtained after consideration of the general hydrology reports and the outcome of assessment by Cunningham, if that information was not sufficient to determine the cause of damage to a particular site. In particular, if a customer asserted stormwater runoff inundation or drain backflow as a contributing factor to inundation of the property, and general hydrology reports together with the Cunningham assessment was insufficient to determine if either of these did contribute, then a site-specific hydrologist would be engaged.

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

161. Hydrology reports did vary between geographical regions, and even within the same suburban street, due to a number of factors. Relevant factors included:
- a. the topography of the area;
 - b. the location of the property relative to any watercourse producing floodwaters;
 - c. the location of the property in relation to the stormwater catchment (whether rural or urbanised);
 - d. the actual amount of rainfall experienced at the particular location leading up to and on the date of loss;

- e. the nature of a site's elevation;
- f. elevation of surrounding land and drainage network; and
- g. the nature of the insured home's construction (e.g. high set versus low set.)

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.

162. AAMI's claims handling procedures did not vary depending on a customer's location, although the hydrological issues under consideration did (in a broad sense) vary between regions.
163. Broadly speaking, the hydrological issues which required consideration for AAMI customers in different locations were as follows:
- a. **Brisbane and Ipswich metropolitan areas** – in the majority of cases, the origin of floodwater did not require investigation, however if the property first sustained inundation from drain backflow flooding (as distinct from overland flood flow) the damage caused by that initial inundation is potentially covered by AAMI policies. Therefore, any properties where customers reported this occurring received a second property assessment by an AAMI in-house assessor or when required, a hydrologist to assess this.
 - b. **Regional city/town claims** – secondary assessments for drain backflow flooding were undertaken where this phenomenon was reported, however this was less common which is probably a reflection of the often more variable topography within the Brisbane/Ipswich area, and the significant expanses of urbanised (drained underground) areas within those local government areas.
 - c. **Isolated rural homestead claim** – the most common reason for secondary assessments in rural locations was whether rainwater runoff (water that had not yet entered a watercourse) or riverine flood water was the proximate cause.

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.

164. The following sources of information were routinely used to assist AAMI to determine its liability for water damage:
- a. Information provided directly to AAMI by the customer or credible witnesses – customers provided descriptions of events to us when lodging their claim or in subsequent direct communications. For example, where a customer was able to advise the level to which their home was inundated by drain backflow water before then being further inundated by flood water, AAMI used that information to assess what part of the total damage would be covered.
 - b. Wind and rainfall data provided from the Bureau of Meteorology – this official weather data 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. The Queensland Reconstruction Authority's publically available aerial flood mapping – this mapping, where available, provided clear colour imagery of flood water and flood water inundation areas.

165. We also reviewed claim decisions if later information was provided which changed our assessment. For example, a customer whose flood damage claim had been declined was later able to provide a video showing rainwater runoff inundation. On the basis of that video, we overturned our earlier decline of the customer's claim. We also used that video information as a basis for accepting a number of claims by other customers in the same street.

Question 16: Were policyholders advised of all information AAMI 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?

166. For claims that have been accepted (eg where damage was assessed to be the result of rainwater runoff, which is covered by the AAMI Home policy), AAMI 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.

167. For any claim that was declined, AAMI 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 AAMI's dispute resolution process. Claim decline letters contained clear explanations of AAMI's assessment of the property, any hydrological information relied upon and any relevant aerial flood mapping. A clear explanation as to the reason for the decline was provided, including identifying the watercourse in the case of riverine flooding.

168. Copies of all decline letters sent by AAMI are provided in response to Question 31.

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?

169. For claims that have been accepted, AAMI 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. AAMI 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.

170. If a claim has been declined, or where cover has been confirmed but any element of a claim has been declined, AAMI provided a copy of the assessor's report/s and any site-specific hydrology report. These were provided with the decline letter. AAMI did not provide documents which were in the public domain, such as the hydrology reports commissioned by the ICA which were publicly available on the ICA's website. Where

such a report was relied on by AAMI in determining a claim, the customer was advised of this and advised where a copy of the ICA hydrology report could be obtained.

171. Although we provided the reports, we also provided an explanation for the decision to decline in the decline letter. 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.
172. 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 decline 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?

173. 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

174. For a short period of time, Suncorp's operational capabilities were affected by flood damage to our Toowoomba call centre, closure of our Milton call centre due to risk of flooding from the Brisbane River, and closure of our Brisbane CBD premises due to power outages and access restrictions.
175. However, as mentioned in my response to Question 5, the closure of the Toowoomba call centre only affected the Suncorp Insurance and GIO brands. Service Levels for AAMI customers would have been affected but not their ability to get through.

Restricted access to flooded areas

176. Timeframes for assessing claims was also impacted by limited access to various regions. For example, there were access limitations to Rockhampton, Grantham and Cardwell after the events.

Need for site specific reviews

177. In respect of those AAMI policies that do not cover flood damage but do cover other types of water damage, the claims assessment process which AAMI chose to adopt was time consuming as AAMI did not automatically decline claims based on an assumption that because a property was in a particular location, or damage occurred on a particular date, that the damage must have been due to flood.
178. AAMI considered each claim on a case by case basis. Assessors reviewed every house and major contents claim in any situation in which a claim was lodged.
179. In any case in which a customer asserted or suggested that water damage was not caused by flood (ie was caused by another water event), a second on-site inspection was

conducted and a meeting was held with the customer to obtain as much information as possible. The matter was then further reviewed.

180. Where the information obtained by assessment together with the hydrology reports prepared on a locality basis did not definitively confirm the cause of water damage, a site-specific hydrology report was obtained. This process proved resource intensive and time consuming for AAMI and its appointed contractors.

Limited availability of hydrologists

181. The timeframes to get complete and useful hydrological information was a significant issue in our ability to make informed and correct decision on a portion of claims under our AAMI brand, which does not cover riverine flood. The hydrology reports provided by the ICA panel were not sufficient in detail to enable us to make informed decisions on a number of flood claims, particularly in the Brisbane and Ipswich regions. As a result we had to arrange for specific site inspections, which did create an additional delay to our decision making process. Our site specific inspections took on average 4 to 8 weeks to complete, including a review of the additional information.
182. The first requests for specific site inspections were around mid April 2011 and continued until the end of June. The hydrological reports were provided to us between early June 201 to late August 2011.

Ongoing weather events

183. 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

184. Water damaged homes must be allowed to properly dry before any sanitisation or repair work can take place. Homes that are not properly dried before repair work commences can suffer damage later, for example mould which will damage or negate the repair.
185. Because these events resulted in a large number of extensively damaged homes, there were a larger number of homes requiring:
- a. engineering assessments, e.g. as to structural stability;
 - b. reports on damage; and
 - c. a detailed scope of works as to repair.
186. The need for these was much higher than might occur with other kinds of 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', i.e. the value of the home was paid rather than the home being rebuilt. These claims are much faster to process and finalise than a claim involving major repair or rebuilding.

187. In contrast, in the Queensland flood claims, there were a high number of damage claims rather than total loss claims (as compared to Victoria) and the majority of customers wanted 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;
 - 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.
188. In part, we dealt with this by appointing a Project Manager to project management 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.
189. There were occasions when this process is delayed because either the customer had discovered additional damage not in the scope of works or damage that may have been inadvertently missed by the builder when the scope was prepared. Some disputes also arose where damage had been assessed to be pre-existing and therefore not covered by insurance.

Changes to council requirements

190. Under our policies, AAMI repairs homes to 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;
 - b. in some cases, local Councils are yet to formalise their requirements;
191. Further, in the Lockyer Valley, the Regional Council is offering a 'land swap' opportunity, and some customers have been waiting to assess their options under that arrangement before making a decision as to rebuilding on their existing land or participating in the land swap offer.

Customer related issues

192. We have experienced occasions where customers refused to move into temporary accommodation during the repairs. Because of the extent of the damage these repairs cannot start until the customers move out.
193. We have some customers who have minor damage claims whose claims would be dealt with under the fast track process outlined above, but who 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. For that reason, there are a number of minor damage claim files still open.
194. While most of the 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.

195. In managing over 27,800 claims, including 6,000 major rebuilds across all Suncorp Group brands, 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 that would cause us to stop further progress on the claim until the issues raised could be investigated.
196. Lastly, it is our experience during major repairs or rebuilds that some customers take the opportunity to improve their homes 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, we need to carefully manage the insurance related costs from both the customer and builder's perspective.

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

197. In any given year the average number of Home claims managed by the Suncorp Group is approximately 50,000 to 60,000 with an estimated average claim life of 90 days (from lodgement to any recoveries). Over the December 2010 to February 2011 period the total Home claims under management by the Suncorp Group increased rapidly to approximately 130,000.
198. 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.
199. 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.
200. Attached in Annexure 8 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 claim (non disaster situation).
201. These examples are drawn from both Suncorp and AAMI. The processes and claim durations are comparable across both brands.

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 AAMI monitor whether those standards are adhered to?

202. AAMI 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".
203. 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. AAMI 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.

204. 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:

Code section	Code timeframe (business days)	Revised timeframe (business days)
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

205. When the assessment of a claim required additional time, AAMI endeavoured to keep the customer informed of progress of the claim in the timeframe in Code section 3.2.3.
206. Although the revised timeframes were in place AAMI tried to operate to the normal Code timeframes as much as possible. In the early stages after the events, AAMI informed customers of the revised timeframes, however our main focus was to return to normal timeframes as soon as possible to manage customer expectations. AAMI was able to operate within the normal Code timeframes by mid May 2011.
207. 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.
208. 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.

AAMI 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:

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

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

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

Question 22: By what means did or do representatives of AAMI 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?

211. When a customer first makes a claim, AAMI 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.

212. Where a claim has been accepted, the customer would usually be advised of the acceptance verbally, ie by phone.
213. If AAMI 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 AAMI's dispute resolution process. AAMI's preferred approach is to give the customer verbal notification before they receive the decline letter, however if we have been unsuccessful in contacting the customer by telephone after a number of attempts, the decline letter will be sent without verbal notification being given.
214. 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 AAMI? If by telephone, could or can policyholders contact AAMI 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?

215. AAMI'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.
216. In relation to progress of their claim, AAMI customers affected by the Queensland floods could contact us by the following phone numbers:
- a. The normal AAMI claims toll free number 13 22 44. These calls were answered by the AAMI switchboard and then sent to the relevant area in AAMI according to the customer's inquiry.
 - b. 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.
 - c. In addition to the above, customers could also send an email for flood claims to either myclaim@suncorp.com.au (serviced both Suncorp and AAMI) or sqhomeclaims@aami.com.au and we would make arrangements to call them back. If the inquiry was related to the cyclone then they could send an email to aamiasihomeclaims@suncorp.com.au.

217. Claims are handled in two ways:

Team managed (TM) claims

218. Staff are responsible for a batch of claims rather than individual claims being allocated to particular team members. Prompts and bringups within the Suncorp Group'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.
219. Activities are reviewed daily for those that are required to be actions that day. These

activities are allocated to teams from them to be completed.

220. 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

221. 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.
222. 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.

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

223. AAMI 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.

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

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?

224. No copies of recordings/transcripts have been provided as no recordings have been made.

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?

225. AAMI does not have any record of how many (if any) requests for copies of recordings or transcripts of recordings may have been received.
226. I am not aware of any request for a recording or transcript of a telephone call to AAMI which has not been responded to.

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?

227. If a claim was lodged and AAMI made a decision to decline or partially decline the claim, AAMI 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 AAMI's internal dispute resolution (IDR) process.
228. 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 AAMI 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.

229. AAMI'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).
230. 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.
231. 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 AAMI Home, Contents, Landlords and Strata Title Landlords policy customers. It is independent of the AAMI claims team. Its decisions are binding on the claims team and cannot be challenged by AAMI.
232. The IDR team contacts the customer, considers all of the information on the AAMI 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.
233. If the IDR decision is to overturn the claims decision, the decision is binding on AAMI and the claim is referred back to the claims consultant for settlement.
234. 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.
235. 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?

236. Written responses (final decision letters) were provided by the IDR team to all unresolved complaints elevated for an IDR review.

Question 29: Were policyholders advised of all information upon which AAMI 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?

237. As outlined above, if a claim was declined or partially declined, AAMI 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.
238. 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.
239. 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?

240. Information relevant to the decision on the complaint or dispute was given to the customer as outlined in my response to Question 27. 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.

Question 31: Please provide copies of all written responses by AAMI 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.

241. Attached as Annexure 9 is a copy of all final decision letters by AAMI in relation to claims arising out of the Queensland floods.
242. Complaints and disputes arose for a range of reasons including:
- a. Customers who believed they were covered for flood whereas the policy did not cover flood.
 - b. Customers who believed their loss/damage was not caused by flood but by another type of event, eg rainwater runoff.
 - c. Customers who disputed the height of the water level determined by the hydrologist who assessed their home.
 - d. Customers who were dissatisfied with some aspect of claim management, such as disputing the amount offered for loss of particular contents items.

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 AAMI monitor whether the standard for providing information on progress of the dispute is adhered to?

243. As outlined above, AAMI 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.

244. However, AAMI did not seek to extend the Code timeframes for IDR response.
245. I have made enquiries within the Suncorp Group and I am informed that policyholders were kept informed of the progress of complaint/disputes in accordance with the Code. 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).
246. 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. 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 AAMI received any complaint relating to inappropriate, insensitive or offensive conduct by a representative or agent of AAMI 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?

247. AAMI does not tolerate inappropriate, insensitive or offensive behaviour by any representative or agent toward or about a customer. If AAMI 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.
248. AAMI acknowledges that the Queensland flood events put extraordinary demands on staff and they were often dealing with emotional and stressed customers. AAMI recognised this and gave staff as much support as possible to ensure customers were treated with empathy, understanding and respect for their situation.
249. AAMI may have received some complaints of this kind, usually in combination with other complaints such as a complaint about settlement of a claim. AAMI 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 AAMI 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.
250. Any complaints about the conduct of staff are elevated to a more senior member of staff in accordance with AAMI'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 AAMI received any complaint, or dealt with any dispute, in the internal dispute resolution process, relating to:

34.1 Misrepresentation made by a representative of AAMI 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 AAMI to adequately inform a policyholder that a policy bought by the policyholder excluded flood cover?

251. AAMI has dealt with disputes in its IDR process by customers asserting misrepresentation by a representative of AAMI to a customer at the point of sale as to the existence or extent of flood cover, and of failure by a representative of AAMI to adequately inform the customer that a policy bought by the customer excluded flood cover.

Question 35: If AAMI has received complaints, or dealt with any dispute, of the kinds referred to in sub-paragraphs 34.1 and 34.2:

35.1 How many of each kind has it received?

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

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

- a. AAMI has dealt with five IDR disputes by customers asserting misrepresentation by a representative of AAMI to a customer at the point of sale as to the existence or extent of flood cover.

These complaints were investigated by taking full details from the customer as to the conversations between the customer and the AAMI consultant, examining policy notations made at the time of policy inception to determine the nature and content of the conversation as noted by the sales consultant, interviewing and obtaining a statement from the sales consultant (where possible), and examining sales scripting applicable at the time of policy inception.

- b. AAMI dealt with 39 IDR disputes by customers asserting failure by a representative of AAMI to adequately inform the customer that a policy bought by the customer excluded flood cover.

These complaints were investigated by considering AAMI's compliance with its obligations under the Insurance Contract Act, in particular checks to ensure that policy documents had been forwarded to the customer within 14 days of policy inception in accordance with section 69 of the Act. Policy notations were also examined to determine whether or not representations were made at the time of policy inception as to the existence or otherwise of flood cover. Sales scripting applicable at the time of policy inception were also considered.

Question 36: Is AAMI involved, or has AAMI 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.

253. As at 1 September 2011 AAMI had 50 matters for home and/or contents claims at FOS which required a Notice of Response to be completed.

254. The causes of these disputes were as follows:

Cause of dispute	Number of disputes
Insured believed they had flood cover	4
Cause of water damage	20
Contents claims	1
Initial intimation at time of claim lodgement that claim would be covered, when AAMI policy excluded cover	20
Jetty/pontoon (not covered by AAMI policy)	1
Loss of rent	1
TOTAL	50

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 AAMI require of policyholders in this process?

255. Once a claim has been accepted, AAMI'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'.

256. In broad terms, the typical steps in a AAMI 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.
257. The settlement process depends on the nature of the claim (building or contents) and the amount of the claim.
258. The steps to complete small claims are outlined in my response to Question 6.
259. The steps to complete a typical large claim are set out in the process maps attached as Annexure 10. 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.
260. Where practicable or commercial feasible, AAMI will endeavour to accommodate a customer's requests, for example when a customer wishes to upgrade their building at the time of re-building.
261. 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. AAMI 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, where practicable, can also be delayed where requested by the customer.
262. 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.
263. In certain situations AAMI 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 AAMI 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 each matter which the policyholder was required to keep confidential.

264. To my knowledge, AAMI 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.

Question 39: Has AAMI 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.

265. To AAMI's knowledge there have been two circumstances in which AAMI has made a public comment or a comment in a public forum regarding an individual customer. These were as follows:
- a. Customer ██████████ of Emerald: Channel Seven's Today Tonight program featured an AAMI customer, ██████████ of Emerald, in a program in mid-January 2011. Channel Seven approached AAMI for comment ahead of airing

the program and AAMI provided a written statement to Channel Seven. A copy of that statement is attached as Annexure 11.

- b. Customer ██████████ of Yeronga: Channel Seven's Sunday Night program featured this customer in January 2011 and AAMI provided a verbal statement to the program which was of a general nature only.

266. So far as I am aware, AAMI has not made any public statement or commented in any public forum about any customer advocate.

Question 40: Is AAMI or has AAMI 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 AAMI has dealt with claims relating to the Queensland floods?

267. AAMI 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 AAMI has dealt with claims relating to the Queensland floods.

REFORMS

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

268. AAMI's position in relation to this issue is as follows.

269. 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. AAMI 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.

270. 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. AAMI 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.

271. 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).

272. 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 AAMI believes that such a section is required, as the magnitude of any particular future catastrophe cannot be anticipated. However, it remains AAMI's practice that whenever a catastrophe occurs, AAMI will proactively consult on response time frames with the Code's regulator, the Financial Ombudsman Service, as occurred during these flood events.

273. AAMI supports the proposed changes to the claims handling section of the Code.

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

