

Submission

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Emma Curtis
Lead Ombudsman- Insurance
Australian Financial Complaints Authority
Melbourne VIC 3001

Via email: consultation@afca.org.au

NIBA Submission: AFCA Draft Approach to Family Violence.

The National Insurance Brokers Association (NIBA) welcomes the opportunity to provide feedback on the Australian Financial Complaints Authority's (AFCA's) draft *Approach to family violence (the approach)*. NIBA supports AFCA's intention to strengthen protections for victim-survivors of family violence and to ensure that financial services are delivered in a way that minimises harm and facilitates fair outcomes. The intersection of family violence and financial services is complex, and general insurance can present unique challenges in this context. NIBA believes AFCA's draft document is an important step but consider that additional clarity and balance are required to ensure the approach is workable, proportionate, and reflective of the role of the general insurance broking profession.

NIBA is the peak representative body for the general intermediated insurance profession. NIBA serves as the collective voice of approximately 450 member firms and 15,000 individual brokers. Our membership encompasses a diverse range of entities, including large multinational insurance brokers, Australian broker networks, as well as small and medium-sized businesses located in cities and regional areas around Australia. NIBA advocates for the interests of general insurance brokers and their clients, ensuring that the general industry operates with integrity and professionalism.

NIBA's work is guided by our core pillars: community, representation, and professionalism. NIBA's mission is to enhance the professional standing of insurance brokers through robust advocacy, education, and ethical standards. By fostering a collaborative and innovative environment, NIBA aims to elevate the quality of service provided to consumers, strengthening trust and confidence in the insurance broking profession.

The role of brokers

When discussing AFCA's approach to general insurance, the draft document focuses primarily on the responsibilities of product issuers, mainly insurers. However, insurance brokers are an essential part of the insurance distribution chain and often act as the first point of contact for individuals and families. For many clients, particularly those in vulnerable situations, their broker is their trusted adviser and

T: +61 2 9964 9400
E: info@niba.com.au

Suite 4.01B, Level 4,
31 Market Street, Sydney
NSW 2000

advocate. Brokers frequently assist clients who may not fully understand the terms of their insurance cover, who are distressed following an insured event, or who require support navigating claims processes that are often lengthy and complex.

In the context of family violence, brokers may be among the first professionals to notice signs of financial abuse or coercive control. Brokers can play a vital role in protecting sensitive information, ensuring communications are handled sensitively, and advocating for fair treatment of clients by insurers. The Insurance Brokers Code of Practice already places obligations on brokers to provide additional support to clients experiencing vulnerability, which includes those affected by family violence. NIBA recommends that AFCA explicitly recognise the role of brokers and reference the Insurance Brokers Code of Practice alongside the ICA and CALI guidance. This would ensure the Approach provides a holistic view of how the broader Insurance sector collectively supports victim survivors.

Joint policies and consent

The approach notes that insurers should not cancel a jointly held policy where there are warning signs of financial abuse without separately confirming consent from all policyholders. NIBA supports the underlying principle that the interests of all insured parties must be protected, but has concerns about the practical application of this expectation. In urgent or high-risk situations, it may not always be safe or possible to contact both policyholders separately. Doing so may escalate risk to a victim survivor if the perpetrator becomes aware of the insurer's or broker's enquiries.

While the draft approach focuses largely on jointly owned loans and policies, there are other scenarios where additional guidance from AFCA on their proposed approach would be useful for members. For example, where a property is jointly-owned but the insurance policy is held by only one party, such as when a partner has moved out following separation, divorce, or domestic violence. In these circumstances, the policyholder may be the sole recipient of insurance proceeds, creating a risk of disputes or inequitable outcomes. NIBA recommends that AFCA expand its guidance to cover these situations, recognising that brokers and claims advocates are often directly involved in supporting the insured and navigating the claim process. Incorporating case study examples would also help demonstrate how such matters can be resolved fairly in the context of family violence.

NIBA recommends that AFCA clarify the threshold for intervention, including the degree of evidence or suspicion required before taking additional steps. Firms should be encouraged to act proportionately and in a way that prioritises safety, recognising that insurers and brokers cannot always conclusively determine whether family violence is occurring. Given the emerging nature of this issue in the general insurance space, AFCA should provide clear examples of good practice that balance consumer protection with the practical constraints of policy administration. For instance, insurers could explore safe ways of verifying consent, such as using secure communication channels or delaying action until there is a less immediate risk.

Claims settlement and fairness

The approach recognises that in family violence situations, claims settlements under jointly held policies can be particularly sensitive. Payments made to one party alone may disadvantage the other, especially where one party is experiencing financial abuse. NIBA Agrees insurers should exercise caution and fairness when determining how benefits are paid, but we are concerned that AFCA's expectations could unintentionally create settlement delays. For example, paying benefits into a trust

pending legal resolution may provide safeguards, but it could also deprive victim survivors of urgently needed funds at a critical time.

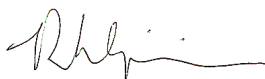
We encourage AFCA to provide clear guidance on when settlement deferrals, trust arrangements, or split payments are appropriate and how fairness will be assessed. Without clear parameters there is a risk of inconsistent outcomes across cases leading to uncertainty for consumers. AFCA Should also recognise the role of brokers in assisting clients to understand settlement options, to access legal or financial advice, and to advocate for timely outcomes that balance fairness with immediate needs. Case study references should be incorporated to demonstrate how practical solutions can be applied in various family violence contexts.

Conclusion

NIBA supports AFCA's commitment to protecting and supporting people experiencing family violence. The draft approach provides a constructive framework, but refinements are needed to ensure expectations are clear, proportionate and implementable for the broader general insurance sector. With these adjustments, AFCA can deliver guidance that is practical, fair, and supportive of victim survivors across the financial services landscape.

NIBA would welcome the opportunity to discuss these issues further. Should you have any queries in relation to this submission or wish to discuss any of the matters raised, please do not hesitate to contact Allyssa Hextell, Head of Policy and Advocacy, at ahextell@niba.com.au.

Yours sincerely,



Richard Klipin
Chief Executive Officer
National Insurance Brokers Association