

# Insurance Brokers Code of Practice

Member implementation guide



# About this guide

This guide is for organisations that have agreed to be bound by the Insurance Brokers Code of Practice (the Code). This includes members of the National Insurance Brokers Association (NIBA) as well as organisations that have voluntarily subscribed to the Code.

Unlike the Code, this guide is not intended to be binding but rather to provide members with more in-depth information on the Code and how it may be implemented into the Subscribers' business.

The Code sets out the minimum standard expected of NIBA members. Subscribers are encouraged to look for ways to go beyond the obligations set out in the Code and this guide, especially where doing so would decrease administrative complexity and the risk of Code breaches due to human error.

As the Code is intended to be a 'living document' this guide will be updated to reflect changes to the Code, community expectations or industry best practices. NIBA will make every effort to ensure subscribers receive updated copies of this guide as they are published however NIBA encourages subscribers to confirm they have the latest version by visiting the NIBA website.

If Subscribers have questions about the Code or any of the suggestions raised in this implementation guide they may contact NIBA at [info@niba.com.au](mailto:info@niba.com.au) for assistance.

## A note on personal and general advice

While the Code applies additional obligations to Subscribers, no part of the Code or this implementation guide is intended to force Subscribers who provide advice under a general advice model to provide personal advice.

When complying with Code obligations that require Subscribers to collect additional information from their clients, Subscribers must ensure that they only collect information necessary to satisfy the obligation and communicate to the client why they are collecting the information so that there can be no misconceptions as to whether or not their personal circumstances have been considered.

# Record Keeping

Although the Code does not contain record-keeping obligations, other obligations such as those relating to disclosure, explaining advice and client consent will make keeping detailed and accurate client records even more important.

Subscribers should ensure that their records and the records of their agents accurately reflect client conversations and any actions taken on their behalf. Subscribers may wish to develop materials for use during client conversations to ensure all required details are captured in a uniform manner.

## Client record audit

Subscribers may find it beneficial to conduct regular audits of client files, especially as brokers adjust their ways of working to comply with the new Code obligations.

Client files should be reviewed to ensure they accurately reflect interactions with the client including any phone calls, emails etc.

# Who the Code applies to

## Section 2.1

The Code applies to all NIBA members and their representatives. This includes, but is not limited to, employees who are currently and/or yet to complete their broking qualifications and authorised representatives where the AFSL holder is a Code Subscriber.

Both existing and new authorised representatives must be made aware of their obligations under the Code as the AFSL holder will be liable for any breach of the Code by an authorised representative.

Non-members may voluntarily subscribe to the Code by contacting [info@niba.com.au](mailto:info@niba.com.au). Once subscribed, non-members will be fully bound by the Code including any sanctions that may be imposed by the Insurance Broking Code Compliance Committee or the NIBA Board.

# When does the Code commence?

## Section 2.2

Given the significant updates made to the Code, the Code allows for an eight (8) month transition period, ending 31 October 2022. All NIBA members and existing Code Subscribers must adopt the Code by 1 November 2022 except for the remuneration disclosure obligations outlined in section 6.1 which come into effect on 1 November 2023.

All Subscribers and their representatives must receive training on the new Code during this period. The Code does not set a minimum number of hours that must be dedicated to Code training. Rather, it is a matter for individual Subscribers to satisfy themselves that their staff and representatives have received sufficient training to understand their obligations under the Code.

Subscribers with authorised representatives will be responsible for ensuring that their representatives have formally adopted the Code by the implementation date.

Members who fail to formally adopt the Code by the implementation date may have their NIBA membership privileges suspended until such time as the formal adoption process has been completed.

# What the Code applies to

## Section 2.3

The Code applies to **all** services and activities a Subscriber engages in when arranging or advising on general insurance and other related products **on behalf of a client**. These are called '**Covered Services**'.

The Code also applies to services and products provided on a stand-alone basis including claims handling, premium funding arrangements, alternative risk transfer solutions and risk management.

For clarity, section 2.3 applies regardless of whether the advice is provided to a retail or wholesale client except where explicitly exempted.

Certain activities are not covered by the Code. These include where a Code Subscriber is arranging or advising on:

- Insurance, reinsurance or alternative risk transfer solutions for an insurer or reinsurer;
- Health insurance products issued by a private health insurer;
- Life insurance products issued by a life insurer; and
- Services provided to an insurer or another organisation and paid for by the insurer or another organisation (Excluded Services).

## What are Excluded Services?

Excluded services are services provided to an insurer or other organisation and paid for by the insurer or other organisation including;

- access to broker-owned and operated technology;
- access to broker-owned intellectual property, including broker insurance wordings;
- consulting services;
- data and analytic services;
- risk control and engineering services;
- product development services;
- binder and cover holder activities outside arranging or advising on general insurance products for insured clients.

# Code Principles

## Section 3.1

The Code is based on three guiding principles:

- 1. Professional commitment,**
- 2. Ethical behaviour, and**
- 3. Transparency and accountability.**

Subscribers should review their existing processes and policies to ensure they meet these principles, including identifying any areas where changes can be made to further demonstrate these principles to clients.

Subscribers should consider how these principles can be further embedded into their organisational culture.

Actions or conduct that breach these guiding principles will be considered a breach of the Code even if no other provisions have been breached.

# Professional Commitment

i) 'We will ensure we and our staff maintain and improve our competency through relevant qualifications, continued education, and training.'

## Putting this into practice

Subscribers should ensure that all staff and representatives are provided with resources to promote ongoing education and training. This may include:

- study leave;
- formal mentorships;
- informal learning opportunities;
- sponsoring staff to complete further education e.g., Diploma of Insurance Broking;
- providing access to learning platforms such as LinkedIn Learning; or
- providing access to relevant books, journals and articles either online or in hard copy.

Subscribers should ensure that all staff have a formal learning and development plan in place that takes into consideration the individual goals of both the employee and the organisation. This plan should be agreed to with the employee and time set aside regularly to enable employees to work towards their individual learning and development goals.

Areas for development that Subscribers and their employees may wish to focus on include;

- Technical Competence;
- Client Care and Practice;
- Regulatory Compliance; and
- Professionalism and Ethics.

Employee education and training records should be kept for a minimum of seven (7) years and be made available to the Insurance Brokers Code Compliance Committee upon request. Subscribers with authorised representatives should ensure that their representatives do the same.

ii) 'We will promote and uphold the ethical standards of this profession, including promoting the Code and the Code Principles within and outside our organisations.'

The Code promotes open, fair, honest and timely dealings with consumers. Ensuring that clients know about the Code and the standards it sets is a way to demonstrate upfront that you are committed to creating professional relationships built on trust.

## Putting this into practice

Subscribers should ensure that all staff receive training on the Code of Practice every twelve months.

Subscribers should ensure they have robust reporting mechanisms in place within their organisation to encourage and enable staff to report Code breaches.

Existing policies and procedures should be regularly evaluated against the Code principles.

Subscribers should promote the Code to new and existing clients. This includes including a link to the Code in the Subscribers Terms of Engagement/ Financial Services Guide, making a copy of the Code available on the Subscribers website and talking to Clients about the benefits the Code provides.

# Transparency and Accountability

i) 'We will communicate with clients and prospective clients in a clear and timely manner.'

## Putting this into practice

Subscribers should implement timeframes for responding to client communications. These timeframes should be communicated to clients by brokers. For example, clients who email their broker may receive an auto-response email, advising them of when they can expect a response. Subscribers should regularly review client communications to ensure these timeframes are met.

Subscribers should review client-facing documents such as company web pages and Financial Services Guides and other disclosure and advice documents to ensure they are relevant and easy to understand. Subscribers should take steps to ensure clients have understood the information that has been provided to them. Subscribers should keep notes detailing what steps were taken e.g., asking the client if they have any questions about the information that has been provided.

Where appropriate, Subscribers may wish to explain complex information to clients rather than relying on disclosure through the form of a Financial Services Guide and/or Product Disclosure Statement.

iii) 'We will assist regulators, the Insurance Brokers Code Compliance Committee, and external dispute resolution schemes (such as the Australian Financial Complaints Authority) to the best of our ability.'

## Putting this into practice

Subscribers should respond to all inquiries from the Australian Securities and Investments Commission (ASIC), Australian Financial Complaints Authority (AFCA) and the Insurance Brokers Code Compliance Committee (IBCCC) in a timely manner and if requested provide any necessary documentation.

Subscribers should ensure that all Annual Compliance Statements (ACS) are completed in full and provided to the IBCCC by the due date.

iv) 'We will hold each other accountable for the promotion and implementation of the Code, and for observing Code obligations.'

## Putting this into practice

Unlike previous versions of the Code, **anyone** can report a suspected breach of the Code to the IBCCC.

Subscribers to the Code have a duty to report members they suspect have breached their Code obligations. If a Subscriber believes that another broker has breached the Code, they should refer the matter to the IBCCC for investigation.

It is important to note that the IBCCC can only respond to complaints about a breach of the Code and **cannot** decide matters relating to the payment of commission or inter-broker disputes. Issues relating to breaches of the NIBA Constitution should continue to be raised through existing channels.

# Reporting a breach of the Code by another Subscriber

To report an alleged breach of the Code by another subscriber, subscribers should contact the IBCCC. Where available, the following information must be provided to the Committee before they can begin their investigation:

- Your contact details;
- If you are lodging the concern on behalf of someone else;
- Name of the broker or firm you suspect has breached the Code;
- When the event(s) occurred;
- When you first became concerned about an alleged Code breach;
- Description of your concern; and
- Supporting documentation.

**Question:** While reviewing a new clients' existing insurance arrangements I notice that they have been on the same policy for seven years despite the policy no longer being suitable for their needs. The client says that the broker never discussed alternatives and simply renewed the cover and invoiced them every year. What should I do?

**Answer:** If you identify a Code breach by another Subscriber, you have an obligation to report the breach to the Code Compliance Committee. Reports should be made to the Committee directly; under no circumstances should you raise the issue with the broker involved.

# Explaining your role

## Section 4.1

Before agreeing to act for a prospective client, Subscribers must tell the client;

- I. what services they are authorised to provide, including any limits on the insurance products they can arrange;
  - II. who they are acting for when responding to questions from a prospective client;
  - III. that they are bound by the Code and provide a copy upon request; and
  - IV. if they cannot advise them or act on their behalf due to a conflict of interest that cannot be managed.
- The Subscriber must immediately notify the client upon identifying the conflict.

## Putting this into practice

While best practice, would be to provide this information in writing to the Client, either in the Financial Services Guide, a separate document or in an email to the Client (depending on the communication method), this information may also be provided verbally in the event of a client requiring immediate cover. If this information is provided verbally, brokers should note this in their client records and the reason why.

Subscribers only need to provide this information once, at the inception of the relationship and not at each renewal unless there is a material change to any of the above that impacts or could reasonably be expected to impact the client.

Subscribers may wish to develop a “before we get started” fact sheet that can be provided to clients, that sets out this information as well as important information applicable to the relevant businesses.

# Terms of Engagement

## Section 4.2

Once a prospective Client agrees to engage the Subscribers services, they must be provided with a document setting out the terms of engagement before the subscriber can begin to act on their behalf. Where immediate action is required by the Subscriber, this document will be provided as soon as reasonably practicable.

Terms of Engagement can be a useful tool for both clients and brokers, as it clearly sets out what the broker will and will not do and removes any uncertainties around what the client can expect.

## Putting this into practice

NIBA has developed a Terms of Engagement template that Subscribers can customise to better reflect the services their businesses provide. This template has been included in an updated Letter of Appointment and as a stand-alone document.

Subscribers may continue to use the Letter of Appointment for all new clients however, where a Terms of Engagement is provided to an existing client, Subscribers should use the stand-alone Terms of Engagement template.

Subscribers who currently provide a Terms of Business Agreement or similar document to their clients may wish to include the areas covered by the Terms of Engagement in their existing documentation to limit the number of documents provided to their clients.

The Code **does not** require the Terms of Engagement to be signed by the client.

The remuneration disclosure requirements within the Terms of Engagement are not to be confused with those in Section 6. For the purposes of meeting this obligation Subscribers need to state how they will be remunerated, e.g. commission, fee-for-service, or a combination of both and within what range, similar to the current remuneration disclosure obligations for general advice provided to Retail Clients.

For example; "In return for the services we provide to you we will receive a commission usually between 5 and 30 per cent of the premium paid (excluding relevant taxes, charges and levies) which is paid to us by the insurer".

When explaining how you intend to seek quotes from the market, Subscribers must advise clients whether they intend to approach only a small segment of the market, or whether they only provide access to one product in that area.

For example: "We work with up to 12 insurers and underwriters to find the right insurance product for you" or "We have arrangements with a limited number of insurers and underwriters. When providing you with our recommendation we will only recommend products from these insurers and will not seek quotes from the broader general insurance market."

# Communicating with clients

## Section 5.1

The Code includes requirements to communicate with clients using clear and concise language, subject to regulatory disclosure requirements. Additionally, Subscribers are also required to take steps to ensure their clients have understood the advice that has been provided to them. This obligation does not apply where Subscribers have provided general advice in generic advertising materials.

### Putting this into practice

There is no universal definition of plain language. Instead, Subscribers should ensure that documents are written in a way that allows clients to find, understand and use the information they need from one reading. Documents should be written for and with the end client in mind and where possible avoid the use of industry jargon.

Subscribers should not rely on the provision of a Financial Services Guide as the sole means of disclosure. Rather, Subscribers should take the time to sit with their clients and take them through the advice, they have provided including costs, key risks and benefits associated with the product. (See note on General and Personal advice on pg 2.)

At the end of this discussion, Subscribers should confirm with their clients whether the client has understood the information they have provided and whether they have any questions before proceeding.

**Question:** To promote the services I provide, I produce advertising materials including radio ads, email newsletters and flyers, these materials commonly contain general advice. How can I comply with my obligation to take steps to ensure clients have understood the advice I have provided when I do not have contact with the client?

**Answer:** Where general advice is provided in generic advertising materials, Subscribers are not required to comply with section 5.2 b) of the Code. Other obligations such as the obligation to communicate using clear and concise language, and the obligation to act in accordance with the Code Principles still apply.

# Disclosing who we act for

## Section 5.3

Subscribers must clearly tell clients if they are acting as an agent of the insurer (including under a binder) or if they are using another insurance broker to assist in the arranging of insurance (commonly called a wholesale broker) and explain their role.

### Putting this into practice

Disclosure should not only occur during the placement of cover. Subscribers should remind clients that they are acting as an agent of an insurer, whenever the Subscriber is providing advice. This may include when answering questions about a particular product or in the event of a claim.

# Disclosing conflicts of interest

## Section 5.3d

Where a conflict of interest is identified Subscribers must contact clients in a timely manner and work with them to manage the conflict in their best interests in accordance with relevant law. Subscribers may only continue to act on behalf of the client with their consent.

## Putting this into practice

Where a conflict is currently managed with disclosure, Subscribers will be required to gain the consent of the Client prior to renewing the policy. Subscribers may wish to contact the client prior to the renewal date to gain consent to avoid any delays to the renewal process.

Importantly, Clients are only able to consent to the conflict that has been disclosed to them and are not able to give blanket consent to all conflicts for the life of the relationship with the Subscriber. Therefore, if the Client is moved to a different policy with a different conflict consent will need to be obtained in relation to that specific conflict.

# Disclosing remuneration

## Section 6

Broker remuneration is one of the key areas where clients may perceive conflicts. The Code introduces new obligations that significantly increase the disclosure of remuneration in pursuit of a more transparent relationship between brokers and their clients.

Under the Code, Subscribers are obligated to disclose all remuneration and other benefits they receive or expect to receive as a result of providing Covered Services to Retail Clients regardless of whether the services are provided under a general or personal advice model.

## Putting this into practice

Subscribers may wish to consider offering clients a fee-based alternative to commissions. Fee-based arrangements may be preferable to some clients and reduce any perceptions of conflicts of interest.

No matter which remuneration model is provided, e.g., fees or commission, disclosure of remuneration should be clear, concise and easily accessible.

# Commission in premiums

## Section 6.1

When providing advice to Retail Clients Subscribers must disclose the total amount of commission they will receive or expect to receive to clients regardless of whether they are operating under a general or personal advice model.

## Putting this into practice

Subscribers must disclose the total amount (in dollars) of commission they expect to receive from the insurer. This information should be provided to Clients at the same time as the advice. If the amount is not known at the time of the provision of advice an estimate needs to be provided and the actual amount must be disclosed to the client as soon as reasonably practicable.

It is important to note that this must be provided at the same time that the advice/quotation is provided and, in the same format i.e. verbal, in writing etc. Where this information is provided in writing the Code does not stipulate a prescribed form for disclosure.

**Question:** Do I have to disclose remuneration where I have provided general advice recommending a class or type of product (but not a specific product) and have no idea of the likely premium e.g where we have given general advice regarding the suitability of comprehensive v third-party motor vehicle insurance?

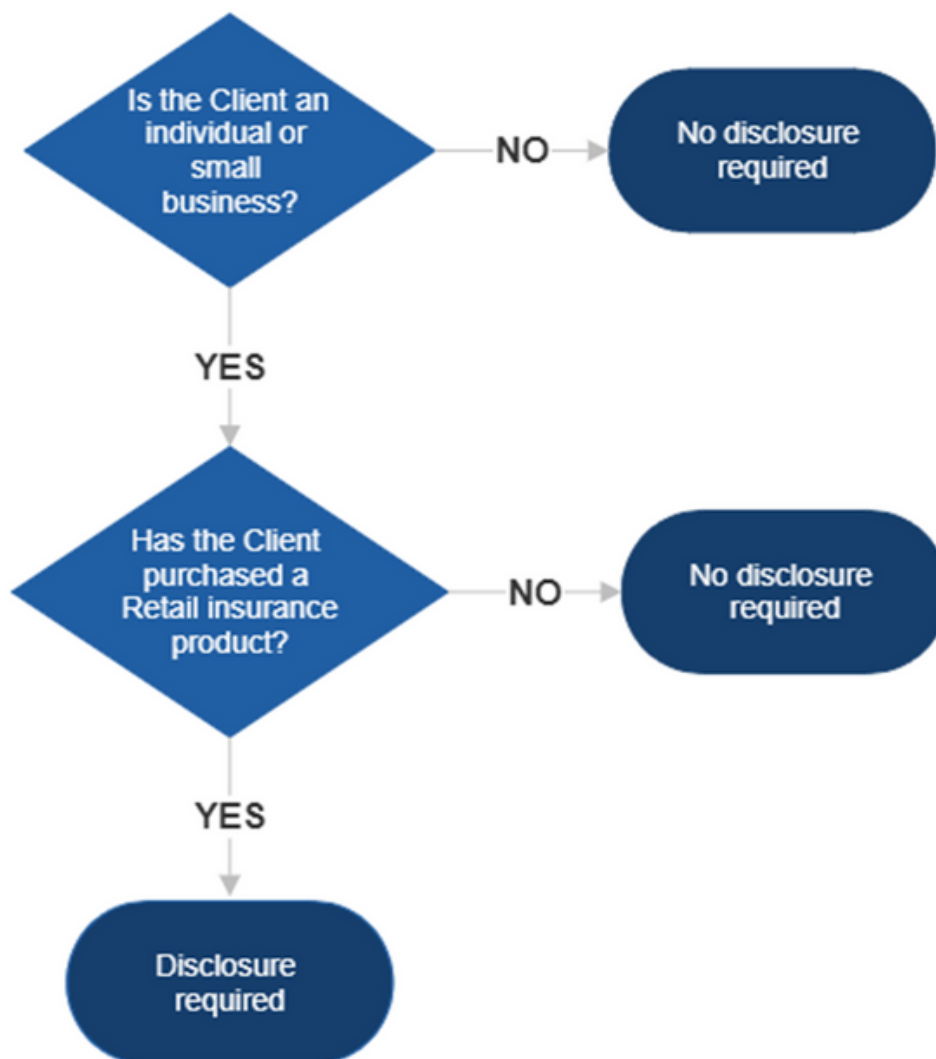
**Answer:** Section 6.1 does not apply where there is no reasonable expectation that the broker will receive commission, ie where advice is provided about a class of product. If follow up advice is provided where a product is recommended, the broker would then be required to disclose any remuneration they will or expect to receive.

## When to disclose

The Code requires Subscribers to disclose remuneration to Retail Clients as defined in the Corporations Act. To meet this definition the client must satisfy two criteria;

1. the Client must be an individual or small business (less than 20 employees, or less than 100 employees if a manufacturer), and
2. the Client must purchase a prescribed retail product. Prescribed retail products are set out in the Corporations Act and include;
  - Motor vehicle insurance
  - Travel insurance
  - Home insurance
  - Sickness and accident insurance
  - Consumer credit insurance
  - Personal and domestic property insurance
  - Medical indemnity insurance
  - Any other kind of insurance prescribed in the regulations.

## When to disclose



## Wholesale products with retail type cover

Many insurance policies products contain a combination of both Retail and Wholesale type covers for example, a business pack policy that also includes cover for loss/theft of personal effects. In this example, although the product includes a retail-type cover the product is still considered to be a wholesale product and therefore the remuneration disclosure obligations outlined in section 6.1 do not apply.

**Question:** What about mixed-use Strata policies?

**Answer:** Mixed-use strata insurance products are not retail products as defined by the Corporations Act and are exempt from the remuneration disclosure obligations.

# Contingent remuneration

## Section 6.2

When acting on the client's behalf, Subscribers **are not permitted** to receive any form of contingent or preferential remuneration including, volume-based commissions, profit share arrangements or overrides from an insurer unless acting under a binder arrangement.

### Putting this into practice

Subscribers must review any existing arrangements they have with insurers and premium funders to ensure that these types of remuneration are phased out prior to the Code coming into effect on 1 November 2022.

## What is preferential remuneration?

Preferential remuneration is remuneration or other benefits paid by an insurer or other organisation to incentivise preferential treatment over others, for example by securing preferential positions on broking platforms. Compensation for preferential treatment may include various incentives, bonuses, or rewards that are not directly tied to specific policy placements or renewals. Differences in rates of commission paid to brokers by insurers and others are not considered to be preferential remuneration.

# Non-monetary Remuneration

## Section 6.3

Subscribers are permitted to receive non-monetary remuneration under the Code; however, any non-monetary remuneration arrangements must be subjected to the conflicted remuneration test. That is, Subscribers must not accept non-monetary remuneration where doing so could reasonably be expected to influence the advice they provide

## What is non-monetary remuneration?

Non-monetary remuneration is anything provided to brokers by insurers or underwriters that is not commission but does have a monetary value. For example:

- access to technology platforms and IT support;
- education and training;
- membership services provided by insurance broker networks;
- event sponsorship; and
- marketing assistance.

## Putting this into practice

If a Subscriber receives non-monetary remuneration from insurers, underwriters or other third parties this should be disclosed to the Client. Given that the value of this type of remuneration is not always known by the Subscriber a general statement notifying clients that the broker may receive non-monetary remuneration from insurers/ underwriters would likely be sufficient. This information should be included in the disclosure of commission.

For example: "During the course of our business we may receive non-monetary remuneration from insurers, underwriters or other third parties. This may include but is not limited to; access to technology platforms and I.T support, education and training, event sponsorship, and marketing assistance. We will not accept any non-monetary remuneration where doing so could reasonably be expected to influence the advice we provide to you."

# Acting under a claims authority

## Section 7.1g

Where Subscribers act under a claims authority from the insurer, which is relevant to the client's claim, and exercising that claims authority may be a conflict of interest, Subscribers must contact the client in a timely manner, engage with them, and take reasonable steps to ensure that the claim is managed in their best interests in accordance with relevant law.

## Putting this into practice

While claims authorities can provide a number of benefits to clients they may also be perceived as a conflict of interest, especially when the client believes they are entitled to more under their policy.

If the Subscriber and the client disagree as to the value of the claim or the client believes the Subscribers' claims handling authority has resulted in a conflict of interest, the Subscriber must refer the claim to the insurer rather than settle the claim under their claims handling authority.

# Policy Renewal

## Section 7.2

We will contact you well before and at least fourteen (14) days prior to your insurance cover expiry date to engage with you on next steps to be taken prior to the expiry of your policy in accordance with our terms of engagement.

## Putting this into practice

Subscribers must contact clients at least fourteen days prior to the expiry of cover to discuss the expiry of the policy and where applicable any steps that need to be taken prior to renewal. Subscribers must contact clients regardless of whether they have received the terms of renewal from the insurer or not. What steps need to be taken will depend on a number of factors including the type of insurance and whether the Subscriber is operating under a general or personal advice model.

Subscribers may contact clients via email, phone call or another contact method the Subscriber deems suitable. Subscribers should keep a record of all attempts to contact the client in the event that the client cannot be reached. This may include email read receipts, times and dates of phone calls or confirmation of delivery through registered mail.

Where clients purchase insurance directly via the Subscribers website or other platforms, a reminder email may be sent to Clients advising them that their policy is due to expire and setting out the current terms of their cover. It should also ask the Client to:

- i) review their needs;
- ii) consider whether their circumstances remain the same or have changed; and
- iii) notify the Subscriber of any change in circumstances.

# Promoting the Code

## Section 8.2

i) Subscribers to the Code must only allow their employees, agents, and representatives to provide services that match their expertise, skills and experience.

## Putting this into practice

Subscribers should review their employee education and training records to confirm that all staff are operating in areas that match their abilities. When determining whether a staff member has the necessary expertise, skills and experience Subscribers may wish to consider; professional qualifications, completion of internal or external training programs, any complaints against the staff member and the length and nature of their experience within the broking industry.

While NIBA advocates for increasing broker standards of education in the form of a Diploma of Insurance Broking, the Code does not increase the minimum education standards as required by ASIC RG146.

v) At least annually review the extent to which employees, agents and representatives are complying with the Code and take reasonable steps to improve compliance within our organisation, where appropriate.

## Putting this into practice

Complaint and breach report data is a valuable tool when reviewing compliance with the Code. While Subscribers should take additional steps to ensure that their agents, representatives and staff are complying with the Code, reviewing this data on an annual basis can help Subscribers to identify systemic issues and areas where staff/representatives may require additional training or where internal procedures are resulting in less-than-ideal outcomes.

It should be noted that this obligation requires that the Subscriber conduct the review/audit, as such simply requiring staff, representatives, and agents to confirm that they are complying with the Code would not be sufficient to meet this requirement.

# Complaints

## Section 9

### What is a complaint?

A complaint is an expression of dissatisfaction made to or about an organisation, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required. Complaints can be made in many forms, so it is important that all staff are empowered to recognise and respond to complaints as soon as they arise.

A complainant does not need to expressly state the word 'complaint' or 'dispute,' or put their complaint in writing, to trigger a subscribers' obligation to deal with a matter in line with their internal dispute resolution process and Code requirements.

Further to this, an expression of dissatisfaction that meets the definition of 'complaint' must not be categorised as 'feedback,' an 'inquiry,' a 'comment' or similar (and therefore not to be dealt with in line with Subscribers internal dispute resolution obligations) merely because:

- a) the complainant expresses their dissatisfaction verbally;
- b) the firm considers that the matter does not have merit; or
- c) a goodwill payment is made to the complainant to resolve the matter without any admission of error.

### Putting this into practice

Subscribers should have a documented internal dispute resolution process that is readily available to all staff. All staff, including front office staff, should receive regular training on recognising and responding to complaints.

Subscribers should provide regular ongoing training to staff who handle complaints. Topics may include:

- the firm's internal dispute resolution policy and process, including roles, responsibilities, authority, and escalation points;
- the requirements of this guide;
- financial services consumer protection laws, AFCA position statements and industry codes of practice;
- the firm's products and services;
- how to identify and help complainants who need additional assistance;
- dealing with unreasonable complainant conduct;
- effective communication and negotiation techniques;
- effective written communications;
- complaint data capture and internal reporting;
- issues identification and analysis; and
- identifying and escalating possible systemic issues.

Subscribers should ensure they provide complaint management staff with adequate resources, leadership, and authority to deliver an effective internal dispute resolution process. What is adequate will be dependent on the nature and volume of complaints received.

This may include;

- scripts, FAQs, checklists, sample letters and templates,
- specialist support materials,
- complaint management IT systems, and
- financial resources.

# Making a complaint

## Section 9.1

Subscribers must provide clients and prospective clients with information on their internal dispute resolution process as well as how their complaint can be escalated to AFCA.

### Putting this into practice

Subscribers should ensure that information on their internal dispute resolution processes, including how to make a complaint is published in multiple formats. This may include:

- On the Subscribers website;
- Links to the Subscribers' internal dispute resolution policy in client correspondence; or
- Client facing flyers.

Where possible, Subscribers should include information in multiple languages and provide information about interpreting and translation services.

Subscribers should ensure that information on how to make a complaint is readily accessible on their home page. Subscribers may also wish to publish their complaint handling service commitments and policy on their website. Subscribers must ensure that this information is accurate and reflect the recent changes to ASIC RG271.

# Handling complaints

## Section 9.2

Complaints should be handled by someone with the appropriate authority, knowledge, and experience. Wherever possible, the person whose conduct is the subject of the complaint should not handle the complaint.

### Putting this into practice

Subscribers should have at least one staff member responsible for handling complaints. This staff member should have received appropriate training to enable them to fulfil their role.

Where possible, Subscribers should aim for end-to-end complaint handling by a single staff member, whilst retaining flexibility for more complex complaints to be escalated where necessary. This may include authorising complaint-handlers to take actions on behalf of the company up to and within certain limits.

An effective complaint triage system means simple complaints are resolved quickly- freeing up resources for the more thorough investigation of complex complaints. For example, complaints can be resolved through an acknowledgement, or an apology should be handled by the person who received the complaint if they are not the subject of the complaint.

All complaints no matter how quickly they are resolved must be recorded on the Subscribers complaint management system and reported to the IBCCC as part of the Annual Compliance Statement.

# Supporting clients experiencing vulnerability

## Section 10

### What makes a client vulnerable?

Vulnerable clients are clients who as a result of socio-demographic characteristics, behavioural characteristics, personal situation, or market environment are especially susceptible to loss or harm. While vulnerable clients are typically identified as specific groups of people **anyone** can experience vulnerability at any stage in their life.

There are a wide variety of reasons a person may be experiencing vulnerability including:

- low literacy, numeracy, technological or financial capability skills
- disability
- severe or long-term illness (including mental health illness)
- financial distress, low income and/or high levels of debt
- change in circumstances e.g., job loss, divorce etc
- experiencing family or domestic violence
- culturally and linguistically diverse background
- age
- remote location
- natural disaster
- Aboriginal or Torres Strait Islander status

A client may tell you directly they are experiencing vulnerability, or their language, behaviour or circumstances may help you recognise that they need assistance.

# Supporting vulnerable clients

## Section 10.2

The Code includes new obligations to have processes in place to identify and support vulnerable clients.

### Putting this into practice

Subscribers should implement internal policies setting out how staff are to respond if they identify, or a client informs them that they are experiencing vulnerability. This policy should address the following areas;

- what support/ accommodations subscribers can provide to clients experiencing vulnerability. For example, offering clients a variety of contact methods, allowing for an authorised third party (friend or family member) to support the client etc,
- referring clients to specialist support services,
- how and for what purposes information regarding the clients' vulnerability will be used,
- ensuring collections arrangements are handled sensitively,
- minimising the need for repeat disclosure, and
- protecting client information in the event of family or domestic violence.

Disclosure of vulnerability or identification of vulnerability by a broker should automatically trigger the subscriber's vulnerable client policy. Where possible, clients should not have to provide supporting documentation to prove that they are experiencing vulnerability.

All client-facing staff should receive training on how to identify vulnerable clients as well as appropriate steps to take if a client informs them that they are experiencing vulnerability.

Subscribers may wish to utilise the **TEXAS framework** when responding to a client who has informed them that they are experiencing vulnerability. However, it may not be appropriate in all scenarios. Subscribers should ensure that their staff have a number of tools in their toolkit to help them identify, support, and respond to vulnerable clients.

**Thank** them what they have told you may be useful for both all involved e.g., "Thank you for telling me, as it will help us deal with your account better."

**Explain** how their information will be used. This includes why the information is being collected, how it will be used to help decision-making, and who the data will be shared with/disclosed.

**eXplicit** consent Ask the individual for their permission to use their information in this way.

**Ask** three key questions that will help you better understand the client's situation.

**Signpost** to internal or external help (where appropriate). At this point, staff and organisations may need to refer the individual to a specialist team/staff member in their organisation or consider external signposting to an organisation that is better equipped to support the client.

For more information on Identifying and Supporting Vulnerable Guidance, see the 'Identifying and Supporting Vulnerable Clients Guide' on the NIBA website.

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## **National Insurance Brokers Association (NIBA)**

NIBA sets out to develop and promote high standards of professional practice for insurance brokers in Australia.

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