

AFCA's general insurance jurisdiction – Floods & Storm

Dion Newburn

Senior Manager - Insurance

AFCA – key take away points

We are an
alternative to
Court

Our decision making
is based on principles
of fairness

We are a free service
to individuals and
small businesses

Our decisions are
binding on
financial firms

We are independent
– we don't take
sides

AFCA is a national
service

We deal with disputes
involving financial
products and services

We cater to
vulnerable
consumers by
being flexible

We will help
everyone to reach a
fair resolution as
quickly as possible



Complaints, referrals and compensation

Impact of financial counsellors in the last financial year

544 complaints lodged by financial counsellors

1,610 complaints referred to AFCA by financial counsellors

\$2,714,517.59 in compensation and refunds obtained through AFCA

- > 82% of these complaints are now closed (446)
- > 41% of complaints were closed at Registration & Referral Stage
- > 97% of complaints closed at Registration & Referral Stage were resolved by the financial firm
- > 91% of complaints related to credit products
- > Top three credit products: personal loans, home loans, credit cards
- > 48% of complaints relate to financial difficulty (non-business)

Townsville Flood & Storm complaints

- > **52** resolved at Registration (early stage)
- > **45** resolved by case worker (without need for a decision)
- > **32** resolved by preliminary view provided by case workers
- > **73** resolved by final decision
- > **4** closed as outside AFCA rules
- > **16** remain open, including new complaints in lodged late May 2021

222 complaints received

As at 16 June 2021
more than **90%** have been
closed

When to contact AFCA

If you are...

- > unable to contact your client's insurer; or
- > unsatisfied with their response

If your client is unhappy with...

- > the outcome of their claim
- > delays with the claim
- > the proposed settlement; or
- > the service they have received



AFCA's urgent criteria

- > Basic living requirements
- > Serious health issues, including physical and mental health conditions
- > Financial hardship
- > Family violence
- > Vulnerable dependents
- > Violent or threatening behaviour, including threats of self harm.



Claims limits and compensation caps

Type of claim	Old FOS limits	AFCA limits
Most non-superannuation disputes	Monetary limit \$500,000	Monetary limit \$1.085 million
	Compensation cap \$323,500	Compensation cap \$542,500
Dispute about a Small business credit facility	Facility limit \$2 million	Facility limit \$5.425 million
	Compensation cap \$323,500	Compensation cap \$1 million
Dispute about a small business credit facility to primary production business (e.g. agriculture, forestry and fishery businesses)	Facility limit \$2 million	Facility limit \$5.425 million
	Compensation cap \$323,500	Compensation cap \$2.170 million
Dispute about whether a guarantee should be set aside where it has been supported by a mortgage or other security over the guarantor's primary place of residence	Monetary limit \$500,000	No monetary limit
	Facility limit for small business \$2 million	Facility limit for small business \$5.425 million
	Compensation cap \$323,500	No compensation cap
Insurance stream product disputes	Compensation cap \$8,700 per month	Compensation cap \$14,500 per month
Uninsured third party motor vehicle claims	Compensation cap \$5,000	Compensation cap \$16,300
General insurance broker disputes	Compensation cap \$174,000	Compensation cap \$271,000

Case study 1 – No policy

- > June called her insurer following a storm to report extensive damage to the roof
- > The insurer advised the most recent monthly premium had not been paid and had been outstanding for 19 days and they may not cover the claim.
- > June contacted AFCA to report she had no policy.
- > It was reported that she was very stressed by the situation.
- > June outlined the reason the premium was not paid was because her employer had overlooked paying her wages.

As a financial counsellor, what would you do?

Case study 2 – Flood or storm water?

- > Belinda's home suffered extensive damage from water inundation.
- > The insurer declined the claim on the basis the loss was caused by flood water from the nearby river and Belinda's policy did not cover flood.
- > Belinda received a copy of the hydrologist's report and disagreed with some of the expert's conclusions as water was covering her floor 30 minutes before the river broke its banks.
- > Belinda's neighbours also reported water inundation in their homes before the river broke its banks.

As a financial counsellor, what would you do?

More information

AFCA contact details

- > Website: www.afca.org.au
- > Email: info@afca.org.au
- > Telephone: 1800 931 678
- > Address: GPO Box 3, Melbourne VIC 3001



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