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Friday 13 February

RE: CGC 2026-27 Monitoring and Compliance Priorities Consultation

Financial Counselling Australia (FCA) welcomes the opportunity to provide a submission to the General Insurance Code Governance Committee (CGC) in response to the Priorities Consultation 2026–27.

Financial counsellors provide free, independent and confidential services to people experiencing financial hardship. The insights in this submission reflect direct client experiences and systemic patterns observed throughout 2025.

2025-26 Code Monitoring Priorities

The CGC's monitoring and enforcement role is critical to ensuring that insurers meet their obligations under the General Insurance Code of Practice (the Code), particularly for consumers experiencing vulnerability, financial hardship, or disaster-related trauma.

While the CGC's 2025–26 priorities appropriately focused on complaints handling, pricing transparency, and the identification and treatment of vulnerable consumers, financial counsellors continue to observe persistent and, in some cases, worsening issues in these areas. Disasters and extreme weather events remain a significant driver of vulnerability, compounding existing disadvantage and exposing systemic weaknesses in insurer practices. We have included a number of case studies in Appendix 1 to illustrate these issues. The areas of concern identified are not isolated incidents. Rather, customers frequently encounter multiple, compounding barriers to effective and timely engagement with their insurer, raising concerns about compliance with the General Insurance Code of Practice.

This submission outlines priority issues that warrant continued or increased CGC focus in 2026–27, aligned with the CGC's harms-based, outcomes-focused enforcement approach.

FCA also notes and supports the issues identified in the submission provided by FCVic.

Key Priority Issues for 2026-27

1. Identification and Treatment of Vulnerable Consumers

Issue observed

Financial counsellors continue to report poor identification of vulnerability by insurers, particularly in disaster contexts. Vulnerability indicators such as trauma, disability, chronic illness, age, limited literacy, cultural factors, and financial hardship are frequently overlooked or inadequately responded to. Disasters themselves are not consistently recognised by insurers as an automatic indicator of vulnerability.

Call centre and claims handling staff are often insufficiently trained in trauma-informed practice, resulting in interactions that exacerbate distress. Clients are frequently required to repeat traumatic experiences to multiple staff members due to a lack of continuity or a single point of contact.

Detriment and challenges

- Increased psychological distress and retraumatisation
- Delays in claims handling and access to support
- Poor decision-making by clients under stress
- Disproportionate harm to First Nations people, people with disability, older people, and those on low or fixed incomes.

What the CGC should do

- Prioritise enforcement of Part 9 of the Code, including sections 96–100
- Treat disaster impact as a clear vulnerability indicator requiring proactive support
- Require evidence of trauma-informed communication training for claims and complaints staff

Where the CGC can add value

- Targeted reviews of insurer vulnerability frameworks
- Guidance clarifying expectations for identifying and responding to disaster-related vulnerability
- Monitoring outcomes for vulnerable consumers, not just process compliance.

2. Acceptance of Authorised Representatives and Third Party Authorities

Issue observed

Just over 60% of insurance issues raised via FCA's Insights Tool, related to the (non) acceptance of Authorised Representatives and Third-Party Authorities. Financial counsellors continue to experience persistent refusal or obstruction by insurers when attempting to act as authorised representatives, despite valid Third-Party Authority (TPA) forms being provided. Practices include:

- Requiring clients to reconfirm authority multiple times
- Rejecting TPAs on technical or procedural grounds
- Continuing to contact clients directly despite authority being in place

Detriment and challenges

- Significant delays in claim progression
- Increased stress and harm to vulnerable clients
- Barriers to effective advocacy and support.

What the CGC should do

- Maintain this issue as a core compliance priority
- Take decisive enforcement action where breaches are identified

Where the CGC can add value

- Clear compliance guidance on acceptance of authorised representatives
- Comparative monitoring across insurers to identify systemic non-compliance.

3. Cash Settlements and Claims Handling Delays

Issue observed

Claims handling delays and inappropriate cash settlement offers, along with pressure from insurers for consumers to accept cash settlements that are insufficient to rebuild or repair, particularly where delays have eroded trust or financial resilience remain common concerns. One financial counselling agency was sufficiently concerned with the pressure by insurers to accept cash settlements, the matter was raised with ASIC.

Detriment and challenges

- Prolonged displacement and financial hardship
- Poor-quality repairs or inability to rebuild
- Increased complaints and escalation to AFCA.

What the CGC should do

- Continue targeted reviews and health checks in this area
- Monitor whether speed is prioritised over quality and fairness.

4. Temporary Accommodation and Displacement

Issue observed

Temporary accommodation remains a critical and unresolved issue particularly for disaster-affected consumers. Insurers frequently default to short-term solutions such as private rentals, hotels, or living-away-from-home allowances without considering long-term rebuild timelines, regional housing shortages, or individual needs. Financial counsellors supporting total loss claimants from the current Victorian Bushfire disaster are reporting these issues now, and further note Insurers are not providing all temporary accommodation options to their customers.

Clients are often not informed that the cost of temporary accommodation may be deducted from their total sum insured, resulting in funds being exhausted well before rebuilding is possible.

Detriment and challenges

- Risk of homelessness once temporary accommodation limits are reached
- Forced relocation away from communities, schools, medical care and supports
- Unsuitable accommodation for people with disability, older clients, or those with pets or livestock
- Financial depletion due to underinsurance and high regional rental costs.

What the CGC should do

- Progress and expand thematic work on temporary accommodation
- Examine insurer decision-making around suitability, duration, and cost transparency.

Where the CGC can add value

- Monitoring whether insurers consider individual circumstances and long-term impacts
- Guidance on best practice approaches in regional and disaster-affected areas.

5. Underinsurance and Inappropriate Insurance Products

Issue observed

Financial counsellors report widespread underinsurance or lack of insurance among clients on low or fixed incomes. In some cases, vulnerable consumers—particularly First Nations people—are targeted with low-

value or 'junk' insurance products that provide minimal benefit while diverting limited income away from essential or appropriate cover.

What the CGC should do

- Monitor insurer compliance with Code obligations relating to disclosure, suitability, and vulnerability at point of sale and renewal
- Escalate systemic concerns to relevant regulators.

Recommendations

FCA recommends that the CGC:

1. Maintain and strengthen its focus on the identification and treatment of vulnerable consumers, including recognising disaster impact as an indicator of vulnerability.
2. Prioritise enforcement of insurers' obligations to accept authorised representatives and TPAs without obstruction.
3. Maintain scrutiny of cash settlements.
4. Continue and expand monitoring, health checks and thematic inquiry into temporary accommodation practices.
5. Monitor insurer compliance with Code obligations relating to disclosure, renewal practices and the identification and treatment of vulnerability at point of sale and renewal and escalate systemic underinsurance and consumer detriment concerns to relevant regulators where appropriate.
6. Apply proportionate, transparent sanctions within the CGC's existing enforcement framework where serious or systemic Code breaches occur, including naming insurers where appropriate in accordance with the CGC's published sanctions approach.

Financial counsellors are on the frontline, supporting consumers navigating insurance following disasters and periods of financial hardship. The issues outlined in this submission are persistent, systemic, and cause significant consumer detriment if left unaddressed.

FCA supports the CGC's continued harms-based, outcomes-focused approach and urges the Committee to prioritise the issues identified in this submission to improve compliance, accountability and outcomes for consumers in 2026–27.

FCA thanks the CGC for the opportunity to contribute to this consultation and welcomes ongoing engagement.

Yours sincerely,

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CEO

Financial Counselling Australia

With the support of:

- Financial Counsellors Association of New South Wales
- Financial Counselling Queensland
- Financial Counsellors Association Tasmania
- Financial Counsellors Association of Western Australia
- Financial Counselling Victoria
- South Australian Financial Counsellors Association

Appendix – Case Studies and Data

Case Study 1 – Vulnerability & TPA

A financial counsellor from The Capital Region Financial Counselling Service, Mission Australia: Despite written notification of significant customer vulnerabilities, including disability, reliance on income support, regional isolation, recent homelessness, and domestic and family violence, an insurer would not accept a valid TPA from a financial counsellor.

The insurer continued to deduct insurance premiums despite the insured asset having been sold months earlier and the financial counsellor requested account information, cessation of deductions, and a refund.

Customer service staff refused to recognise the TPA; an internal dispute resolution advised that the customer must first add the financial counsellor as a nominated representative, without providing a return contact pathway.

Attempts by the financial counsellor to support the customer to provide authority via a three-way call were unsuccessful due to apparent system limitations, further delaying resolution.

Premium deductions continued during this period, exacerbating financial hardship, with the customer required to seek in-person assistance due to access barriers.

Case Study 2 – TPA

A financial counsellor from Care Financial Counselling Service shared:

An insurer refused to accept a Financial Counsellor's authority despite a hand-signed letter of authority being provided in accordance with sector guidance. A formal complaint was lodged through the insurer's internal dispute resolution process, including a covering letter and the signed authority.

In its response, the insurer stated that it will only recognise an authority where there is an enduring power of attorney, a court-appointed authority, or where the customer independently arranges the authority.

Case Study 3 – Cash Settlement & Claims Delay

A financial counsellor from ICAN shared:

Client experienced damage to their home after heavy rain during TC Jasper in 2023.

Initial claim was lodged in January 2024 and remained unresolved some 1.5 years on.

In July 2024, a cash settlement was offered to the client to pay for repairs, but this was disputed by the client who thought it was too low as it did not include repairs to a chimney. The insurer advised this was excluded as they believed the client did not carry out repairs to the chimney as part of a separate claim in 2019.

Client refuted this and by September 2024, the insurer had included the chimney in the claim, and the cash settlement was increased. However, the client chose to have the insurer organise repairs.

The financial counsellor noted, there were delays in organising the repairs as well as other logistics (not all of which were the fault of the insurer), but when work began in early 2025 it had to be halted by the builder due to roof battens requiring repairs, which were not covered by the insurance.

This prompted the insurer to re-assess the property, and a new case manager (after reviewing the assessment report) advised the original claim should have never been approved and redacted the settlement offer.

Client is now in further dispute with the insurer and financial counsellor engaged support from a community legal centre.

Case Study 4 – TPA & Claims delay

A financial counsellor from Cumberland Multicultural Community Services shared:

A written complaint was submitted to the insurer's Internal Dispute Resolution team together with a valid third-party authority. After receiving no response for 14 days, follow-up contact revealed the insurer would not accept signed Letters of Authority and required the customer to either call or email the insurer to complete an identity verification process and verbally authorise the financial counsellor before advocacy can proceed. This requirement created additional access barriers and delays for the customer seeking financial counselling support and resolution of their claim.

Data on QLD and NSW flood financial counselling services from October 2022 – present

- Total number of people agencies spoke with to promote flood financial counselling services: 12,454
- Total new clients: 2,067
- Total casework sessions: 16,816
- Most common presenting issues:
 - Struggling to pay for necessities (e.g., food, rent, utilities, household items)
 - Non-bank debts
 - Personal issues (eg. mental health, DFV, gambling)
 - Insurance issues (eg. assistance with claims, no insurance, underinsurance)