

Annual Report 2021-22

October 2022

INSURANCE
BROKERS

CODE
COMPLIANCE
COMMITTEE



About this Report

This Annual Report sets out the activities of the Insurance Brokers Code Compliance Committee (the Committee) between 1 July 2021 and 30 June 2022.

It focuses on the Committee's monitoring work and provides a snapshot of the data from Code subscribers' self-reported breaches and complaints for the 2021 calendar year.

It will be followed by the Annual Data Report – a subsequent report that will present our analyses of the self-reported compliance data, observations on Code compliance, guidance and recommendations for industry professionals.

We will publish the Annual Data Report after our annual subscriber engagement program concludes in November 2022.

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Message from the Chair

For insurance brokers and their clients, the past year presented many challenges.

As a sector, insurance broking faced pressure from a tightening regulatory environment and greater expectations from consumers and small to medium-sized enterprises (SMEs). It also saw disruption from digital developments, such as fintech partnerships. And brokers had to respond to clients affected by extreme weather events and the ongoing COVID-19 pandemic.

But challenges also bring opportunities to learn and improve.

The past year has demonstrated how critical it is to effectively manage risk and find innovative ways to support clients in challenging times. Many insurance brokers have embraced the opportunity, taking time to consider how they can improve.

As a Committee, we had a very busy year. Alongside our extensive Code-based compliance and monitoring activities, we engaged with a wide range of stakeholders, published crucial guidance materials, and prepared for a new Insurance Brokers Code of Practice.

Despite all the challenges of a demanding year, I am proud to say that we once again met the high monitoring standards set by the [Australian Securities and Investment Commission](#) (ASIC).

Launch of the 2022 Code

We welcomed the launch of the 2022 Code by the [National Insurance Brokers Association](#) (NIBA) in March.

Taking effect from 1 November 2022, the new Code serves to guide Code subscribers and their clients. It is underpinned by a set of principles that we expect Code subscribers to include in their reporting and monitoring framework, as well as their organisational culture.

The [2022 Code](#) contains several new obligations in a range of areas that are designed to benefit consumers and strengthen trust in the broking industry.

As NIBA CEO Philip Kewin stated at the NIBA Convention in February 2022, the Code is the cornerstone of the insurance brokers' ongoing profession. Therefore, it is vital that Code subscribers understand and implement the new obligations by the time the 2022 Code comes into effect.

We encourage all brokers to start that process now.

Acknowledging former Committee members Michael Gill and Julia Davis

In December 2021, we farewelled Michael Gill and Julia Davis, who had been, respectively, Chair and Consumer Representative of the Committee since its inception in January 2014.

Both Michael and Julia had served a maximum tenure of three terms.

During their eight years, Michael and Julia worked tirelessly to improve the understanding of good industry practice and to strengthen the credibility of the Committee and its compliance monitoring activities.

Michael was instrumental in drafting the original Insurance Brokers Code of Practice and was key to the creation of the Insurance Brokers Code Compliance Committee itself. In his time as Committee Chair, he led its strategic and operational development, with an unwavering focus on culture as the key to compliance and good industry practice.

As Consumer Representative, Julia's passion for helping disadvantaged consumers saw her contribute greatly to the Committee's work. Julia will continue to lend her experience and insight to the Committee as Alternate Consumer Representative.

I would like to thank both Michael and Julia for their leadership, dedication and commitment. Their work made for a smooth transition into my role as incoming Chair.

Culture is the key

Company culture, and how it encourages compliance and best behaviour within the industry, continued to be a key focus for the Committee in the past year.

And with the new 2022 Code coming into effect, it is a great time to think about culture. The new Code provides Code subscribers with the perfect opportunity to improve their processes and develop culture that puts clients first.

With culture as a key focus, we again engaged Ravi Dutta-Powell, Senior Advisor of The Behavioural Insights Team (Australia) Pty Ltd, to assist with an inquiry into company culture among Code subscribers. This inquiry looked specifically at how Code subscribers implemented the recommendations from our '[Culture is Key](#)' report of November 2021.

The follow-up to this report is scheduled to be published in October 2022.

New ways to encourage compliance

We are always keen to improve and innovate and, this year, we embraced new ways of delivering guidance for subscribers.

We broadcast a webinar to support subscribers with the Annual Compliance Statement (ACS), and we held video conferences with Code subscribers to verify and discuss information and share examples of good practice.

The individualised Benchmark Reports that we provided to Code subscribers allowed them to review their own compliance outcomes and compare them with industry and sector performances.

Improving our database was an important element of this. We took the opportunity to improve the database so that we could make sure we capture the data we need to make comprehensive comparisons and establish risk factors.

Lack of self-reporting by some Code subscribers remains a concern

Unfortunately, some Code subscribers appear to think that simply not reporting is the shortcut. It's not.

I want to reiterate previous warnings from the Committee about the lack of self-reporting at some broking firms.

Simply not reporting does not mean you are doing well. We must overcome the misguided belief that not reporting avoids damage to your reputation. True compliance is the goal here and it is important to remember that a strong framework for reporting, recording and monitoring breaches and complaints is essential.

This reflects the sentiment expressed by AFCA Lead Ombudsman Insurance, Emma Curtis, at the NIBA Convention. She noted that despite there being relatively few complaints against brokers, record-keeping was a concern. She revealed the concerning fact that AFCA often finds broker records are limited, scant or non-existent.

Make a note, keep proper records, aim for true compliance – it matters.

Looking ahead

There are new and exciting developments on the horizon.

First, we look forward to facilitating a smooth transition to the new Code by November 2022 – a significant milestone that will help improve the way the industry operates.

Following this, we will provide Code subscribers with individual Benchmark Reports and publish the follow-up to our 'Culture is Key' report of 2021.

We have two targeted inquiries coming as well. The first will investigate compliance with governance processes and the second will focus on compliance with obligations to support clients experiencing vulnerability – this being an important addition in the 2022 Code.

Providing Code subscribers with support will remain a priority for the Committee in 2022–23. As part of this, we will undertake tailored engagement with a selection of Code subscribers.

Crucially, we will improve our data collection and IT capabilities to allow us to provide more efficient and effective reporting back to Code subscribers. Working with AFCA and ASIC to streamline data and breach reporting will be a focus too.

Appreciation

I would like to thank my Committee colleagues Drew MacRae and David Duffield, as well as Julia Davis and John Phillips, for their invaluable insights, their positive contributions, and for their support in my first six months as Chair.

I am grateful for the support of our Code team at AFCA. In particular, new General Manager Prue Monument, Deputy General Manager René van de Rijdt and our Code Compliance and Operations Manager Daniela Kirchlinde and her team. They were pivotal in delivering support to the Committee throughout the year.

I also extend my appreciation to AFCA's Chief Executive Officer, David Locke, and Lead Ombudsman Insurance, Emma Curtis.

Finally, I would like to acknowledge our key stakeholders from NIBA and express my thanks to CEO Philip Kewin and President Dianne Phelan. We would not have been able to deliver outcomes and make progress without the engaged staff and stakeholders.

Oscar Shub

Independent Chair

Insurance Brokers Code Compliance Committee

The insurance broking industry

Our Code subscribers

As at 30 June 2022, the Code had 441 subscribers with just over 1,800 branches.

We categorise companies according to the number of full-time equivalent (FTE) staff. See [the complete list of Code subscribers](#).

The data shows that the majority of subscribers are micro businesses, employing less than 20 FTE staff. And, consistent with the concentration of population, the vast majority of head offices are located in NSW, Victoria and Queensland.

Code subscribers by category, state (head office) and size of operation

As at 30 June 2022	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total	%	2021
Category A (over 100 FTE)	-	13	-	2	1	-	17	2	35	8%	37
Category B (51-100 FTE)	-	6	-	2	-	1	4	7	20	5%	22
Category C (31-50 FTE)	-	15	-	8	3	1	9	8	44	10%	34
Category D (21-30 FTE)	-	10	-	5	1	-	10	2	28	6%	32
Category E (up to 20 FTE)	3	99	1	54	21	9	91	36	314	71%	331
Total	3	143	1	71	26	11	131	55	441		456
%	<1%	32%	<1%	16%	6%	3%	30%	12%			
As at 30 June 2021	2	148	1	75	27	11	137	55	456		

Note: Code subscribers are counted by Australian Financial Service Licence (AFSL)

Similarly, branches are concentrated in NSW, Queensland and Victoria. Fewer than one in five branches are located outside of these states.

The Code subscribers that employ more than 100 FTE staff account for the majority of all branches nationally.

Number of branches (including head office) by state and size of operation

As at 30 June 2021	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total	%	2021
Category A	21	340	16	270	85	15	296	97	1,140	63%	1,173
Category B	4	17	1	18	2	5	11	4	62	3%	148
Category C	1	48	1	32	8	6	17	21	134	7%	145
Category D	0	23	0	15	2	1	20	3	64	4%	80
Category E	6	117	1	81	27	12	116	44	404	22%	452
Total	32	545	19	416	124	39	460	169	1,804		1,998
%	2%	30%	1%	23%	7%	2%	26%	9%			
As at 30 June 2021	31	620	20	420	125	90	487	205	1,998		

Snapshot of our work

We investigated

2 OWN MOTION INQUIRIES

Including:

- **Culture is Key Report** – general findings and insights of good practice
- **Resilience Report** – how insurance brokers supported their clients and met challenges in 2020

1 ANNUAL DATA REPORT

An analysis of self-reported complaints and Code breaches from the 2020 Annual Compliance Statement (ACS)

An Own Motion Inquiry is...

A targeted and focused investigation into how effectively Code subscribers are complying with a particular section or area of the Code, usually considered high or emerging areas of risk. Own Motion Inquiries are evidence-based, proportionate and practical.

We engaged

15 PUBLICATIONS

Including reports, media releases and Tip of the Month articles.

1 SUBMISSION TO THE NEW 2022 CODE

OVER 80 STAKEHOLDER ENGAGEMENTS

Including attendance and presentations at industry conferences and video conferences with individual Code subscribers.

2 webinars for Code subscribers

We analysed

Self-reported Code Breaches

3,570 SELF-REPORTED
CODE BREACHES (UP FROM 3,328
IN 2020)

48% OF CODE
SUBSCRIBERS SELF-REPORTED
BREACHES (UP FROM 44% IN
2020)

219 CODE SUBSCRIBERS
(52%) SELF-REPORTED NO CODE
BREACHES INCLUDING 196
CATEGORY E SUBSCRIBERS AND
1 CATEGORY A SUBSCRIBERS

50% OF CODE BREACHES
RELATED TO SERVICE STANDARD
5 'BUYING INSURANCE' (SIMILAR
TO PAST FIVE YEARS)

1 IN 5 CODE
BREACHES OVER THE PAST FIVE
YEARS RELATED TO SERVICE
STANDARD 1 'LEGAL
OBLIGATIONS'

AN INCREASE OF CODE
BREACHES IN THE LAST 12
MONTHS RELATING TO SERVICE
STANDARD 4 'SCOPE OF
COVERED SERVICES' (10.8% IN
2021) AND SERVICE STANDARD 7
'MONEY HANDLING' (7.1% IN
2021)

\$3.2M IMPACT OF
CODE BREACHES IN 2021
AFFECTING ABOUT 20,500
CLIENTS

A breach is...

A failure to comply with the obligations of the Code in relation to the provision of an insurance broking service (defined with reference to the ASIC [Regulatory Guide 78](#) – Breach Reporting by AFS Licensees, the Australian Standard [AS 3806-2006](#) – Compliance Programs, [Section 912D](#) of the Corporations Act 2001).

Self-reported Complaints

1,742 SELF-REPORTED
COMPLAINTS (DOWN FROM 1,778
IN 2020)

1 IN 3 COMPLAINTS
INCLUDED SERVICE-RELATED
ISSUES

55% OF CODE
SUBSCRIBERS SELF-REPORTED
COMPLAINTS (UP FROM 52% IN
2020)

1 IN 4 COMPLAINTS
INCLUDED A CODE SUBSCRIBER
DECISION SPECIFIC TO
INSURANCE

1 IN 4 COMPLAINTS
IDENTIFIED A BREACH OF THE
CODE

1 IN 3 COMPLAINTS
WERE RESOLVED WITH A
SERVICE-BASED REMEDY

45% OF COMPLAINTS
RELATED TO A DOMESTIC
INSURANCE PRODUCT (UP FROM
34% IN 2020)

1 IN 4 COMPLAINTS
WERE RESOLVED BY AN
APOLOGY OR EXPLANATION
ONLY

41% OF COMPLAINTS
RELATED TO A SMALL
BUSINESS/FARM INSURANCE
PRODUCT

69% OF COMPLAINTS
WERE RESOLVED WITHIN 21
DAYS

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 (as per [AS/NZS 10002:2014](#)).

We investigated

The Committee can investigate an allegation that a Code subscriber has breached its obligations under the Code.

Anyone can contact us to report a concern that an insurance broker may have breached the Code.

Our investigations aim to identify:

- the cause of alleged breaches
- whether the issue indicates broader compliance issues, and
- the effectiveness of a Code subscriber's response to minimise the effect of the breach on clients.

Following a review of an alleged breach, we expect a Code subscriber to:

- positively engage with us
- review the issue thoroughly to decide if it constitutes a breach
- report identified breaches in its breach register
- report identified breaches to executive management
- identify all clients potentially affected
- assess whether the identified breach is systemic or significant
- take action to address the non-compliance
- review and enhance processes and procedures, and
- train staff and authorised representatives in response.

We also undertake our own inquiries – referred to as 'Own Motion Inquiries' (OMIs) – which do not depend on a specific allegation. Committee-initiated investigations are used to identify non-compliance, assess how widespread the non-compliance is and determine any emerging risks that may affect other Code subscribers or clients.

Most of our investigation work is in the OMIs. We receive few individual referrals of breach allegations. Most clients seek financial compensation, and these complaints are handled by the [Australian Financial Complaints Authority](#) (AFCA).

We cannot award financial compensation. Instead, we focus on working with Code subscribers to improve processes and procedures, initiate effective staff training and awareness, and cultivate a positive culture towards reporting breaches and complaints.

Own Motion Inquiries (OMIs)

We regularly review areas of concern through our OMIs. These reviews allow us to share our experience with the industry and provide guidance that encourages good practice in areas that need improvement.

In 2021-22, we published two OMIs and one Annual Data Report.

OMI Report: Culture is Key – November 2021

Published in November 2021, [Culture is Key](#) examined self-reported breaches and complaints from Code subscribers and highlighted the ways the insurance broking industry could improve culture, behaviour and, ultimately, outcomes for clients.

It also provided us with significant insights into the underlying themes and issues that contribute to poor behaviour in the insurance broking industry. This will inform our work and help us shape our future activities and emphases.

Such was the importance of this work, we broadcast [a webinar on the findings](#) with the report's lead consultant, Ravi Dutta-Powell of The Behavioural Insights Team (Australia), to a receptive audience of many Code subscribers.

We want the legacy of the report to be one of positive change for industry and clients.

OMI Report: Resilience – April 2022

Across 2019 and 2020, devastating bushfires and floods across Australia and the COVID-19 pandemic had major effects on businesses and placed unprecedented demands on the insurance broking industry.

We examined the way insurance brokers supported their clients and met the challenges of 2019 and 2020 and, in April 2022, we published [Broking Resilience: Lessons from COVID-19 and the 2019-20 extreme weather events](#) – a report that presents the findings of our inquiry.

The inquiry was based on information from 427 responses to a questionnaire in the 2020 Annual Compliance Statement (ACS) and from follow-up video conferences with 46 Code subscribers.

The report reveals valuable lessons for brokers in facing and overcoming challenges, including a series of recommendations.

We found that much of the impact and lessons from the pandemic also applied to extreme weather events, such as changes in work environments, issues with getting cover and delays in processing claims due to the increased volume. Each extreme weather event also resulted in changes in the coverage that brokers have been able to obtain for clients.

However, many Code subscribers embraced their position as an intermediary between client and insurer, often going above and beyond for clients in this period.

Code subscribers reported:

- proactively contacting clients to see if they needed help
- interpreting complex business interruption policies for clients
- helping clients make claims, and
- liaising with insurers on behalf of clients.

If a client was experiencing financial difficulty, brokers sought ways to tailor their policies to reduce costs, offer premium funding arrangements and discuss access to government assistance. For many brokers, cancelling a client's policy was only considered once all other avenues had been exhausted.

And while the 2014 Code addressed disasters and catastrophes specifically, the new 2022 Code does not. Instead, new obligations in the 2022 Code regarding vulnerability apply to clients who suffer detriment as a result of bushfires, floods, pandemics or other extreme events. The obligations require Code subscribers to identify and support clients who experience vulnerability and treat them with sensitivity, dignity, respect and compassion.

The events of 2019 and 2020 presented numerous challenges for the broking industry itself. It had to address increased workloads, disruptions, continuity and the need to support and motivate staff working from home.

Our inquiry found that brokers knew how important it was to have a resilient business, underpinned by a resilient workforce, when overcoming tough times. Nearly two-thirds reported having or developing a resilience policy during 2020, and others reported relying on other policies and procedures for managing challenges and disruptions.

As part of our recommendations in the Broking Resilience Report, we highlight the need for effective communication, we emphasise the importance of being proactive, and we outline ways brokers can build resilient businesses capable of supporting clients through challenges.

We encourage brokers to implement the recommendations that they can and to learn from the examples we share throughout the report.

2020 Annual Data Report

We published the [2020 Annual Data Report](#) December 2021 – a companion report to our Annual Report 2020–21.

The report is based on self-reported breaches and complaints in the 2020 Annual Compliance Statement (ACS) and information we gathered in the subsequent ACS Verification Program.

It provides a detailed analysis of the findings of the ACS Verification Program and our observations on overall compliance with the Code. It also offers guidance to Code subscribers and recommendations on improving reporting and developing better practices.

The ACS Verification Program provided a valuable opportunity to examine the stories behind the numbers – the 'why' alongside the 'what'. This gave us a deeper understanding of a Code subscriber's day-to-day operations and the practical challenges it faces.

Through our analysis, a key theme emerged: the need to improve the culture and behaviour of insurance brokers.

We saw a strong link between high breach numbers and robust compliance frameworks. Conversely, we saw a similarly strong link between low breach numbers and poor compliance frameworks. This emphasised the importance of having good compliance frameworks and how they work to identify breaches and, ultimately, improve outcomes.

Although the overall number of breaches increased by 66% on the previous year, the number of Code subscribers that reported breaches fell to 44%, down from 51% in 2019. This means more than half of the Code subscribers failed to report any breaches at all, including three subscribers in the largest size category.

This is concerning because it suggests that many subscribers have compliance frameworks that fail to detect breaches or complaints, or do not have a culture that recognises the importance of this reporting.

Investigation of individual breach allegations

In 2021–22 we received one new matter concerning an individual breach allegation. There were no matters that remained open at the end of 2020–21.

The new matter concerned a client that alleged a Code subscriber breached its duty of care under Service Standard 5 of the 2014 Code. The client claimed that the Code subscriber failed to provide insurance coverage that covered their work risks or exposure as a director and an employee of the business.

The client also alleged that the Code subscriber acted under the inducements of the former employer when the claim was denied.

Because the client also lodged a complaint with AFCA to seek compensation for his claim, the matter was put on hold pending AFCA's dispute resolution investigation. Following AFCA's investigation, the client withdrew their Code breach allegation.

We engaged

We engage with stakeholders to analyse the financial services environment, share our experience of Code compliance and influence positive changes in the industry.

This work includes:

- empowering consumers to access their rights under the Code
- supporting Code subscribers to comply with the Code, and
- providing training to help industry and consumers understand their rights and responsibilities under the Code.

Over the past year, we produced guidance resources to help Code subscribers improve their compliance with the Code and measure their performance against the industry.

We also produced several reports, articles, webinars and other online resources to help Code subscribers improve the quality and consistency of reporting.

We also contributed to NIBA's development of the new Code.

Our contribution to the development of the new Code

We met various times with NIBA and the Code reviewer during 2021–22 to provide our views on the draft of the new Code and Charter.

In December 2021, we provided [our submission to the draft code](#). The submission raised questions about the layout and structure of the draft, as well as the consultation process and development of training and guidance material.

In March 2022, we [welcomed the new Insurance Brokers Code of Practice](#), effective from 1 November 2022.

We worked closely with NIBA to develop the new Code as part its consultation. The new Code serves to guide Code subscribers and consumers on what to expect throughout the client journey. It sets out the principles that shape the way subscribers behave, deal with people and make decisions.

We look forward to working with NIBA to develop information and guidance materials on certain topics from the new Code, including good practices for subscribers and consumer rights under the Code.

It is essential that Code subscribers understand and implement processes that ensure they will meet obligations under the new Code. We note that NIBA has agreed to extend the implementation date for Section 6.1 to 1 November 2023. However, all other Code obligations will commence on 1 November 2022 as scheduled.

We encourage all Code subscribers to familiarise themselves with the new Code and examine their current practices, especially in light of new obligations.

Our stakeholder engagement

We continued to engage with many stakeholders: Code subscribers, industry and consumer representatives, and regulators and other agencies.

Our Code team liaised regularly with AFCA's Lead Ombudsman Insurance and case managers in relation to insurance and insurance broking issues.

The NIBA Executive Committee continued to be an important stakeholder, particularly with the transition to the new Code, as did Code-reviewer Marigold Magnaye.

We prioritised opportunities to support Code subscribers participating effectively in our compliance monitoring activity. Engaging with Steadfast representatives to ensure their members were adjusting to their role as Code subscribers was an important part of this.

Providing all Code subscribers with individual Benchmark Reports, including high-level comparative trends, was a crucial aspect of our monitoring work. An individual Benchmark Report allows a Code subscriber to review its compliance outcomes and compare them with industry and sector performance.

We continued to participate in various stakeholder conferences and events throughout the year, including presenting at the NIBA Convention in February 2022 and the Steadfast Conference in March 2022.

Guidance and articles

In 2021-22, we published ten articles on a range of issues to provide guidance and information to Code subscribers and consumers.

- [*How insurance brokers handled a year plagued by extreme weather events and COVID-19*](#) (April 2022)

A publication of findings from an inquiry into how insurance brokers supported clients and met challenges in 2019-2020.

- [*The Committee welcomes the new Insurance Brokers Code of Practice*](#) (March 2021)

An article about the launch of the new Code, effective 1 November 2022.

- [*Introductions and farewells at the independent committee that monitors the Insurance Brokers Code of Practice*](#) (December 2021)

An article welcoming the new Committee Chair Oscar Shub and new General Manager Prue Monument. It also bids farewell to outgoing Chair Michael Gill and outgoing Consumer Representative Julia Davis. The article congratulates René van de Rijdt on his new role as Deputy Manager.

- [Exploring the 'Why' of Compliance and the Need for culture shift](#) (December 2021)
A publication presenting key industry insights and guidance in the Annual Data Report for 2020.
- [Promoting better behaviour in the insurance broking industry](#) (November 2021)
A publication of findings and insights from Code breaches in 2019 and 2020.
- [Promoting the Code Correctly Which Serves Brokers and Consumers Alike](#) (November 2021)
An article about the requirement to promote the Code and the benefits of doing so for industry and consumers.
- [Webinar: 'Culture is Key'](#) (October 2021)
A webinar that looks at how a focus on culture lead to better compliance and good outcomes for consumers.
- [Consumer Feedback Provides Useful Insight](#) (September 2021)
An article that provides insights from our meetings with consumer advocates about issues affecting people who deal with insurance brokers.
- [Insurance Issues Exposed After Extreme Weather Events](#) (September 2021)
A report that examines insurance problems after a series of natural disasters across Australia, with important lessons for the whole industry.
- [Breaches should guide the way forward](#) (July 2021)
An article about how Code breaches and complaints should prompt Code subscribers to seek out root causes and act to prevent similar instances, including examples of good practice.

We analysed

Assessing compliance with the Code is a key element of our monitoring activities.

As part of this process, Code subscribers must report Code breaches and complaints in the Annual Compliance Statement (ACS). The information we receive from these reports helps us identify current and emerging risks and provide guidance on good industry practice.

Here we present the high-level overview of data received via the ACS. We will publish a more detailed report, the Annual Data Report, in late 2022 following analysis of the data and consultation with a selection of Code subscribers.

Compliance Culture

The data provides an insight into the culture of reporting breaches and complaints among Code subscribers.

Less than half of Code subscribers reported breaches in 2021, a slight increase on the 44% of 2020. In another slight increase on the 52% of 2020, nearly 55% of Code subscribers reported complaints in 2021.

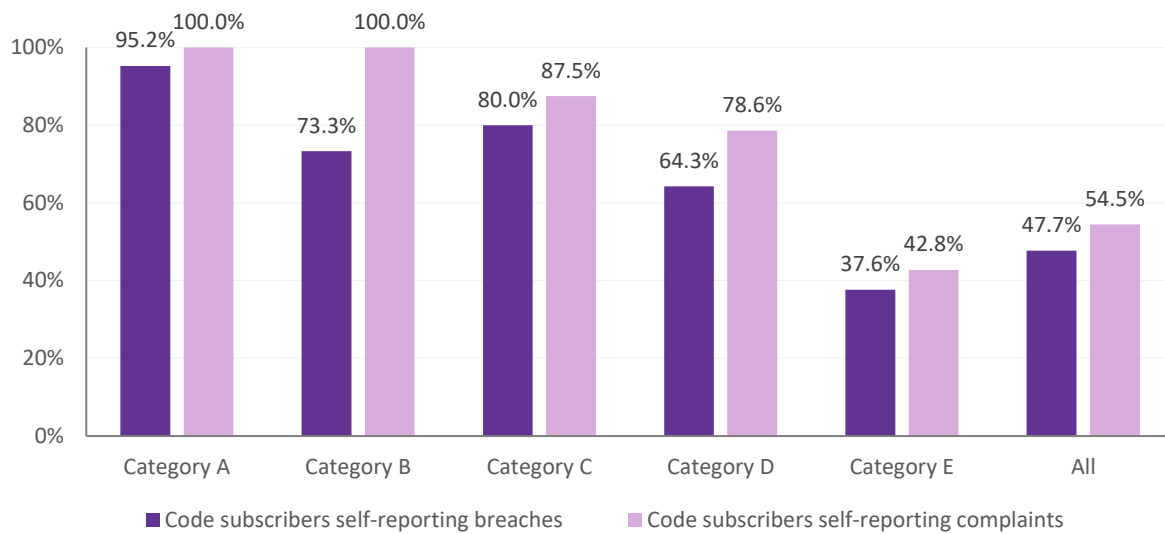
However, the lack of reporting breaches and complaints suggests there remains a culture that fails to value self-reporting. Multiple Code subscribers reported no breaches or complaints in 2021 – this is a concern.

We expect to see this change with the new 2022 Code. The lack of reporting may have been the result of the broad nature of the previous Code.

Code subscribers that report few or no breaches or complaints may need to:

- review the way they manage compliance and risk
- ensure that breaches and complaints are effectively identified and reported
- improve staff awareness and training, and
- strengthen monitoring oversight.

Self-reporting in 2021-22



Self-reported breaches

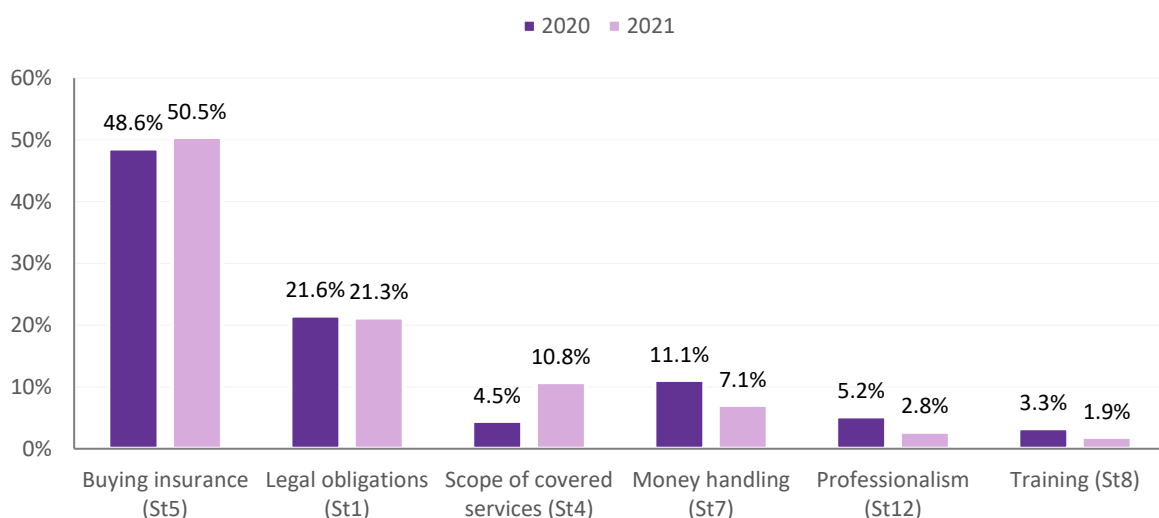
Breaches of the Code increased to 3,570 in 2021, up by 7% on 2020.

The most common breaches that Code subscribers reported were:

- a failure to comply with obligations when buying insurance on behalf of clients, and
- a failure to comply with legal obligations.

There was a spike in breaches regarding the scope of covered services, and a decrease in breaches concerning money handling.

Top Code breaches in the past two years



The cause of most breaches was manual error (41%), followed by staff not following processes and procedures (32%).

Most breaches were remediated in the short term by an apology to the client (20%) or training (19%). Nearly three-quarters of training for short-term remediation happened within 1 to 3 months of the breach.

Most breaches were remediated in the long term by training (27%) or changes to processes (14%). The majority of training (86%) for long-term remediation happened within 6 to 12 months of the breach.

Staff identified 1 in 3 breaches and internal processes, or reporting identified 1 in 4.

51 self-reported breaches were also reported to the [Australian Securities and Investments Commission](#) (ASIC) and 16 to the [Australian Financial Complaints Authority](#) (AFCA).

Effect of Code breaches

Breaches of the Code affected about 20,500 clients and had a financial impact of approximately \$3.2m.

The breaches that affect the most clients were:

- failure to comply with legal obligations – 10,394 clients
- scope of covered services – 3,913 clients
- buying insurance – 2,369 clients, and
- claims handling – 1,973 clients.

The breaches with the greatest financial impacts on clients were:

- obligations concerning buying insurance – impact of \$2,517,760, and
- money handling – impact of \$551,749.

Self-reported complaints

Self-reported complaints decreased by 2% to 1,742 this year.

For the first time, we asked Code subscribers to self-report complaints using the categories for product/service, issue and outcome as defined in the [ASIC IDR Data Reporting Handbook](#).

The most common complaints that Code subscribers reported were about:

- home building cover or commercial property, and
- delays in claim handling, delays in general service, and issues with premiums.

The most common resolutions to complaints were:

- providing the requested service, and
- an apology.

More than two-thirds of complaints (69%) were resolved within 21 days.

Priority Monitoring Framework

We play a critical role in helping Code subscribers improve their service to clients.

We do this by assessing compliance with the Code, highlighting risks and good practices, and guiding Code subscribers on improving compliance and, ultimately, outcomes for clients.

Our Priority Monitoring Framework (PMF) underpins this work. It sets out the elements of our monitoring and identifies priority areas of focus.

We use the PMF to collect and analyse information from a range of sources:

- Data on self-reported breaches and complaints from Code Subscribers
- Breach reports from Code subscribers
- Allegations of Code breaches from clients or consumer representatives
- AFCA's Data Cube
- Our inquiries and investigations
- Engagement with stakeholders, and
- Public sources such as media, reports, research and analysis.

The PMF ensures we use our resources effectively and conduct crucial aspects of our work with rigour and consistency.

About the Code Compliance Committee

As the Insurance Brokers Code Compliance Committee, we are an independent compliance monitoring body established under section 3 of the [Insurance Brokers Code Compliance Committee Charter](#). Our establishment was formally approved by NIBA on 5 September 2014.

Committee Members

As a Committee, we comprise of three members: an independent Chair, an Industry Representative and a Consumer Representative.

We also have alternate appointments for the Industry and Consumer Representative positions to cater for situations where there might be a conflict of interest or a member unavailable to attend meetings.

In 2021–22, we met formally eight times. We held our meetings mainly online, with some meetings in 2022 being face to face in Sydney.

Compliance Manager

AFCA provides us with Code monitoring and administration services by agreement. AFCA has appointed a dedicated staff within its office to undertake these duties.

What drives us

The diagram below sets out our vision and principles, along with our focus on industry-wide compliance issues, good practice, appropriate behaviour and continuous improvement.



The Committee members

Current Committee members

Oscar Shub – Independent Chairperson

Appointed: 1 Jan 2022 **Term expires:** 31 Dec 2024 (First Term)



Oscar Shub is a part-time consultant with law firm Clyde & Co. He is also a Senior Member of the New South Wales Civil and Administrative Tribunal (NCAT) in the Occupational Division, presiding over disciplinary complaints against health practitioners for breaches of their respective codes of conduct. Prior to the establishment of NCAT, he performed the same role as chairman of hearings of the Health Practitioners Council of Australia.

While still in a full-time partnership at the law firm Allens Arthur Robinson (now named Allens), he was appointed as Chairman of the Appeals Division of the Pharmaceutical Associations Compliance Committee, dealing with complaints against pharmaceutical companies for breaches of their code of conduct.

For a number of years, Oscar also sat as a member of the former Superannuation Complaints Commission, hearing disputes between members of superannuation funds and fund managers.

He is an experienced and accredited mediator. From 1989, Oscar was involved in the setting up, development and teaching of mediation in Australia and has since participated in mediations both as mediator and acting on behalf of clients.

Drew MacRae – Consumer Representative

Appointed: 26 May 2022 **Term expires:** 25 May 2025 (First Term)



Drew has previously been appointed as the Alternate Consumer Representative and has been acting as Consumer Representative following the resignation of Julia M Davis until his formal appointment in May 2022.

Drew is the Policy and Advocacy Officer at the Financial Rights Legal Centre in Sydney.

Drew has worked in policy development and advocacy for close to 20 years. At the Financial Rights Legal Centre, Drew has focused on insurance policy issues including researching and drafting the Guilty Until Proven Innocent Report into insurance investigations. He has also drafted submissions and advocated on both the General and Life Insurance Codes of Practice. Drew has worked in credit and debt, including the Banking Code of Practice, Royal Commission and, more recently, the implementation of open banking and the Consumer Data Right.

Drew has a Bachelor of Laws from the University of NSW and a Bachelor of Arts (Mass Communications) from Macquarie University.

David Duffield – Industry Representative

Appointed: 1 Jan 2017 **Term expires:** 31 Dec 2025 (Final Term)



David commenced his insurance career as an insurance broker in 1973 working with Marsh Pty Ltd and its predecessor companies.

David has held the role of Australian Chief Executive for Marsh and, more recently, has been Chief Client Officer for Marsh in the Pacific. He worked actively with clients to understand their risk profile and design optimal risk financing and insurance solutions.

David has also worked with clients on the settlement of large or complex claims. David retired from Marsh Pty Ltd in April 2018.

He was a NIBA Director for over 15 years, completing a two-year term as President, and has chaired the Finance Committee, Marketing Committee, and Conference Committee for the Association. The Insurance Brokers Code was developed and implemented during David's term as NIBA President.

With over 45 years' experience in the insurance industry, David has strong professional links and a well-established network in the insurance industry both in Australia and Europe.

Outgoing Committee members

Michael Gill – Independent Chairperson

Appointed: 1 Jan 2014 **Term expired:** 31 Dec 2021 (Final Term)



Michael has practised at DLA Piper since 1968, having previously been both Chairman and Sydney Managing Partner for Phillips Fox, its predecessor firm. Since 2008 he has been a Consultant to the firm and he continues to be recognised as one of Australia's leading insurance lawyers.

For many years he was the principal lawyer for the National Insurance Brokers Association (NIBA) and was instrumental in drafting the original Insurance Brokers Code of Practice. He has represented numerous insurance brokers in professional indemnity, regulatory and compliance matters.

A passionate supporter of the not-for-profit sector, Michael regularly assists in pro bono activities both here and overseas, and is an Ambassador for New Perimeter, an organisation that provides long-term, high-impact pro bono legal support in less developed and post-conflict countries.

Michael has previously held positions as President of the International Insurance Law Association, founding Chairman of the Australian Insurance Law Association, Independent Chair of the Code Compliance Committee for the General Insurance

Industry, President of the Law Council of Australia and the Law Society of NSW, inaugural Chairman of the Motor Accidents Authority, and Chairman of the Solicitors Mutual Indemnity Fund.

Julia M Davis – Consumer Representative

Appointed: 1 Jan 2014 **Term expired:** 31 Dec 2021 (Final Term)



Julia is the Senior Policy & Communications Officer at the Financial Rights Legal Centre, where she has been working to help advise and empower consumers in financial stress since 2013.

She is passionate about social justice and helping vulnerable people catch a break. She is a high energy and dynamic person who thrives on being a voice for groups that cannot advocate for themselves. She wants to influence systemic changes in law and industry practice that benefit people and help embed those changes so systems do not slip backwards.

Julia has a Juris Doctorate from the University of Florida Levin College of Law and a Masters in Human Rights Law from the London School of Economics. She is the Chair of Board for the Tenants Union NSW.

Alternate Committee members

John JT Phillips – Alternate Industry Representative

Appointed: 1 Jan 2014 **Term expires:** 31 Dec 2022 (Final Term)



John is Director of J & R Phillips Services Pty Ltd and Non-Executive Director of Resilium Insurance Broking Pty Ltd, providing consultancy services to insurance brokers, claims providers and insurance underwriters.

He has wide experience in the insurance broking industry, including having been CEO of Steadfast Group Limited for 12 years.

Julia M Davis – Alternate Consumer Representative

Appointed: 26 May 2022 **Term expires:** 25 May 2025 (First Term)

Following Drew MacRae's appointment from Alternate Consumer Representative to Consumer Representative, Julia has been formally appointed as Alternate Consumer Representative given her former involvement and experience with the Committee.

The Compliance Manager

Prue Monument – General Manager, Code Compliance and Monitoring

Appointed: 15 Nov 2021 – current



In this role, Prue leads the strategic direction and operational management of the Code team, ensuring delivery of its compliance and monitoring obligations for relevant industry associations and five independent Code Compliance Committees across the banking, customer owned banking, general insurance, life insurance, and insurance broking industries.

Prue previously worked at the Tertiary Education Quality and Standards Agency (TEQSA) as Executive Director Quality Assurance & Regulatory Operations. In this role she was responsible for all of TEQSA's regulatory work, compliance monitoring, investigations, risk analysis and enforcement, as well as overseeing Australian Higher Education providers' compliance with quality and governance standards and the National Code of Practice. Prue was previously Director of Compliance at the Australian Charities and Not-for-profit Commission where she was responsible for all compliance, investigations and intelligence work across Australia's 56,000 charities. Prue has previously held senior roles in the Department of Immigration and Border Protection including as National Manager of the Allegations Assessment Team and postings in Beirut and Shanghai. Prue has an Executive Masters in Public Administration and rich experience in regulation and self-regulation as well as complex stakeholder relationships.

René van de Rijdt – Deputy General Manager, Code Compliance and Monitoring

Appointed: 15 Nov 2021 – current

Prior appointments: 5 Mar 2021 – 14 Nov 2021 acting General Manager
Since 2017 Investigations Manager



René van de Rijdt has taken on a new role as Deputy General Manager which recognises the tremendous role that he played as Acting General Manager following Sally Davis' departure in March 2021. This position ensures that he will play an enhanced role in leading the team and its work.

René has worked in the Code team since 2017, initially as the Code Compliance Investigations Manager, and at AFCA and its predecessor schemes since 2011. René has a background in law and external dispute resolution and holds a Bachelor of Law from Monash University and a Bachelor of Planning and Design from the University of Melbourne.

Daniela Kirchlindé – Code Compliance and Operations Manager

Appointed: October 2009 – current



In addition to this role, Daniela also manages compliance for the Customer Owned Banking Code of Practice. Prior to this role, Daniela worked as Complaints and Compliance Manager at AFCA and its predecessor schemes from 1995.

Daniela has a background in dispute resolution and broad insurance industry experience in Australia, England and Germany. She holds a Bachelor of Commerce from the Cologne University (Germany) and a Graduate Diploma in Finance and Investment from the Australian Securities Institute Melbourne.

About the Code

The [2014 Insurance Brokers Code of Practice](#) (the Code) sets good standards of practice for the insurance brokers that have agreed to follow it. It is owned and published by the [National Insurance Brokers Association](#) (NIBA) and forms an important part of the broader national consumer protection framework and financial services regulatory system.

The new [2022 Code](#) will become effective on 1 November 2022.

Service Standards

By subscribing to the Code, insurance brokers commit to:

- continuously improving standards of practice and service in their sector
- promoting informed decision-making about their services, and
- acting fairly and reasonably in delivering those services.

The Code contains the following 12 key Service Standards that apply to all insurance broking services delivered to individuals and small businesses by Code subscribers across Australia.

1. We will comply with all relevant law.
2. We will transparently manage any conflicts of interest that may arise.
3. We will clearly tell you if we do not act for you.
4. We will clearly tell you about the scope of our covered services.
5. We will discharge our duties diligently, competently, fairly and with honesty and integrity.
6. We will clearly tell you how our covered services are paid for before we provide them and answer any questions you have.
7. We will handle any money received in accordance with relevant law and any agreement with you.
8. We will ensure that we and our representatives are competent and adequately trained to provide the relevant services and will maintain this competence.

9. We will respond to catastrophes and disasters in a timely, professional, practical and compassionate manner in conjunction with any industry-wide response.
10. We will ensure that we have an internal complaints and disputes handling process that meets the Code Complaints and Dispute process standards.
11. We will support NIBA in promoting the Code and make information on the Code (including how to make a complaint) and our Covered Services readily available to you.
12. We will not engage in activity or inactivity that is reasonably likely to bring the insurance broking profession into disrepute.

Definitions

For ease of reference when reading this report:

- 'the Code' means the 2014 Code unless otherwise stated.
- 'consumers' or 'clients' includes individuals or small businesses that are current and prospective clients of Code subscribers.
- 'Code subscribers' or 'subscribers' means insurance brokers that subscribe to the Code.

Financial Details for the period 1 July 2021 to 30 June 2022

	30 June 2021	30 June 2022
Staff costs	Based on 2.0 FTE	Based on 2.0 FTE
Gross salaries (including Committee remuneration, leave provisions, super, training and recruitment)	\$347,235	\$323,071
Operating expenses		
Professional Assistance	\$45,594	\$42,921
Communications, Stakeholder Relations & Travel ¹	\$5,310	\$4,088
Technology	\$21,585	\$20,304
Occupancy and Office Costs	\$20,804	\$21,291
Total Salaries and Expenses	\$440,528	\$411,675
Total Funding from NIBA	\$376,365	\$459,923
Allocated funds from operating reserve	\$50,000 ²	-
Annual Surplus/(Deficit)	(\$14,163)	\$48,248
Allocated funds from operating reserve	\$14,163 ³	-
Closing Operating Reserves	\$23,243	\$71,491⁴

¹ Reduced expenses due to COVID-19 travel restrictions.

² Allocated \$50,000 from operating reserve 30 June 2020 to reduce costs to NIBA for the 2020-21 period as agreed by the Insurance Brokers Code Compliance Committee on 14 May 2020.

³ Allocated \$14,163 from the operating reserve 30 June 2021 to fund the deficit for the 2020-21 period as agreed by the Insurance Brokers Code Compliance Committee on 15 July 2021.

⁴ Following discussions with NIBA on 21 September 2022, NIBA agreed for the IBCCC to retain the full amount of \$71,491 in the operating reserve as at 30 June 2022, to be used for future unforeseen compliance monitoring work undertaken by the IBCCC subject to consultation with NIBA.