

# REPORTING BREACHES & COMPLAINTS

GUIDANCE FOR ENHANCING  
ACCOUNTABILITY, CREDIBILITY AND  
INTEGRITY.

INSURANCE  
BROKERS

CODE  
COMPLIANCE  
COMMITTEE

# INTRODUCTION

**This guidance addresses a critical concern: the prevalence of brokers reporting zero breaches and complaints.**

**In the 2022 Annual Compliance Statement, 45% of brokers reported zero breaches and 39% reported zero complaints.**

We are closely monitoring this issue and expect that brokers will improve reporting in their Annual Compliance Statements.

Brokers should keep this in mind as they prepare for their Annual Compliance Statements.

Through this guidance, we emphasise the importance of reporting all breaches and complaints and offer recommended practices for brokers.

Brokers should use this guidance to help review their reporting practices, improve processes, embrace a culture of compliance, and deliver better client outcomes.



# REPORTING BREACHES

## Too many insurance brokers regularly report zero breaches of the Code.

Rather than reflecting perfect compliance, we are concerned that this may reflect oversights or gaps in systems and processes and potentially a culture of not reporting.

As mistakes and errors occur for all brokers, it would seem unusual to go a full year without a single breach of the Code in any form.

### ALL BROKERS MUST REPORT ALL BREACHES OF THE CODE

Reporting all breaches encourages brokers to take corrective action, learn from errors, improve processes, and adopt higher standards of practice.

**A strong, comprehensive reporting framework that captures all breaches is built with two fundamental elements:**

1

**EFFECTIVE SYSTEMS AND PROCESSES**

2

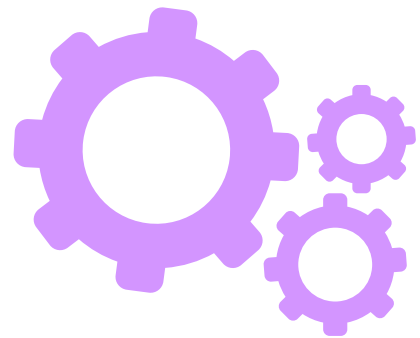
**A CULTURE OF REPORTING**



# EFFECTIVE SYSTEMS & PROCESSES

**Brokers that report zero breaches often cite a reliance on staff to identify and report breaches.**

While staff will always be an important element of Code compliance, effective systems and processes are crucial for identifying and reporting all breaches.



Effective systems and processes provide staff with structured frameworks that guide and support their practices and act as a safety net. They help to mitigate the risk of staff not identifying or not reporting breaches.

We encourage all brokers to consider their systems and processes for identifying and reporting breaches and look at ways they can be strengthened or refined to ensure comprehensive reporting.

## ASSESS THE REPORTING FRAMEWORK

**Brokers should have a compliance framework with comprehensive coverage of all business processes and reliable reporting mechanisms.**

A good compliance framework should comprise:

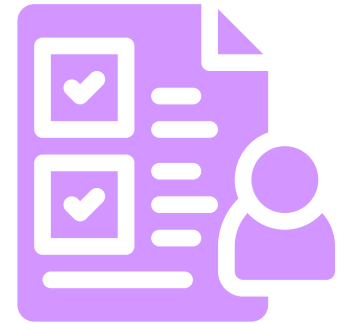
- automated breach registers
- internal and external audits
- a quarterly declaration by staff that there are no breaches or complaints not reported
- staff training on identifying breaches, reporting breaches, and Code compliance.

Each broker should make sure these elements are a part of its own compliance framework.

# A CULTURE OF REPORTING

**Even strong systems and processes must be supported by a culture that embraces reporting and values compliance.**

This is particularly critical for smaller brokers that may lack the resources or technology to automate processes fully.



A culture that prioritises breach identification and reporting encourages transparency and honesty among employees. It creates an environment where individuals feel supported and empowered to raise concerns.

Alongside effective systems and processes, a culture that values and promotes breach reporting will lead to improvements in performance, better practices, and better outcomes for clients.

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## A POSITIVE REPORTING CULTURE

**As brokers rely predominantly on staff to identify and report breaches, a culture of reporting is essential.**

To create the culture of reporting and see the benefits that it brings, each broker should:

- encourage staff to identify and report breaches
- provide positive reinforcement to staff that identify and report
- reiterate the importance of the Code and keeping clients at the centre of decision-making in messaging.

# REPORTING COMPLAINTS

**Too many insurance brokers do not understand they must report all the complaints they receive.**

**This is often because the complaint relates to the insurance provider or because the complaint is resolved immediately.**

Some brokers reported that they merely forward the complaints they receive about insurance providers to the insurer to investigate and manage, and do not include them in the Annual Compliance Statement. Some fail to report complaints, citing the swift resolution as reason.

**REPORT ALL COMPLAINTS, EVEN IF THEY ARE ABOUT AN INSURER OR RESOLVED IMMEDIATELY.**

For a culture of compliance that leads to sustained improvements, all complaints should be part of a reporting framework.

**The most common reasons cited for reporting zero complaints are that the:**

1

**COMPLAINTS ARE ABOUT INSURANCE PROVIDERS**

2

**COMPLAINTS ARE RESOLVED QUICKLY**



## DEFINING A COMPLAINT

The 2022 Code defines a complaint as an expression of dissatisfaction about an organisation, related to its products, services, staff or the handling of a complaint.

The 2022 Code requires complaints to be directed to the Code subscriber in the first instance (Section 9.1(a)).

Therefore, any complaint made to a broker by a client must be recorded in line with ASIC's [IDR Data Reporting Handbook](#).

## COMPLAINTS ABOUT INSURANCE PROVIDERS

**For a comprehensive understanding of their role in a client's experience, a broker must record and report complaints about insurance providers.**

The broker should consider whether their own conduct may have contributed to the situation that gave rise to the complaint.



## UNDERSTANDING THE BROKER'S ROLE

**Insurance brokers have a role to play in complaints about an insurance provider.**

When a broker records a complaint related to an insurance provider, our Annual Compliance Statement asks the broker to reflect on their own conduct prior to the complaint.

Questions for a broker to consider when reflecting on their own conduct:

- Did I select the best insurer for my client?
- Do claim denials occur more with this insurer than others we deal with?
- What does this mean for future placements with this insurer?
- Did I keep my client informed about the progress of their claim?

## COMPLAINTS RESOLVED QUICKLY

**Some brokers explained their reporting of zero complaints by stating that they quickly resolve the complaints they receive.**

This suggests a misconception among brokers that quick resolution negates the need for reporting.

While a quick resolution of a complaint is good, it does not change the requirement to report the complaint.

Regardless of the resolution, we expect that every broker, regardless of their size, reports all complaints in the Annual Compliance Statement.

The 2022 Code requires subscribers to provide written confirmation that a complaint has been resolved (Section 9.4 (a)).



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## USING COMPLAINTS TO IMPROVE PRACTICES

**We remind brokers that every complaint provides a valuable opportunity to learn and improve, even if the complaint relates to an issue beyond the broker's control.**

Identifying the reason for a complaint is an important element in a broker's risk management framework.

It is important that brokers take the opportunity to reflect on complaints that they resolve quickly. These complaints can help a broker identify ongoing or underlying systemic breaches of the Code and work to address them.