

GUIDANCE NOTE

SUPPORTING
VULNERABLE
CLIENTS

INSURANCE
BROKERS

CODE
COMPLIANCE
COMMITTEE



Recognising and understanding the unique needs of clients is fundamental to the work of insurance brokers, particularly with vulnerable clients.

A survey we conducted in 2022 revealed that approximately half of all brokers had established a dedicated vulnerability policy or process, while the rest were in the process of developing one.

This Guidance Note aims to assist brokers to meet their obligations in the [2022 Insurance Brokers Code of Practice](#) (the Code) to identify and support vulnerable clients.

WHY IT IS IMPORTANT

Everyone is at risk of experiencing vulnerability at any time.

Financial services institutions have an ethical and moral obligation to treat people experiencing vulnerability with respect and compassion and should provide them with assistance.

Insurance brokers play a crucial role in identifying, acknowledging, assisting and advocating for vulnerable individuals.

Regulators and consumer advocacy groups are increasingly scrutinising how financial services institutions and other providers interact with customers experiencing vulnerability.

This heightened attention follows experiences during and after the COVID-19 pandemic and the current economic climate, marked by the rising costs of living. The release of [ISO 22458 \(2022\)](#), a new international standard on consumer vulnerability, further reinforces this focus.

Recent Royal Commissions into financial services, aged care, the disability sector, and family violence have highlighted examples of poor outcomes for some of society's most vulnerable individuals. The work of the Royal Commissions underscores the importance of supporting vulnerable customers.

COMMITMENT IN THE CODE

The Code introduced important new promises that brokers make to their clients.

These improvements focused on identifying and supporting vulnerable clients.

In cases where clients require additional support or assistance, brokers must collaborate with them to explore suitable solutions. This may include accessing specialist third-party support.

Additionally, brokers must implement policies and training programs aimed at enhancing staff awareness and recognition of vulnerabilities.

Brokers must ensure they conduct their interactions with vulnerable clients with sensitivity, dignity, respect and compassion. And when it is appropriate, brokers can refer vulnerable clients to specialist services.



UNDERSTANDING VULNERABILITY

DEFINITION

A vulnerable client refers to an individual who, due to their personal circumstances, is particularly susceptible to harm, especially when a firm fails to exercise appropriate care. Vulnerability can manifest in various forms, whether it's permanent, temporary, or sporadic, and can occur over the short or long term. A consumer's needs and capabilities can undergo significant changes, particularly when faced with unexpected events or urgent, complex situations.

Some of the key drivers of vulnerability relate to:



HEALTH

An illness may affect a person's ability to undertake tasks.



LIFE EVENTS

Bereavement, extreme weather events, job loss or relationship breakdowns can affect a person's capacity.



RESILIENCE

Financial, physical or emotional circumstances may impede a person's ability to withstand difficult times.



CAPABILITY

Not having the knowledge, confidence, literacy or digital skills required to deal with financial matters can affect a person's ability to manage their affairs.

The Code outlines various factors that may cause a person to experience vulnerability, including:

- age
- disability
- mental and physical health issues
- language or literacy barriers
- family and domestic violence
- cultural background
- Aboriginal or Torres Strait Islander status
- remote location
- financial distress.

Brokers often serve as the primary support for individuals facing one or many of these circumstances. Despite the challenges, this also offers brokers an opportunity to make a meaningful difference.

When a claim disrupts a client's life, they rely heavily on their insurance and the guidance of their broker to get through what can be a stressful and confusing experience.

This also applies to small businesses, where personal and business interests often overlap. Given this interconnectedness, an incident that affects one area can have repercussions for another, emphasising the critical role brokers play in supporting both individuals and businesses through challenging times.

GUIDANCE



EXECUTIVE OVERSIGHT

Key points



Develop an environmental, social and governance (ESG) strategy.



Incorporate social commitment into leadership and organisational culture.



Incorporate vulnerability considerations into compliance and risk management.



Allocate sufficient resources to deliver on vulnerability services and support.

Insurance brokers should set out how they effectively identify and support clients experiencing vulnerability in their strategy or operational plans. This must include relevant staff training and support.

Detailed processes and procedures could be integrated into the ESG framework, incorporated into the corporate plan and compliance register, and established as action plans specifically addressing vulnerability and accessibility. Brokers should ensure there is executive and board oversight across these activities.

Incorporating Code promises into action plans reinforces a broker's commitment to supporting clients. Codes serve as a vital aspect of this commitment, indicating a willingness to go above and beyond the law to safeguard client interests.

Brokers should publish their action plans, sending a strong message about commitment and accountability. Such transparency not only communicates the broker's values to existing clients but also provides insight for prospective clients about values and priorities.



SKILLS AND CAPABILITY

Key points



Invest in training for specific staff and teams.



Be flexible and empower staff to make decisions.



Understand the skills and capabilities of other people and organisations.



Use data to identify clients at risk of vulnerability

By subscribing to the Code, insurance brokers commit to providing appropriate training to help staff understand, recognise and engage with vulnerabilities. Training is essential for equipping staff with the skills to recognise vulnerabilities and respond appropriately.

Brokers can source such training from a third party, including not-for-profit organisations.

When choosing training for staff, brokers should prioritise programs that provide practical guidance and support, tailored to daily client interactions. This includes training on how to engage with compassion and navigating difficult conversations.

In particular, staff education should include Aboriginal and Torres Strait Islander cultural competency programs, trauma informed practice training, LGBTQIA+ inclusion training and how to work effectively with elderly people. This kind of training fosters inclusion, compassion, and respect for insurance brokers.

Because there is no one-size-fits-all approach, staff should be able to adapt to client needs and exercise judgement on appropriate responses. This may involve referring clients to colleagues or a specialist team capable of providing better assistance.

Understanding the skills and capabilities of other people and organisations, such as those related to financial hardship, family violence, financial abuse, or First Nations customer support, enables brokers to advocate for clients effectively and facilitate crucial connections.

As digital interactions increase, it is vital that brokers use their own data and insights to recognise and identify signs of vulnerability and proactively reach out to clients who may need assistance.



POLICIES AND PROCEDURES

Key points



Support staff to make appropriate referrals.



Link to useful support services.



Publish relevant policies.

The National Insurance Brokers Association (NIBA) has published a useful guide on [Identifying and Supporting Vulnerable Clients](#), which offers suggestions for developing a vulnerability policy.

While insurance brokers may have various policies in place (such as Reconciliation Action Plans or policies for addressing vulnerability or family violence), the Code does not require them to publish policies.

However, we encourage brokers to make such policies available on their websites. Brokers should also ensure their publications contain relevant links to specialised support services for vulnerable clients.

This transparency allows clients to understand their options and helps foster trust in a broker's ability to assist.

Clients who feel encouraged to communicate their challenges are more likely to trust that a broker cares and can assist.

A broker's website should include a Quick Exit button, a link that allows a client to swiftly exit the site and open another search page in a new window. This is crucial in domestic violence situations.



INCLUSIVE SERVICE DESIGN

Key points



Provide different contact channels and identify communication preferences.



Offer Translating and Interpreting Service (TIS) and the National Relay Service.



Ensure websites are accessible.



Use plain English.



Conduct consumer testing.

The [ISO 22458 \(2022\)](#) - Consumer vulnerability — Requirements and guidelines for the design and delivery of inclusive service provides a valuable framework and standards to work towards and measure against.

Insurance brokers should offer multiple contact channels for clients, recognising potential barriers, such as difficulty using online forms. Providing alternatives like phone calls or appointment scheduling can increase accessibility.

For example, an older client may not have access to an email account and may prefer phone contact. People with sight difficulties may prefer information in a digital format that is compatible with screen readers.

It is beneficial to identify and record a client's preferred communication channels.

It is essential for brokers to offer services like Translating and Interpreting Service (TIS) and the National Relay Service, ensuring easy access for clients through their website. By extension, clients with English as a second language may require material that can be easily translated into their first language.

In addressing accessibility of their websites and apps, including any delivered through external providers, brokers should follow the [Web Content Accessibility Guidelines \(WCAG\) 2.2](#) set by the World Wide Web Consortium (W3C).

User testing for new systems or processes is recommended for brokers to ensure usability and accessibility for all clients.



ONGOING REVIEW AND IMPROVEMENT

Key points



Collect feedback from clients to improve services.



Identify areas for enhancement and innovation.



Review and assess how services support vulnerable clients
– report to the Board.



Seek external expertise and assistance as necessary.

It is crucial for insurance brokers to collect client feedback to drive improvements.

The absence of complaints doesn't necessarily indicate the absence of problems, especially for vulnerable individuals who may face barriers in lodging complaints or engaging with a broker.

Brokers should track their actions and progress in supporting vulnerable clients and report to the Executive or Board when necessary. Additionally, we encourage brokers to engage with consumer advisory groups to share and address current issues.

OTHER KEY GUIDANCE DOCUMENTS



Financial Conduct Authority Guide (FG21/1)
[Guidance for Firms on the Fair Treatment of Vulnerable Customers.](#)

ACCC – Consumer Vulnerability –
[A business guide to the Australian Consumer Law.](#)

ISO - [ISO 22458 \(2022\)](#) - Consumer vulnerability —
Requirements and guidelines for the design and delivery of inclusive service.

