



One Company
Many Brands



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The Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Email: economics.sen@aph.gov.au

Dear Secretary

INSURANCE CONTRACTS AMENDMENT BILL 2013

The Suncorp Group welcomes the opportunity to provide input to the inquiry by the Senate Economics Legislation Committee into the Insurance Contracts Amendment Bill 2013 (the Bill).

The Suncorp Group

Suncorp Group Limited and its related bodies corporate and subsidiaries (collectively 'Suncorp') offer a range of financial products and services in banking (Suncorp Bank) life insurance and superannuation (Suncorp Life) and general insurance across Australia and New Zealand. Suncorp has more than 15,000 employees nationally and relationships with over nine million customers.

Nationally, Suncorp is Australia's largest general insurer operating under its various brands, including AAMI, Apia, GIO, Just Car, Shannons, Suncorp and Vero. This submission is made on behalf of the Suncorp Personal and Commercial Insurance divisions which operate Suncorp's general insurance brands.

The Bill

The Bill has had extensive consultation since the Cameron/Milne Review of 2004. In 2007 Treasury released a draft legislative package, which addressed the Review Panel's key recommendations. After considering the submissions made to the Review Panel, the Insurance Contracts Act Amendment Bill 2010 was prepared. On the 17th March 2010, the Bill was introduced into the House of Representatives by the then Minister, the Hon Chris Bowen MP. The Bill passed through the House of Representatives but did not pass through the Senate before it lapsed as a result of the federal election in August 2010.

Since the lapsing of the 2010 Bill, further consultation has occurred. There has been constructive dialogue between different stakeholders (consumer advocates, Treasury and the Industry) to ensure the correct balance was found to ensure the Bill works in the public interest.

Suncorp understands that all parties involved with consultation are supporting the Bill in its current form. Given the stakeholder consensus that the Bill represents, Suncorp wishes to strongly advocate to the Committee its support for the Bill and its own appreciation for the work that has been done by stakeholders to date.

Suncorp urges that the Bill be passed as soon as possible (to avoid it lapsing again) so that consumers and industry can have the advantage of reforms that are contained within it. These include the following.

- Duty of Utmost Good Faith (Schedule 1): the Insurance Contracts Act 1984 (IC Act) will be amended to provide that a breach of the duty of utmost good faith is a breach of the IC Act, with remedies available in relation to claims handling and settlement.
- Clarification that ASIC may exercise its powers under the Corporations Act 2001 (Cth).
- Electronic Communication (Schedule 2): the Bill provides certainty that electronic communication can be used to satisfy notice requirements under the IC Act. This will help reduce operating costs for insurers and will allow consumers to receive insurance information in a convenient form if they so wish. Importantly, this will help to alleviate some cost pressures in the insurance market.
- Disclosure and misrepresentations (Schedule 4): the Bill clarifies the duty of disclosure for consumers and provides for notification of the duty in relation to eligible contracts of insurance at the time a contract is entered into and at the time of renewal.
- Third party beneficiaries (Schedule 6): the Bill explicitly provides that third party beneficiaries have rights and obligations under the IC Act. This amendment will significantly improve third-party consumer rights when interacting with insurers.

If you have any questions in relation to our submission please contact me, on _____ or email _____ . Alternatively please contact Mr Mike Thomas, Manager, Group Government Relations, on _____ or email _____ .

Yours sincerely

Annabelle Butler
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Cc

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