



ASIC

Australian Securities & Investments Commission

Our Reference: PCS2011/6845

3 August 2011

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Mr Dion Gooderham
General Counsel
CGU Insurance Limited
Lvl 26, NRMA Centre
388 George Street
SYDNEY NSW 2000

Dear Mr Gooderham

CGU Insurance Limited - Assessments of home and contents insurance claims following recent extreme weather events

I refer to your letter dated 30 June 2011 and our telephone discussion on 19 July 2011 concerning CGU's assessment process during the recent QLD flood event.

CGU noted in its letter of 30 June 2011 that following a review of its claims handling process on 19 January 2011, it decided to offer a specific site hydrology assessment option (prior to any Internal Dispute Resolution (IDR) process commencing) to all declined claimants. However it does not appear to be disclosed in the standard claim decline letter or the IDR decline letter, copies of which you provided to us. We seek your response concerning how a policy holder would be aware that they had the option of a site specific hydrology review.

We also note that CGU appears to have a two tier internal dispute resolution system with the dispute first being processed by a team manager in the Claims department and if requested by the policy holder, secondly by the CGU Dispute Resolution team.

You may be aware that we anticipate shortly releasing a report regarding general insurance claims handling. On 10 May 2011 [REDACTED], Senior Manager, and other ASIC staff met with IAG representatives including [REDACTED], General Counsel - Direct Insurance - NRMA Insurance to discuss the recommendations of this report.

As discussed at that meeting, a key recommendation of the report is that a review decision at tier 1 should be confirmed in writing and refer to the opportunity to have the decision reviewed at external dispute resolution (EDR). We note that the letter provided by CGU does not refer to EDR although the brochure enclosed does refer to EDR. We seek your comment as to whether CGU will consider more directly notifying a policy holder in the letter that they may go to EDR.

If you have any queries please do not hesitate to contact me on [REDACTED] or via email at [REDACTED]@asic.gov.au or [REDACTED] on [REDACTED] or via email at [REDACTED]@asic.gov.au

Yours faithfully,

[REDACTED]

[REDACTED]

Acting Senior Manager
Deposit Takers, Credit and Insurers