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CUSTOMER SERVICE CONDUCT PRINCIPLES



NSW Business Chamber

140 Arthur Street

North Sydney NSW 2060

INTRODUCTION

The NSW Business Chamber (the Chamber) welcomes the opportunity to provide a submission to SIRA's *Customer service conduct principles: Proposed licence conditions for insurers operating in SIRA-regulated schemes* consultation.

The Chamber is one of Australia's largest business support groups, with a direct membership of more than 20,000 businesses, providing services to over 30,000 businesses each year. Tracing its heritage back to the Sydney Chamber of Commerce, established in 1825, the Chamber works with thousands of businesses ranging in size from owner-operators to large corporations, and spanning all industry sectors from product-based manufacturers to service provider enterprises.

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LIST OF RECOMMENDATIONS

Recommendation 1

SIRA's *Market Practice and Premium Guidelines* (MPPGs) be amended to include a clause (similar to clause 8.5.2) in relation to customer service standards.

Recommendation 2

Principle 1 be amended to include a component that emphasises the need for the insurer to gauge the customer's level of understanding about the system and to clarify the reason for the call and the desired or expected outcome, so it can provide an appropriate response.

Recommendation 3

Principle 1 should be supplemented with a reference to staff being:

- adequately trained, both from a technical perspective (understanding the legislative requirements) and from a customer service perspective (having access to relevant information that is both accurate and consistent for 'typical' requests); and
- provided with sufficient resources to enable them to provide customer-specific information and provide written confirmation in a timely manner.

Recommendation 4

Principle 3 be amended to include a reference to escalating unresolved issues in an efficient and effective manner and a requirement to publish time-frames (bench-marked to standards of best practice) for matters such as returning phone calls and responding to emails.

Recommendation 5

Principle 4 be amended to include a requirement for transparency relating to the continuous improvement systems and set out minimum disclosure requirements, including:

- reasons why a system improvement is needed;
- a description of the proposed system improvement (including important project milestones);
- an explanation how the system improvement will prevent or minimise the risk of similar problems from occurring in the future; and
- the provision of regular updates.

Recommendation 6

Principle 5 be amended to:

- State that, in addition to an apology and an acknowledgement, the customer will receive the following additional information:
 - for poor service and/or behaviour - an assurance that all efforts will be made to ensure it won't happen again; and
 - for harm being done or a breach of legislation – confirmation that the matter has been notified to SIRA together with a reference number so the customer can keep track of the remedial action being taken.
- Include a requirement that all steps to be taken in accordance with the legislation are supported by pro-forma documents (including checklists and notices) that follow the relevant sections of the legislation.

Recommendation 7

To ensure the insurer's level of customer service standards meet community expectations, SIRA should require all insurers of statutory schemes to submit a monthly (or quarterly) report signed off by its Board (or a sub-committee of the Board).

That report should refer to the KPIs set out in the insurer's filings and contain both a high level analysis of those KPIs (both met and unmet).

In the event that any harm was caused or legislation breached, a more detailed analysis would be required. It would include a:

- statement that each incident (listed and cross-referenced to an incident number) was reported to SIRA; and
- description of the steps being taken to rectify the problem and mitigate the risk of a recurrence.

Recommendation 8

SIRA establish a mechanism to:

- Enable the insurers' customers to complain directly to SIRA.
- Track the progress and outcome of a complaint that involves a harm being caused when customer expectations are not met and/or a breach of legislation.

SUBMISSION

Part 1. The Chamber's Preferred Approach

Given the importance of a fair and affordable workers compensation system to the NSW economy, the Chamber would like to see the proposed principles-based approach replaced by a compliance approach where the insurers of statutory insurance schemes are required to comply with the relevant Australian Standards (for example, ISO 18295-1:2017) and, if they don't already do so, take out (and maintain) accreditation with the Customer Service Institute of Australia.

The Chamber notes that, under clause 8.5.2 of SIRA's Market Practice and Premium Guidelines, a *'licensed insurer's internal review handling and dispute resolution process must be consistent with Australian/New Zealand Standard AS/NZS 10002:2014 Guidelines for complaint management in organizations'*

Recommendation 1

SIRA's *Market Practice and Premium Guidelines* (MPPGs) be amended to include a clause (similar to clause 8.5.2) in relation to customer service standards.

Part 2. The Chamber's Responses to SIRA's Questions

Customer Service Conduct Principles

The principles outlined in the consultation paper contain standards relating to efficiency, courtesy, accountability and continuous improvement. Feedback from business received by the Chamber confirms there is a need for customer service conduct principles to include specific measures and actions in respect to: accessibility; consistency; accuracy; and responsiveness.

Principle 1: Be efficient and easy to engage

The insurer must keep customer interactions simple to make the experience easier, so that the focus is on recovery and resolution. This means:

- *customers should only have to provide or ask for information once*
- *information is clear and understandable enabling a streamlined experience*
- *complexity is reduced by communicating in simple language*
- *information is timely and accessible*
- *customers will experience visible support and information throughout the customer journey.*

This principle assumes the customer's request is simple and straightforward one and implies that the problem lies with the insurer's response, once contact has been made. However, for many employers, having a workers compensation claim made against them is a relatively rare occurrence. In addition, navigating the NSW workers compensation scheme can be a daunting exercise. When calling the nominal insurer for assistance, an employer is not always sure about what it needs to ask or what the different outcomes it is likely to face will be.

Recommendation 2

Principle 1 be amended to include a component that emphasises the need for the insurer to gauge the customer's level of understanding about the system and to clarify the reason for the call and the desired or expected outcome, so it can provide an appropriate response.

A common complaint from business has been that customer service officers of the nominal insurer either don't understand or don't adequately respond to the question being asked. This could be due to inexperience, a lack of training (technical or otherwise) and/or the absence of a customer focus.

For example, when an employer is calling about not having received their premium notice, despite the due date for payment being imminent, the primary concerns usually are:

- How much is the premium?
- When will we receive the premium notice?
- Will we be automatically granted an extension of time for payment?

The Chamber understands that a typical response from the nominal insurer is often to the effect of 'we have been busy, you should get it soon'. These sorts of responses indicate the absence of a customer focus and understanding of business priorities and concerns.

Recommendation 3

Principle 1 should be supplemented with a reference to staff being:

- adequately trained, both from a technical perspective (understanding the legislative requirements) and from a customer service perspective (having access to relevant information that is both accurate and consistent for 'typical' requests); and
- provided with sufficient resources to enable them to provide customer-specific information and provide written confirmation in a timely manner.

Principle 3: Resolve customer concerns quickly, respect customer's time and be proactive

The insurer must be proactive in supporting recovery and resolution. This means:

- *customers are supported early, leading to better recovery outcomes and resolution*
- *customer time is valued*
- *customers will be contacted when they need to know something.*

The ability to escalate an unresolved issue is an intrinsic part of being able to resolve a customer's concerns quickly. Yet, according to business feedback, this aspect to the nominal insurer's customer service levels is lacking. Complaints relayed to the Chamber also include phones ringing out and phone calls and/or emails not being returned.

To help manage customer expectations, it is often helpful to provide information about an entity's service standards (such as turnaround times for responding to emails or returning phone calls). However, the Chamber understands that this type of information is either not available, difficult to find, or lacking in detail.

Recommendation 4

Principle 3 be amended to include a reference to escalating unresolved issues in an efficient and effective manner and a requirement to publish time-frames (benchmarked to standards of best practice) for matters such as returning phone calls and responding to emails.

Principle 4: Have systems in place to identify and address customer concerns

The insurer must have systems in place to address individual customer concerns and systemic concerns. This means:

- *customer views will be sought on service design and improvement*
- *continuous improvement systems are in place.*

It is important for users of a statutory scheme have confidence in the way the scheme is being managed. This is only possible if an insurer of a statutory scheme is fully transparent about both the need for system improvement and the measures being adopted to effect such improvement.

Recommendation 5

Principle 4 be amended to include a requirement for transparency relating to the continuous improvement systems and set out minimum disclosure requirements, including:

- reasons why a system improvement is needed;
- a description of the proposed system improvement (including important project milestones);
- an explanation how the system improvement will prevent or minimise the risk of similar problems from occurring in the future; and
- the provision of regular updates.

Principle 5: Be accountable for actions and honest in interactions with customers

Customers will receive an apology when things don't go to plan. This means:

- *customers will receive an acknowledgment when harms are caused when customer expectations are not met or when legislative breaches occur*
- *apologies will be made for poor service or behaviour.*

The inclusion of the phrase 'when legislative breaches occur' not only implies that legislative breaches do occur, but that they are a relatively common event. The Chamber hopes this is not the case.

Regardless of the nature of the problem, customers tend to expect something more than a mere acknowledgement and/or apology. For example, a response to poor service and/or behaviour deserves an assurance that all efforts will be made to ensure the poor service or behaviour will not happen again.

Harm being done or the legislation being breached are matters that should be brought to SIRA's attention immediately.

The insurer's policies and procedures should be designed to ensure that the risk of causing harm (be it financial or otherwise) or of breaching the legislation is almost non-existent. This can be achieved through simple administrative measures such as pro-forma documents that explicitly follow the legislative requirements (for example, the provisions relating to determining liability) and an effective bring-up system.

There also does not appear to be a suitable acknowledgement of the importance of continuous improvement so that any mistake is not repeated. Businesses are not necessarily satisfied with an apology, more often than not they are looking for an assurance that the same mistake has been rectified and that the mistake will not be made again.

Recommendation 6

Principle 5 be amended to:

- State that, in addition to an apology and an acknowledgement, the customer will receive the following additional information:
 - for poor service and/or behaviour - an assurance that all efforts will be made to ensure it won't happen again; and
 - for harm being done or a breach of legislation – confirmation that the matter has been notified to SIRA together with a reference number so the customer can keep track of the remedial action being taken.
- Include a requirement that all steps to be taken in accordance with the legislation are supported by pro-forma documents (including checklists and notices) that follow the relevant sections of the legislation.

Attestation

The consultation paper includes a requirement that the insurer attest to the standards of conduct annually or when SIRA requests attestations. The consultation paper poses the following three questions.

1. *How regularly should insurers attest to compliance with the customer service conduct principles? Is an annual attestation sufficient?*
2. *What kind of matters should be included in the attestations made to SIRA?*
 - (a) *Action they have taken to ensure compliance with the principles (for example governance and staff training)*
 - (b) *Self-assessment of compliance with each of the principles (for example, an analysis of complaints)*
3. *Should the attestations sought from insurers be at Board and/or management level?*

Feedback received by the Chamber has been consistent, the expectation of what constitutes an acceptable level of customer service by the nominal insurer is not being met.

Given the current state of affairs (namely the *Compliance and Performance Review of the Nominal Insurer* that is currently being undertaken), the Chamber believes the nominal insurer to the NSW workers compensation system should be monitored closely, either on a monthly or a quarterly basis and that something more than a mere attestation is required, preferably a formal report.

Such a report could refer back to the Key Performance Indicators (KPIs) used to measure and monitor their customer service standards. These KPIs should be the same as those disclosed in the insurer's filings. The report should also include a detailed analysis of any failure to meet a KPI that caused harm or involved a breach of legislation and be signed off by the insurer's Board or a compliance sub-committee of that Board.

Recommendation 7

To ensure the insurer's level of customer service standards meet community expectations, SIRA should require all insurers of statutory schemes to submit a monthly (or quarterly) report signed off by its Board (or a sub-committee of the Board).

That report should refer to the KPIs set out in the insurer's filings and contain both a high level analysis of those KPIs (both met and unmet).

In the event that any harm was caused or legislation breached, a more detailed analysis would be required. It would include a:

- statement that each incident (listed and cross-referenced to an incident number) was reported to SIRA; and
- description of the steps being taken to rectify the problem and mitigate the risk of a recurrence.

Breach Notification

In addition to requiring insurers to self-report any breaches to SIRA, there should also be an avenue for customers to complain directly to SIRA.

Recommendation 8

SIRA establish a mechanism to:

- Enable the insurers' customers to complain directly to SIRA.
- Track the progress and outcome of a complaint that involves a harm being caused when customer expectations are not met and/or a breach of legislation.