

[REDACTED]  
Insurance Australia Group trading as NRMA Insurance

Via email: [REDACTED]

Dear [REDACTED],

### Letter of Censure – Delay in commencing statutory weekly benefits

I refer to the investigation conducted by the State Insurance Regulatory Authority (the Authority) into the failure by NRMA Insurance (NRMAI) in commencing weekly payments of statutory benefits to claimants in accordance with clause 4.43 of the Motor Accident Guidelines v 8.2 - April 2022 (the Guidelines), its standard licence conditions and the Motor Accidents Injuries Act 2017 (the Act).

The Authority has now finalised its investigation and is satisfied that NRMAI has contravened clause 4.43 of the Guidelines in 43 claims between 1 July 2022 to 12 September 2022, and in doing so, also breached section 1.3 (2), section 3.6(5) and section 10.7 of the *Motor Accident Injuries Act 2017* (the Act) and clause 10 of its standard licence conditions. Therefore, pursuant to section 9.10 (1)(b) of the Act the Authority is issuing NRMAI with this letter of censure.

Section 9.10(1) of the Act provides:

*(1) If the Authority is satisfied that a licensed insurer has contravened its licence or this Act or the regulations or the Insurance Industry Deed, the Authority may, instead of suspending the insurer's licence –*

- (a) impose a civil penalty on the insurer not exceeding \$110,000, or*
- (b) issue a letter of censure to the insurer.*

In failing to commence the statutory weekly benefit payments within 10 working days of accepting liability in 43 claims (self-reported compliance rate of 21% by NRMAI), NRMAI has contravened the following obligations under the Act and the Guidelines -

1. Section 1.3 Objects of Act

*(2) For that purpose, the objects of this Act*

*(b) to provide early and ongoing financial support for persons injured in motor accidents*

2. Section 10.7 of the Act:

*It is a condition of an insurer's licence under this Act that the insurer comply with relevant provisions of Motor Accidents Guidelines.*

3. Clause 4.43 of the Guidelines (Version 8.2)

*After an insurer accepts liability for statutory benefits, weekly payments may be payable to a claimant. The insurer must commence weekly payments of statutory*

*benefits as soon as possible and in any event within 10 working days after its decision to accept liability.*

4. Clause 10 of the standard licence conditions provides:

*(Compliance with laws) The Licensee must establish and maintain compliance measures to ensure that it complies at all times with its obligations under the Act and the regulations and guidelines made under it.*

The Authority issued a Show cause notice to NRMAI on 3 May 2023 requesting NRMA's response to the findings in this matter (Tab A). NRMAI responded to the Authority on 17 May 2023 accepting the findings (Tab B).

NRMAI has reported 85% compliance for April 2023 from its QA review for first payment made within 10 working days. This is despite NRMAI having implemented revised remedial actions to ensure compliance with the requirements of the Act and the Guidelines for weekly payments of statutory benefits. In response to the show cause notice, NRMAI advised it is developing an automated exception reporting as a preventative control to ensure payment of weekly benefits within 10 working days of liability being accepted on a claim and expects this reporting to be available by the end of July 2023.

Although the current level of compliance performance in this area is below the expected levels, the Authority has taken into account NRMAI's self-reporting of this breach and its remediation actions, and therefore has issued a letter of censure instead of imposing a civil penalty.

Whilst in this instance a letter of censure has been considered appropriate, if in future the Authority becomes aware of ongoing non-compliance of a similar nature, it may result in a more serious outcome, such as the imposition of a civil penalty.

Please note, this matter will form part of NRMAI's compliance history and will be considered when determining the appropriate regulatory or enforcement response if future matters of non-compliance indicating a pattern of behavior are brought to the Authority's attention.

In addition, and as specified under section 9.15(1)(a) of the Act, SIRA may choose to publish the outcome of this investigation focussing on the level of compliance by NRMAI.

I remind NRMAI that, as a licensed insurer, it must comply with all Compulsory Third Party (CTP) licence conditions and legislative obligations. I trust that the Authority's expectations of compliance with legislative obligations is clear.

Should you wish to discuss this matter, you may contact [REDACTED], Manager, Enforcement & Prosecutions on [REDACTED]

Sincerely,

[REDACTED]

**Dr Petrina Casey**  
Executive Director  
Motor Accidents Insurance Regulation  
State Insurance Regulatory Authority

Date: 9 June 2023