

Your reference: [REDACTED] Our reference: [REDACTED]

[REDACTED]

Insurance Australia Group trading as NRMA Insurance

By email only: [REDACTED]

Dear [REDACTED]

**Letter of Censure- delays with payment of weekly statutory benefit payments**

I refer to the investigations conducted by the State Insurance Regulatory Authority (the Authority) into 4 claims where there were alleged delays to pay weekly statutory benefit payments fortnightly by Direct Insurance Australia (Insurance Australia Group) trading as NRMA Insurance (NRMAI)

I am writing to advise you that the Authority has finalised its investigations into the 4 allegations and is satisfied that NRMAI has on each occasion contravened Section 3.23 and Section 10.7 of the Motor Accident Injuries Act 2017 (the Act) and principles 4.5, and 4.6 of the Motor Accident Guidelines – Version 8.2 (the Guidelines) . In doing so, NRMAI has also breached clause 10 of the standard licence conditions. For the reasons outlined below, the Authority has decided to issue NRMAI with a letter of censure, pursuant to section 9.10(1) of the Act.

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.*

The investigations established that NRMA failed to pay weekly statutory benefit payments fortnightly because of the following:

1. [REDACTED]  
[REDACTED]
2. [REDACTED]  
[REDACTED]

3. [REDACTED]

[REDACTED]

[REDACTED]

4. [REDACTED]

[REDACTED]

In failing to pay claimants weekly statutory benefit payments fortnightly, the Authority is satisfied that NRMAL's conduct is not consistent with the objects of the Act including the following:

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*

*(g) to encourage the early resolution of motor accident claims and the quick, cost effective and just resolution of disputes*

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 4.5 of the Guidelines (version 8.2)

*Insurers and those acting on their behalf are to deal with claims in a manner consistent with the objects of the Act, the below principles, and the general duties under Division 6.2 of the Act.*

4. Clause 4.6 of the Guidelines (version 8.2):

*These principles apply across all claims management aspects for the life of a claim:*

*(a) proactively support the claimant to optimise their recovery and return to work or other activities.*

*(b) make decisions justly and expeditiously.*

*(e) communicate with the claimant and keep them informed of the progress of their claim*

5. Clause 10 of the standard license 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.*

Between 16 May 2023 and 14 July 2023, the Authority issued two Show Cause Notices to NRMAL, to provide a final opportunity to make submission or provide any further relevant

information in respect of the proposed findings of fact and the imposition of the appropriate enforcement action available to the Authority.

In response letters dated 30 May 2023 and 28 July 2023, NRMAI confirmed its acceptance of the Authority's proposed findings of fact for each claim. NRMAI further advised that they have undertaken appropriate remediation and performance management actions to address the performance of specific individuals in relation to compliance requirements (this includes the contraventions mentioned above). NRMAI also stated that they have introduced a claims transformation program in February 2022. The Transformation Program encompasses several aspects of CTP claims management, including weekly statutory benefits.

The Authority recognises NRMAI's actions to meet its obligations under the Act in regard to weekly statutory benefits and therefore for this reason has issued a letter of censure instead of imposing a civil penalty.

This matter will form part of NRMAI's compliance history and will be considered when determining the appropriate regulatory or enforcement response of future matters of non-compliance indicating a pattern of behaviour are brought to the Authority's attention. Whilst in this instance a letter of censure has been considered appropriate, in the event that the Authority becomes aware of ongoing non-compliance of a similar nature, these may result in a more serious outcome, such as the imposition of a civil penalty.

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, Investigation and Enforcement, [REDACTED]

Yours sincerely,

[REDACTED]

[REDACTED]  
Executive Director MAIR  
State Insurance Regulatory Authority

Date: 09 November 2023