



Boards Urged to Improve Customer Fairness in Insurance

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Insurance company board directors have been challenged to do more to ensure customers are treated fairly amid a groundswell of complaints about health, life, home and motor policies, a paper published by the Actuaries Institute suggests.

The Dialogue Paper*, [Fairness in Insurance](#), by former APRA deputy chair, insurance company chairman and actuary Ian Laughlin, wants boards to strengthen their oversight of customer fairness by making regular checks on how the company's product, pricing and claims philosophies, and other aspects critical to community views on customer fairness, are being put into practice.

The paper argues that boards sit in a powerful position to hold management to account on customer fairness at a time of record high complaints about insurance, parliamentary inquiries into the sector, adverse publicity about rising premiums and affordability pressures.

Mr Laughlin said some of the more concerning complaints were about steep premium rises, 'lowball' cash settlements after the 2022 east coast floods, and existing customers being charged more than new ones.

"Fairness should be put on a pedestal, and boards can best do that," Mr Laughlin said.

"Trust, good faith, and fairness are at the heart of the insurance system. If you don't have strong levels of mutual trust, respect and fair treatment, the system will struggle. That's because customers are buying something which is intangible – they're buying a promise, and they expect that promise to be met."

Mr Laughlin acknowledges that assessing fairness was not straightforward given the increased sophistication and complexity of insurance products and changing community expectations. Insurers also faced the challenge of treating customers fairly while delivering returns to investors in return for the substantial capital they provide.

In his paper, Mr Laughlin provides a series of key questions board members could systematically consider and ask of management so they can gain better insights into whether customers are being treated fairly and identify where improvements can be made.

Some of the key questions include how suitable the insurer's products are for people in lower socioeconomic groups, whether regular reviews of customer complaints are undertaken, how managers comply with fairness obligations and how they assess customer relationships.

Mr Laughlin said: "One of the best ways to assess the strength of customer relationships is to analyse the views of those on the tail-end of the experience; those with the worst, as well as the best, experiences. Boards and companies need to understand what's happening in those cases. Fair and good treatment of customers should be a given."

[Ian Laughlin is available for interview.](#)

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