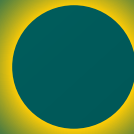


Submission to House of
Representatives Standing
Committee on Economics Inquiry
into insurers' responses to 2022
major floods claims

SUNCORP



Building futures and
protecting what matters

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17 November 2023

Dear Chair,

Suncorp Group Limited (Suncorp) is pleased to provide a submission to the House of Representatives Standing Committee on Economics' Inquiry into insurers' responses to the 2022 major floods.

The Suncorp Group provides insurance products to millions of Australians through our trusted brands including Suncorp Insurance, AAMI, GIO, APIA, Shannons and Vero.

Suncorp's purpose is to "build futures and protect what matters" and is at the core of everything we do. I saw this purpose play out soon after I joined the company in 2006. At the time we were called on to support customers impacted by the Category five Cyclone Larry that smashed Innisfail in Far North Queensland. With a substantial market share in the region, I saw firsthand the vital role insurers play in rebuilding communities devastated by natural disasters.

Unfortunately, such experiences have been all too familiar in my tenure at Suncorp. I've seen the recovery efforts following Cyclones Yasi and Debbie; flooding events too numerous to mention, hailstorms, bushfires affecting every State and Territory and earthquakes. I've engaged with global reinsurers that support Suncorp's catastrophe program and underpin the viability of the Australian insurance market. I've met with public policy makers at all levels of government to advocate for increased investment in resilience and mitigation infrastructure.

Most importantly, I've met with the people most affected by these disasters - our customers. It is a unique privilege afforded to me as the CEO of an insurance company to meet with customers at their most vulnerable following a life changing event, and then visit some months later to return them to their homes. I do recognise, however, that we don't always get it right; that our communications can be deficient and that, in a small number of cases, we don't properly identify vulnerabilities.

It's against this backdrop that we fully support your Committee's work and its terms of reference. It's widely recognised by all that the circumstances of 2022 were unique in respect of the volume of claims received and the constraints applied on all businesses by the global pandemic. While these circumstances may excuse some deficiencies in claims processes they count for little in the minds of the relatively small number of customers displaced from their homes for extended periods. The industry, and Suncorp, must learn and continually improve by better leveraging the investments we have made and those that we contemplate in the future.

There are also lessons for Governments at all levels that the Committee should reflect upon. Australia's current built environment is a consequence of decades of poor planning, putting too many of our citizens in harm's way through no fault of their own. Affordable insurance and the backstop of Government have always been there to deal with the consequences. The evolving risk appetite of global reinsurers, combined with the recognition of a changing climate, has rendered this traditional model obsolete. Put simply - as a nation we have just commenced what will be a long process of investing in mitigation initiatives that reduce risk and make Australia more resilient.

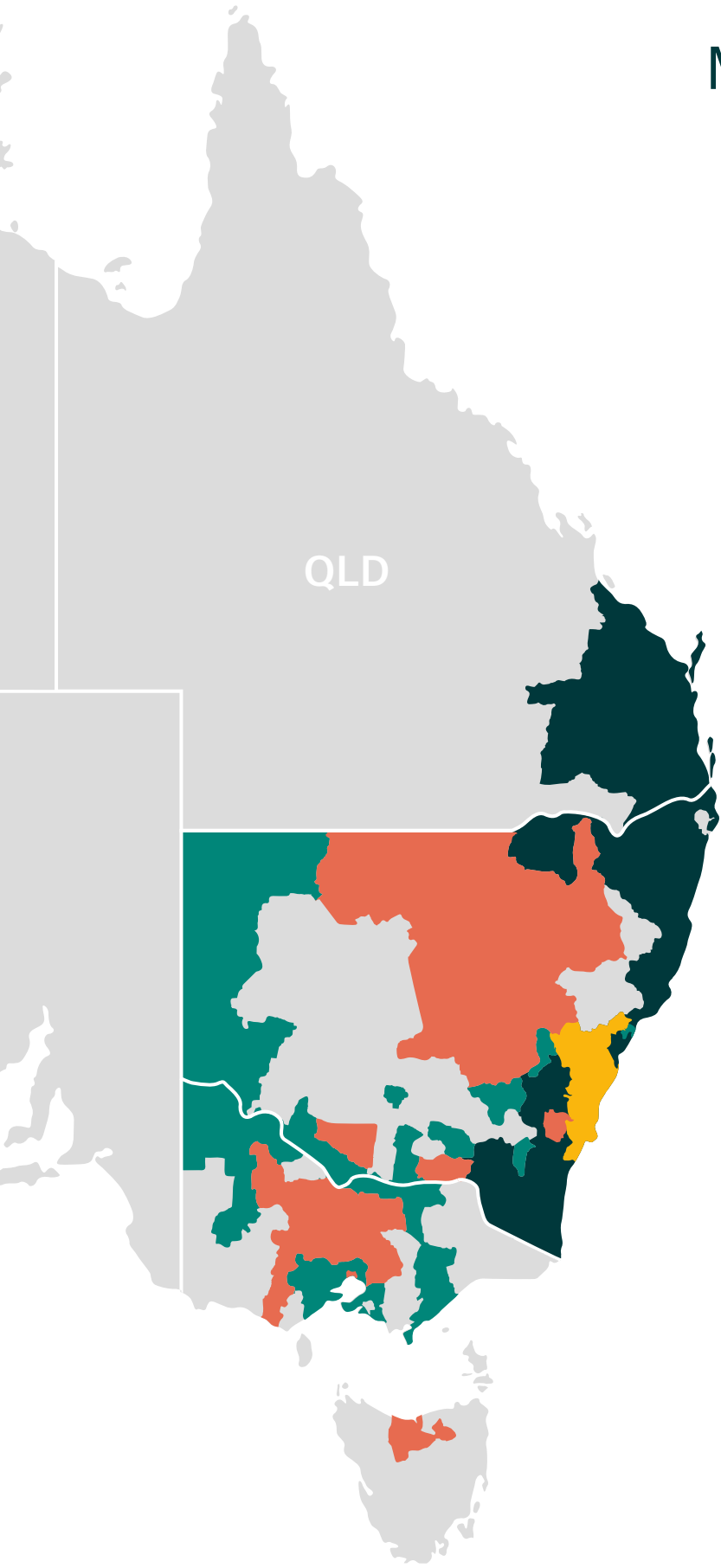
At Suncorp, we stand ready to support the Committee and the Parliament in whatever way we can. We would welcome the opportunity to discuss our submission further but, in the meantime, should you have any questions please don't hesitate to contact Pravin Madhanagopal, Head of Government, Public Policy and Sustainability on pravin.madhanagopal@suncorp.com.au.

Yours sincerely

Steve Johnston

Group Chief Executive Officer, Suncorp Group

Map of areas flooded in 2022

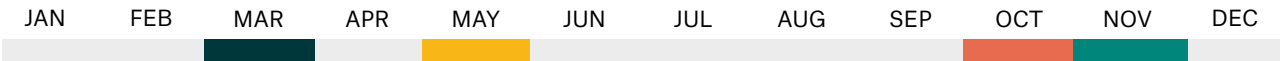


| | | | |
|---|----------------|---------------------|------------------------|
| | | | |
| Home 31,456 | Motor 7,533 | Commercial 1,647 | Total Claims 40,636 |
| SOUTH-EAST QUEENSLAND AND NORTHERN NEW SOUTH WALES (NSW) FLOODS | | | FEB 2022 |

| | | | |
|--------------------------|--------------|------------------|-----------------------|
| | | | |
| Home 1,783 | Motor 875 | Commercial 99 | Total Claims 2,757 |
| SYDNEY AND HUNTER FLOODS | | | MAY 2022 |

| | | | |
|-------------------------|--------------|-------------------|-----------------------|
| | | | |
| Home 3,885 | Motor 821 | Commercial 137 | Total Claims 4,843 |
| VIC, NSW AND TAS FLOODS | | | OCT 2022 |

| | | | |
|-------------------------|--------------|------------------|---------------------|
| | | | |
| Home 165 | Motor 124 | Commercial 38 | Total Claims 327 |
| CENTRAL WEST NSW FLOODS | | | NOV 2022 |



Executive Summary

As a large national insurer, we are well prepared for natural disasters, a capability built over many years. We have a proud history of helping to rebuild homes and communities after events that have had a devastating impact on the lives of so many.

As part of our purpose of “building futures and protecting what matters”, we are committed to learning from each natural disaster and enhancing our processes and planning so we are even better prepared for the next. Unfortunately, a changing climate means that there will always be a next event.

In particular, the 2011 Queensland floods prompted us to make significant enhancements to our disaster management capability and customer support teams, both of which would become vital to our ability to respond to the events of 2022. Importantly, the 2011 floods also led us to include default flood cover automatically (with an opt-out option only for high flood risk AAMI customers) in all home insurance policies.

The floods that Australia experienced in 2022 were extraordinary. They were the most widespread and expensive insurance events in the nation’s history. Communities from Maryborough in south-east Queensland to Launceston in northern Tasmania were inundated. In February 2022, all insurers were continuing to be impacted by the ongoing challenges brought about by COVID-19. Equally, we were dealing with already heightened claim volumes due to a spate of disasters, caused by consecutive La Nina weather patterns. Further details on these circumstances are contained in the review of insurers’ response to the first of the four flood events, undertaken by Deloitte on behalf of the Insurance Council of Australia.¹

Suncorp’s flood response included:



Proactive customer communications;



Deployment of the customer support team and assessors on-the-ground as soon as it was safe;



The reallocation of existing employees to support disaster response and over 10,000 hours of overtime;



The recruitment of approximately 1,000 additional people to handle claims;



Triaging claims to identify vulnerable customers with the most urgent needs, including temporary accommodation requirements;



The innovative use of technology to assist in the end-to-end management of events;



Increasing trade capacity to manage the significant volume of repairs; and



Securing additional materials through supply chains.

The vast majority of the claims we received from customers were managed well, but we acknowledge there were instances where we could have done better. Suncorp continues to carefully balance customer experience, cost of operations, and the affordability of insurance premiums. Australia over the past five years has experienced significant natural disasters including bushfires, hailstorms, cyclones and floods. This, alongside repricing by global reinsurers, has seen the cost of insurance premiums rise. Continued development in high natural hazard risk areas and multiple taxes on insurance premiums exacerbate this.

Historically, governments have spent more on rebuilding after natural disasters than on investment in infrastructure that can mitigate damage to households and communities.

For many customers impacted by flooding in 2022, this was not the first time. Governments, communities and insurers need to work together to build a more resilient Australia, particularly in the face of climate change.

Suncorp has long advocated for a 4-point plan, specifically:

- 1 Investment in mitigation infrastructure that protects communities;
- 2 Grants for property owners to make their dwellings more resilient;
- 3 Enhancing building codes and better planning to ensure new communities aren’t placed at risk, and;
- 4 Removal of unfair taxes and charges from insurance policies.

1. The new benchmark for catastrophe preparedness in Australia A review of the insurance industry’s response to the 2022 floods in South East Queensland and New South Wales (CAT221) - Deloitte for Insurance Council of Australia, October 2023

Governments, insurers and local communities need to work together to help reduce Australia's exposure to natural hazard risks. This will result in a stronger economy, safer communities, and will help address insurance affordability.

Our submission has two parts.

Part A details Suncorp's response to the 2022 floods, learnings and improvements made. We examine the drivers impacting insurance affordability and outline policy changes that would help to create a more resilient Australia and improve insurance affordability and accessibility.

Part B contains Suncorp's responses to the Committee's specific questions, including significant data points.

Suncorp welcomed the review undertaken by Deloitte on behalf of the Insurance Council of Australia and supports the relevant recommendations. Suncorp also acknowledges the observations and recommendations contained within ASIC's Report 768: "Navigating the Storm – ASIC's review of Home Insurance claims" (published August 2023).



Floods 2022
Brisbane River

Part A

1. Suncorp's response to the 2022 floods

During 2022, Suncorp customers across Australia experienced 21 natural disaster events, including the four flood events referenced in the Inquiry's Terms of Reference. This resulted in 139,092 natural hazard claims lodged, of which 48,563 resulted from the four flood events.

The geographic spread and extent of damage from the floods placed significant strain on individuals and communities. Recovery from the unusual series of natural disasters was affected by the ongoing impacts of COVID-19 and the economic landscape, specifically supply chain constraints on much needed materials, labour and skills (identified in ASIC's review of home insurance claims)². As documented in the subsequent Deloitte report³, dynamics within the construction sector added to repair and building time and costs, delaying both commencement and completion of construction projects globally.

Suncorp's response was led by our Disaster Management team which was established following the 2011 floods. This team is responsible for Suncorp's Disaster Management Plan and leads our annual simulation planning to stress test preparedness and operational resilience to respond to severe weather events. The simulation, together with post-event reviews, are key controls and help ensure teams across the organisation and our supply chain are ready to support our customers before, during and after severe weather. Key learnings from CAT 221 were incorporated into our 2022 and 2023 simulations which tested our ability to respond to future natural disasters.

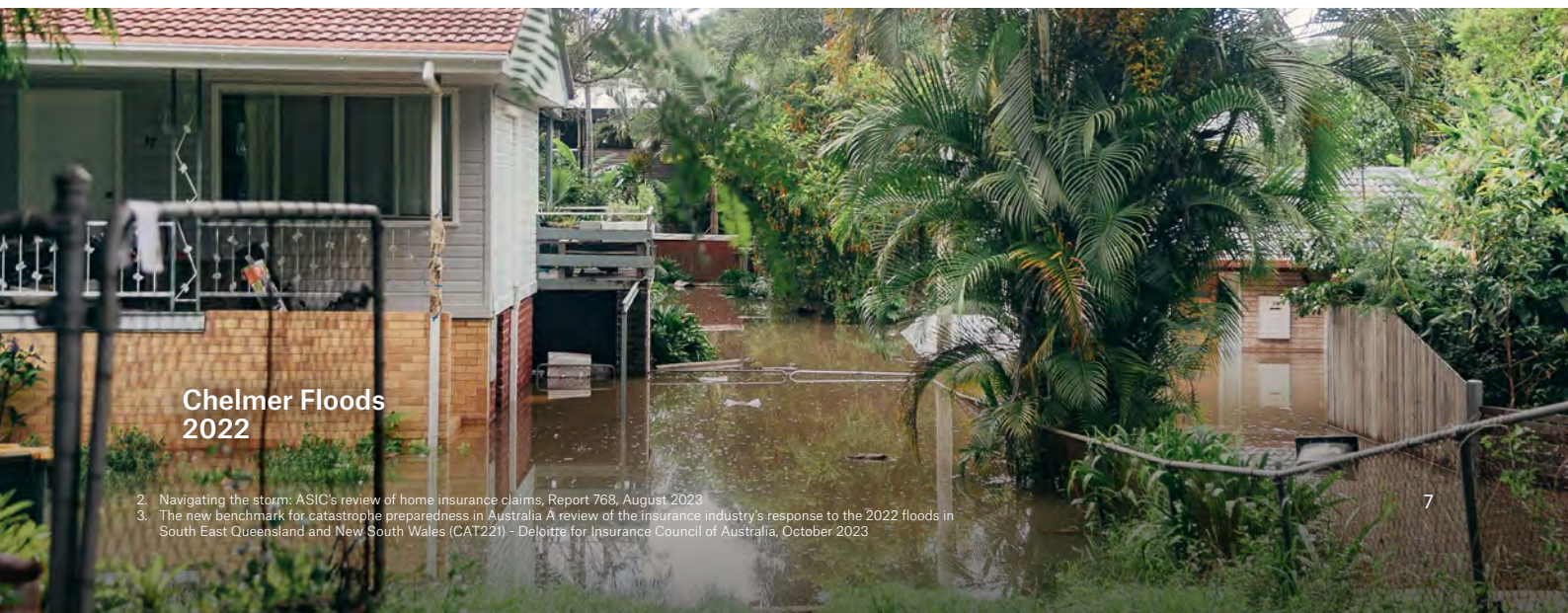
In response to the Committee's information request, further details are provided in Part B of this submission.

Communication

Communication is key for customers dealing with disasters. Before each event in 2022, Suncorp customers were alerted to weather warnings, advised to prepare and given guidance on how to lodge their claim through a range of channels, including social media and SMS. Within days of the first flooding, customers were also informed through paid advertising, including live radio reads, digital banners and television. Customers were provided "frequently asked questions" to help them understand the claims process, including the ability to photograph damaged belongings rather than wait for an assessor before cleaning up.

Customers were continually kept up to date throughout the claims process. In total, Suncorp customers received over 1.5 million SMS messages of reassurance and support for claims lodgement – see Figure A for examples of customer communication. We also delivered:

- Proactive welfare and customer care calls to over 5,000 customers, many with vulnerabilities, offering claims lodgement support and checking on their general wellbeing;
- On-the-ground deployment for over 315 days via recovery centres/hubs to offer face-to-face support to impacted, and often vulnerable, customers to assist with claims lodgement, temporary accommodation and general claims support; and
- Suncorp-led Community Forums on more than 50 occasions, giving customers the opportunity to hear about progress of recovery in their area. Customers also had the opportunity to make an appointment with a deployed team member to meet face-to-face and understand the progress of their claim. Once locally run recovery centres had closed, Suncorp remained on the ground via pop-up locations in areas that needed ongoing support. Locations were communicated to customers by SMS, social and traditional media.

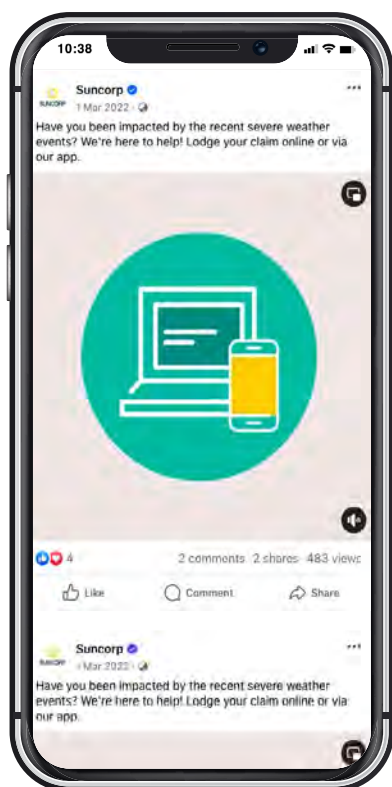


Chelmer Floods
2022

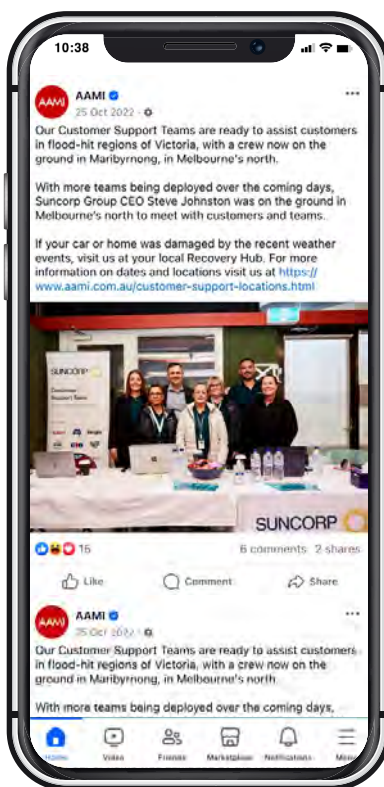
² Navigating the storm: ASIC's review of home insurance claims, Report 768, August 2023

³ The new benchmark for catastrophe preparedness in Australia A review of the insurance industry's response to the 2022 floods in South East Queensland and New South Wales (CAT221) - Deloitte for Insurance Council of Australia, October 2023

Figure A – customer communication



Social Media Post: South East Qld and Northern NSW Floods (CAT 221)



Social Media Post: VIC, NSW and TAS floods (CAT 223)



Sample SMS: Central West NSW Floods (SE224)

Expanding our team to support a record number of customers

In 2020, Suncorp developed a flexible workforce model in which a select group of part-time employees were employed to work two days per week, with the option to scale to five days per week following a natural disaster. This ability to rapidly expand our existing workforce was designed to support a sudden surge in claims lodgements.

In early March 2022, it became apparent the scale of CAT 221 would require significantly increased resourcing, beyond that of our flexible workforce. This resulted in Suncorp recruiting approximately 1,000 extra people within three months. A recruitment campaign seeking help to “rebuild our communities” was launched using an Artificial Intelligence (AI) platform that facilitated comprehensive candidate screening and interviewing against predefined traits and capabilities. While traditional recruitment methods such as agencies, print, radio and social media were used, we also reached into the networks of family and friends of existing employees. Training was provided to enable new recruits to assist with customer lodgement and claims management as quickly as possible.

Whilst recruitment was underway, existing claims employees worked over 10,000 hours of overtime and

were supported by around 250 existing Suncorp people reassigned from other duties.

Given the intensity of the work and its potential impact on mental health, our existing Employee Assistance Program was utilised to provide support to our people. Vicarious trauma training was provided to teams supporting customers and a “well check” program for one-on-one support from a psychologist was also offered.

Scaling up the supply chain

Suncorp has a panel of 38 builders who are contracted and required to be resourced and ready to respond following a natural disaster. The scale of the floods required them to significantly increase their workforce and trade capacity while also navigating impacts from flooding issues themselves, with 30 of our 38 builders based in the affected regions. As well as our existing builders scaling their capacity, Suncorp also increased capacity on the panel by adding three additional builders and project managers.

In addition, Suncorp undertook an early review of supply chain terms with builders and expert skills (such as engineers) to secure trade capacity and materials for our customers, given these skills were in such high demand and short supply.



John⁴ a customer in his 60s who lives in Victoria had more than a metre of

water flood his home in October 2022. He was referred to our Customers Experiencing Vulnerability (CEV) Hub after explaining his wife had recently passed away, he had lost all his belongings and had been personally traumatised by being trapped in floodwaters and rescued. He was also trying to emotionally support his daughter who was expecting a baby. Suncorp offered John financial support to stay with his daughter until the new baby arrived. Given the scarcity of accommodation, John utilised his policy benefit to buy a caravan that he could keep at his daughter's home until he could move back into his own home. He was also offered connection to external support services Griefline, Converge International and Mensline.

Temporary Accommodation

A benefit of Suncorp home insurance is the provision of temporary accommodation when a home cannot be lived in during the repair or rebuild process. The scale of this event, and the shortage of suitable and available accommodation in the hardest hit areas, made it difficult to find alternatives.

Suncorp's response to help address accommodation challenges and shortages was governed by the individual needs of customers and we adopted a highly flexible approach where possible.

For example, some customers elected to use their Temporary Accommodation Benefit to buy a caravan (and other essential equipment such as generators and mobile bathrooms), allowing them to remain on their properties. The advantage of this approach was the opportunity for families to remain in their local communities, close to schools and workplaces. It enabled some customers with pets and livestock who wanted to stay at their properties to do so. Customers who purchased a caravan could also keep it after moving back into their homes.

To help customers in the short term, Suncorp also provided cash payments (based on a daily rate) for those who wanted to stay with family or friends while they couldn't occupy their homes or until longer term temporary accommodation was available.

Helping vulnerable customers

Many customers are vulnerable at the time of lodging a significant insurance claim. The loss of valued personal belongings, experiencing the impacts of a natural disaster, and sometimes personal injury is a devastating experience.

Vulnerability training is mandatory for all of our frontline teams, and we have a four-step approach to identifying vulnerability:

- 1 Recognise by listening for cues to customer's vulnerability;
- 2 Review the customer's concerns and vulnerability;
- 3 Respond to the customer's individual situation; and
- 4 Refer for extra support either internally or externally.

In 2017 Suncorp introduced the Office of the Customer Advocate to represent the voice of customers within the organisation and, in particular, to advocate for those facing challenging and complex circumstances. In 2019, Customers Experiencing Vulnerability (CEV) Hubs were introduced to support referrals of vulnerable customers for specialised support. Suncorp employees working in CEV Hubs are highly trained to support customers with specific needs.

Suncorp also enables employees to refer customers to external support services. External services utilised for customers experiencing vulnerability include Uniting and their CareRing program; Converge and their trauma counselling service; as well as services such as Financial Counselling Australia, BeyondBlue and 1800Respect.

Victorian Floods 2022

4. The customer's name has been changed for privacy purposes.

Community support package

In March 2022 in the aftermath of CAT 221, Suncorp announced a \$1 million package to support communities in their recovery, including:

\$500,000 of flood-related grants in local communities across Queensland and New South Wales with existing partner, the Foundation for Rural and Regional Renewal (FRRR);

Dollar-matching of customer donations up to \$300,000 collected online;

\$200,000 donation to the Queensland Premier's Flood Appeal, distributed to five not-for-profits: GIVIT, Red Cross, Salvation Army, St Vincent de Paul and Lifeline; and

Double matching of employee donations to various flood relief agencies through payroll giving. For employees who volunteered in their own time, their efforts were matched with cash donations to FRRR and Queensland SES.

In addition, in partnership with FRRR, Suncorp awarded more than \$300,000 in recovery grants to 18 remote, rural and regional not-for-profits in Victorian communities impacted by the flooding events that commenced October 2022. The grants awarded ranged from \$4,040 to \$20,000 for a range of projects from building community infrastructure and improving emergency facilities, youth activity programs and community workshops.

FRRR - Rebuilding Futures Grant Program 2022



2. Improvements to better support our customers and the community

Suncorp understands that our purpose, “building futures and protecting what matters”, includes supporting customers to prepare, respond and recover from severe weather impacting their communities. Making sure our people and supply chain are ready to respond, removing friction in the claims process and being adequately resourced are key priorities for Suncorp.

During 2022, Suncorp met expectations of the majority of customers with a flood claim. However, for some customers we acknowledge there were circumstances we could have done better. In response, Suncorp continues to improve and respond to feedback, supported by significant technology investment as outlined below.

Purchasing insurance

We have significantly simplified the process of purchasing insurance through technology. Geospatial data enables pre-population of about half of the questions a customer is required to answer on individual property characteristics such as roof material, swimming pools and solar panels. The data quickly informs a quote and helps customers better understand what is covered and what is not.

Suncorp recognises there is an opportunity to support customers, understanding of policy definitions, policy coverage and claims processes. Suncorp continues to identify ways to improve customer communications so that the information is easy to understand and timely.

Suncorp Control Centre

The Suncorp Control Centre (SCC) prototype is a market leading technology platform that combines Suncorp customer information, geospatial mapping, aerial imagery, AI and automatic weather alerts to assist the end-to-end disaster management of a natural disaster.

This starts with the identification of the likely impact of weather conditions prior to their occurrence; to the expected need and location of builders and building products; to the allocation and deployment of our customer support teams and assessors to the most impacted areas; and to helping target communication and engagement with customers before, immediately after and in the ensuing weeks of an event.

Elements of the SCC technology were used at the start of the 2022 floods, with progressive improvements made throughout the year as investment was accelerated in response to the magnitude of the flooding across the East Coast. The SCC now has capability to support all six natural hazard perils (storm, hail, flood, cyclone, bushfire and earthquake) and enhancements continue to be made including natural hazard modelling, damage detection (to help identify materials required and scope of works) and deeper customer insights (including evacuation zones and centres and local government area mapping).

In addition, Suncorp is building a Disaster Management Centre (DMC), located in its headquarters in Heritage Lanes in Brisbane, Queensland. The DMC provides a physical and collaborative space, connecting our people and partners with technology (including the SCC) to monitor, prepare and respond to severe weather events across Australia.

In the context of the proposed sale of Suncorp Bank, and with a view to securing certain legislative changes required to facilitate that transaction, Suncorp has given contractual undertakings to the Queensland Government to continue to develop the DMC and the SCC as centrepieces of disaster management across the country. The speed of completion of the DMC and SCC technology platform depends on the ability to access capital from the proposed sale of Suncorp Bank (which remains subject to regulatory approvals). A fully built DMC and optimised SCC would be integrated into Suncorp’s processes and systems, driving faster customer outcomes and informing better cost and capacity requirements.

Claims lodgement

Suncorp is progressively implementing new digital tools to improve claims lodgement and tracking, both to provide a more seamless experience and in response to customer demand for more automated and digital solutions, which accelerated significantly during COVID-19.

In financial year 2021, Suncorp’s Australian insurance businesses saw less than 20% of consumer motor and home claims lodged via online channels. In the 2023 financial year, the same figure was approximately 50%, and 60% during the four flood events, showing customer acceptance of digital services.

Several AI bots have been developed to automate and speed up processes in home claims and complaints teams. This includes automated correspondence to support timely and transparent customer communication (for example, lodgement notification letters); SMS messages to customers after they have lodged their claim with links to “frequently asked questions”; and the pathing of claims to dedicated teams.

Leveraging new technologies and data sharing

Suncorp believes there is significant potential in national data partnership and sharing arrangements. For example, we are in advanced and confidential discussions for a pilot program to share data with a local council in metropolitan Queensland that is vulnerable to flooding.

The agreement, which we believe is an Australian first, involves sharing critical information year-round to help better prepare the region for extreme weather events, including identification of the most effective disaster

mitigation projects to put forward for funding from state and federal governments. Ultimately, the data sharing agreement is aimed at making communities more resilient to extreme weather and helping put downward pressure on insurance premiums.

Depending on the results of the pilot, we hope to extend this approach to other local government areas.

Complaints resolution

Seven out of ten customers with 2022 finalised flood claims rated their experience with Suncorp as either good or brilliant. However, Suncorp recognises that there are customers whose experience did not meet their expectations, and improvements in complaints handling is an area of continued focus. We are particularly mindful of the challenges faced in 2022 of trying to secure additional complaint handlers in a tight labour market.

During and since the 2022 floods, identification and management of customer pain points has been escalated. Customer communications is an example of a pain point that we are improving. Various committees, including the Board Customer Committee, Executive Leadership Team and Customer Committees, meet regularly to provide oversight of complaint metrics, insights, trends and corrective actions.

Vulnerable customers

The combination of the 2022 flood events, cost of living pressures since 2020, and the impact on many customers of income loss through COVID-19 has heightened Suncorp's attention to customers experiencing vulnerability. Identifying customers with vulnerability at the start of their claim remains a key priority. We also recognise that vulnerabilities can shift throughout the life of a claim, meaning flexible processes are required.

Since the 2022 floods, Suncorp has used data to better identify vulnerability and as a result, offered support to more than 1500 customers. This program continues to be enhanced, particularly for the growing proportion of customers engaging digitally, with flags for vulnerability only registered with the consent of the customer. With this consent, we can share this confidential information with our supply chain so that they can provide extra support that may be needed.

Training has also been enhanced with refreshed 'Customers in Distress' training which includes scenario-based guides for leaders to discuss with their teams. Suncorp has also partnered with Uniting Local Area Coordination to develop a suite of accessibility awareness and training to support frontline teams to understand accessibility, disability and inclusion.

Product design

Product design and innovation has a role to play in addressing concerns around the accessibility and affordability of insurance products.

Suncorp has made a commitment in our 2022-2025 [Financial Inclusion Action Plan](#) to explore and design a lower-cost home insurance solution that will support reducing the barriers to insurance. Design work to deliver this commitment, drawing on overseas experience but applied to an Australian need, is at an early stage. Concepts have been tested with customers but have received a mixed response. Work to date has made it clear that product innovation, even if it can reduce costs to the consumer, will need to be accompanied by significant education to help customers understand the choices they are offered. There is also a significant role for the broader industry, community groups and government in addressing affordability and accessibility issues.



People & resourcing opportunities

Suncorp has learned lessons in quickly scaling our workforce during a disaster. This is relevant right across the customer experience value chain – from how to mobilise a workforce to support customers on the ground, through to lodgement of claims and ultimately dealing with complaints. Lessons learned from the floods have been incorporated into resource planning for claims and dispute resolution teams ahead of the upcoming event season.

Suncorp continues to balance customer experience, cost of operations, impacts on premiums and employee engagement when determining workforce size before each event season. We review our capacity each year and align our workforce to the expected claims volume, taking into account active claims as a starting point.



Resilience education and community support

Education and support for individuals and communities to reduce natural hazard risk and build resilience is a natural fit and shared interest for insurers and governments.

To increase community awareness regarding how to make homes more resilient to natural hazards, in 2021, Suncorp Insurance launched the One House program, a partnership with CSIRO, James Cook University and Room11 Architects to design, prototype and test what could be Australia's most resilient home. The expert team combined existing research on home resilience and their own scientific expertise to find the vital components required to make a home safe, liveable, easy to maintain, and more resilient to the damage caused by natural disasters – while remaining comparative to the cost of any standard architecturally designed home built today. One House aimed to encourage homeowners, governments and industry to view resilience as a vital consideration for homes today, as well as generate conversation around building standards.

In 2022, Suncorp Insurance launched Resilience Road, a follow up initiative aimed at encouraging homeowners to take practical steps to strengthen and safeguard their homes against extreme weather. This involved transforming a street in Rockhampton in central Queensland into one of Australia's most resilient, upgrading five homes with features designed to better protect against natural hazards such as storm, hail and bushfire.

Suncorp Group also has a range of community partnerships focused on making a positive impact on the natural hazard resilience of communities both before, during and after extreme weather events. Key partnerships that are building community resilience include:





State Emergency Services (SES):

We have been Principal Community Partner of the Victorian SES since 2002, the Principal Community Partner of the Queensland SES since 2020 and the Major Partner of the New South Wales SES since May 2023. Our SES partnerships support the valuable work of volunteers, including community education, volunteer equipment, and support services that help our communities better prepare for and recover from severe weather events.



Firesticks Alliance Indigenous Corporation:

Suncorp's partnership supports Firesticks' certification and assessment framework. This will help ensure the safety of people and Country, leaving a legacy of recognised and culturally certified Indigenous Fire Practitioners, able to support increasing cultural fire mentoring and training in communities.



Queensland Reconstruction Authority's Get Ready Queensland:

Suncorp Insurance is the major partner for the Queensland Government's Get Ready Queensland Program. Our support includes expanding the reach of the program to assist local Queensland communities to prepare for, respond to and recovery from disaster.



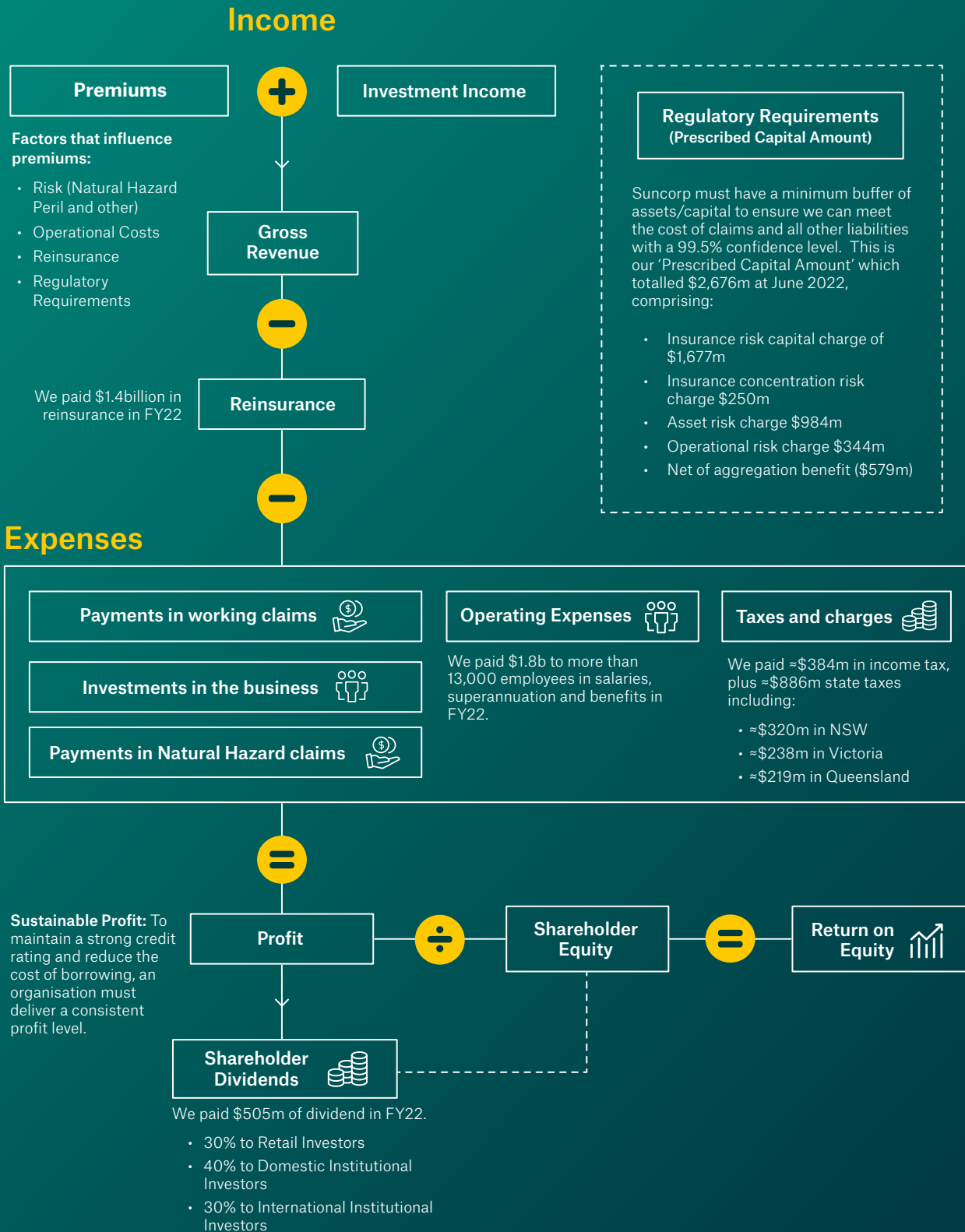
Foundation for Rural & Regional Renewal (FRRR):

Suncorp Group has partnered with FRRR since 2021 to help deliver a dedicated Rebuilding Futures program - to support Australian communities impacted by significant natural disasters.

3. Affordability of insurance

Insurance companies are highly regulated financial businesses with significant capital requirements. The chart below illustrates the financial management of an insurance company.

How insurance companies work



Home insurance affordability

A recent Actuaries Institute Report⁵ declares 1.24 million Australian households as “affordability stressed”, defined as households that spend more than four weeks of income on insurance premiums.

A range of factors are driving insurance affordability pressures including increasing:



Reinsurance costs



Natural hazard exposure



Labour and material costs



Asset values

A Swiss Re Institute Sigma report says that property catastrophe reinsurance rates rose to close to 20-year highs in the January 2023 renewals as demand for cover grew through intensifying natural disasters (with global economic losses of USD 275 billion in 2022 of which USD 125 billion were covered by insurance).⁶

Natural hazard exposure

Exposure to natural hazards is a major driver of increasing insurance premiums for households experiencing affordability pressure, exacerbated by the development of homes and communities in areas that are highly exposed to flood and other natural hazards. For 23% of affordability stressed households, over half of the premiums relate to the risk of natural hazards, mostly from exposure to cyclones and floods.⁷ These households pay on average at least 50% more than non-affordability stressed households in all states and territories (other than the Australian Capital Territory).

Climate change adds new levels of risk as noted by the Reserve Bank of Australia Governor, Michele Bullock, in her first public speech:⁸

“Insurers are most directly affected by climate change because they offer protection to customers against natural disasters. Australian insurance payouts have been rising in real terms over the past few decades. This increase is less apparent when claims are adjusted for the cost of rebuilding and the geographic distribution of population across Australia. However, more frequent or more severe weather events are expected to increase claims on damaged property and other assets.”

Increasing labour and materials costs

Another key factor of recent increases is inflation and the increase in labour and material costs needed to repair or replace damaged homes. The Cordell Construction index details a 20% increase in building costs across 2021 and 2022.⁹

Insurance taxes

The impact of insurance taxes, duties and levies significantly increases the cost of insurance policies and are contributing to greater levels of under or no insurance. For example, as noted in the illustration below, insurance taxes add just over 36% to the total home insurance premium in NSW. We welcome the announcements by the Tasmanian Government, to remove the Fire Services Levy, and the New South Wales Government, to remove the Emergency Services Levy.



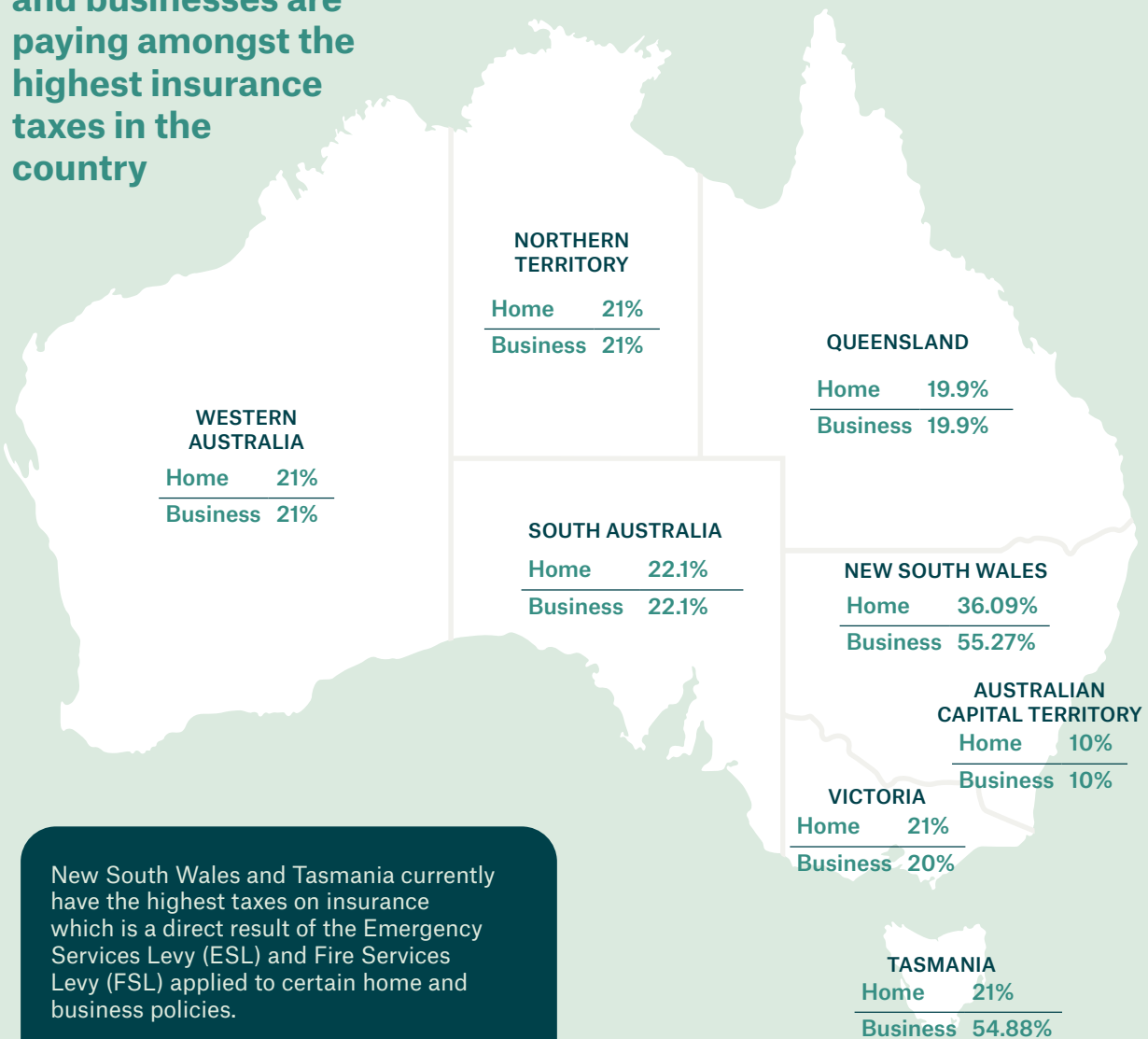
Brisbane River Floods

5. Home Insurance Update, Actuaries Institute of Australia, August 2023
6. Natural catastrophes and inflation in 2022: a perfect storm [2023-05-sigma-01-english.pdf \(swissre.com\)](https://www.swissre.com)
7. Home Insurance Update, Actuaries Institute of Australia, August 2023. See Section 4.2, P14
8. Climate Change and Central Banks, Reserve Bank of Australia, August 29 2023
9. Australian construction costs hits new high, CoreLogic, September 2023

Taxes contributing to higher insurance prices

Households in higher natural hazard risk zones are more likely to face a greater tax burden than households in lower risk zones, regardless of their ability to pay. Using 2022 tax rates, Suncorp's modelling illustrates that a hypothetical homeowner in a higher risk NSW zone, such as Lismore, would pay a home insurance premium of \$2,459.88 which includes \$813.96 in taxes (ESL, GST and Stamp Duty). This is twice as much tax as the same hypothetical homeowner in a lower risk NSW zone such as Mascot, who would pay a home insurance premium of \$1,683.67 including \$418.60 in the same insurance taxes.

NSW residents and businesses are paying amongst the highest insurance taxes in the country



New South Wales and Tasmania currently have the highest taxes on insurance which is a direct result of the Emergency Services Levy (ESL) and Fire Services Levy (FSL) applied to certain home and business policies.

The Tasmanian Government has announced that the FSL will be removed and is currently consulting on changes.

On 16 November 2023 the NSW Government announced it will begin a consultation process with industry and stakeholders on reform of the Emergency Services Levy (ESL).

All jurisdictions include 10% for GST, the additional percentages are based on stamp duty, NSW Emergency Services Levy (ESL) and for Tasmania a Fire Services Levy (FSL). Number for NSW includes a percentage for ESL based on maximum aggregated amount of tax charged on home and business policies in the past twelve months. Number included for Tasmanian Business Policy includes a portion collected for the FSL based on maximum possible aggregated amount of tax currently charged.

Reducing the impact of natural hazard risk

Investment in resilience measures has a significant impact on reducing the flood risk to residents and their costs of insurance.


Launceston in northern Tasmania exemplifies the value of investment in flood prevention. Levees were first built in the 1960s to protect Launceston, but degradation made them unsound and the city vulnerable by the early 21st century.

Three levels of government combined in the early 2010s to rebuild the levees and add 16 floodgates to help manage water flow in peak flooding.

When Launceston was subject to a major flood in 2016, it was estimated the \$55 million upgrade of the levee system avoided economic losses of \$216 million. The Bushfire and Natural Hazards Co-operative Research Centre (CRC) estimates this was a saving four-times the investment in the levees.¹⁰

"This investment in building the new levee system was found to be a sound economic decision based on the estimated costs at the time of decision making" the CRC's report found.

The Roma (Queensland) flood levee, completed in 2014, also illustrates the value of infrastructure investment. Roma, in inland southern Queensland, has flooded frequently in the past 100 years with the most significant flooding between 2010 and 2012 when three floods damaged 500 premises with

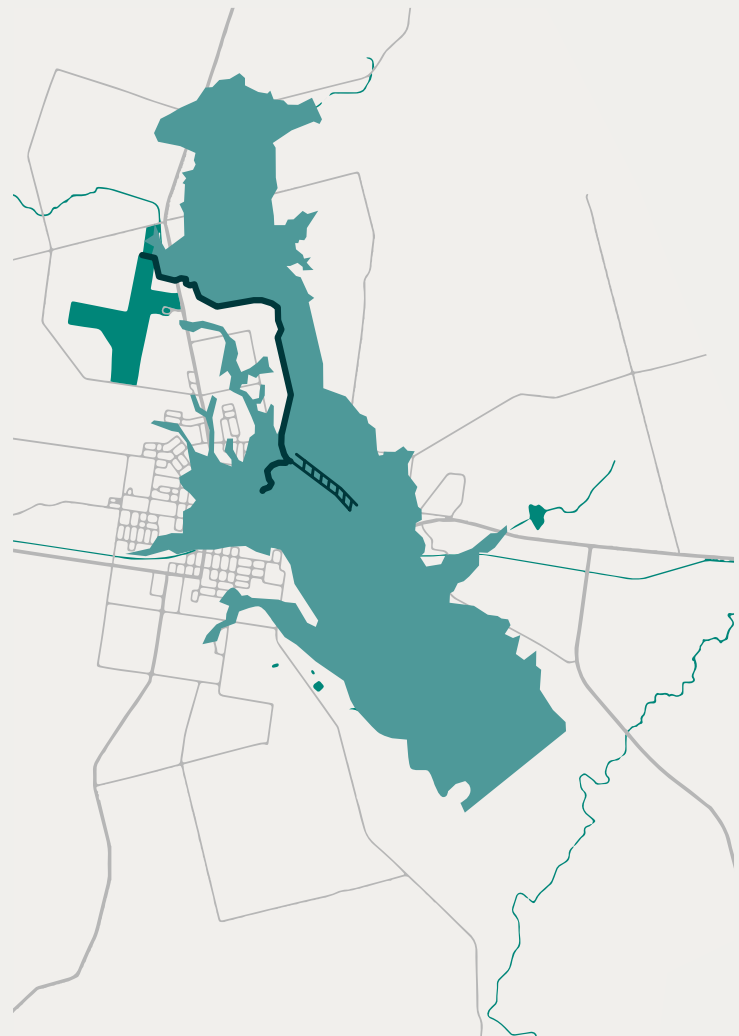
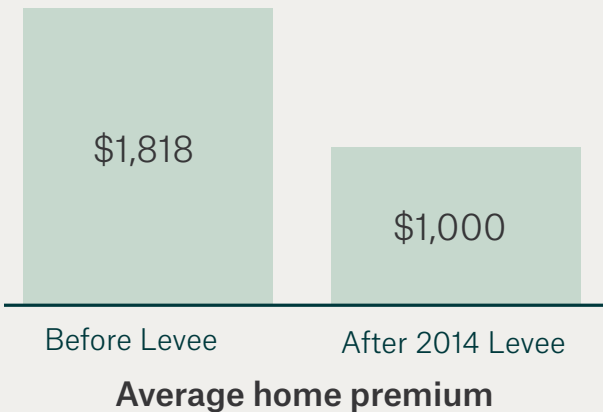
 **insured losses of \$137 million**

This led to a decision to build a levee around the town, upgrade drainage and raise some houses. The project was jointly co-ordinated and funded by the Commonwealth and Queensland governments and the Maranoa Regional Council

 **at a cost of \$28 million**

This resilience project downgraded the flood risk for approximately 500 properties which have not experienced further flooding and allowed Suncorp to cut insurance premiums for these homes by approximately 30% on average.¹¹

Roma Flood Levee



10. Bushfire and Natural Hazards Co-operative Research Centre, October 4, 2017 Costs and benefits of flood mitigation in Launceston.
11. Suncorp Insurance Media Release, 'Suncorp starts writing new business as Roma levee kicks off' 24 September 2013 Media Release and Infographic - Roma sod turning - FINAL.pdf (suncorpgroup.com.au)

4. Proposed policy measures

Suncorp has a history of working with governments to develop and deliver public policy initiatives that reduce the impact of natural hazards on our customers and communities. Proposed policy solutions for the consideration of the Committee include:

Four-point plan to create a more resilient Australia

The mitigation of natural hazard risk and the cost of buying protection through insurance go hand-in-hand. Suncorp has long advocated a four-point plan, specifically:

- 1 Investment in mitigation infrastructure that protects communities;
- 2 Grants for property owners to make their dwellings more resilient;
- 3 Enhancing building codes and better planning to ensure new communities aren't placed at risk, and
- 4 Removal of unfair and inefficient taxes and charges from insurance policies.

i. Resilience investment

Public investment in rebuilding after natural disasters vastly exceeds the public investment in resilience infrastructure. Investment can range from dam construction, to levee banks and floodwater diversion channels, to better management of waterways to assist flow.

Suncorp recommends the Commonwealth Government develop natural hazard risk maps to help identify and prioritise mitigation investment. This should draw on data from government agencies, including the Australian Climate Service, and data from the private sector, including the insurance sector. The natural hazard risk map could show where to allocate public investment in public infrastructure, household level resilience grants, or funding for voluntary buybacks.

In this regard we note the June 2023 announcement by the New Zealand Government that voluntary buyouts will be offered for 'Category 3' residential properties, and co-funding will be provided to build disaster resilience infrastructure for "Category 2" residential properties.¹²

While investment in the past year from State and Federal Governments has pleasingly increased, more is needed. Suncorp endorses the view of the Federal Assistant Treasurer, Stephen Jones, after returning from recent meetings with global reinsurers:

"I've come away from this more convinced than ever that the sensible and enduring interventions are all aimed at reducing the underlying risk, instead of masking it or pretending that it doesn't exist,"¹³

ii. Provision of subsidies to improve the resilience of private dwellings

Suncorp believes households should be eligible for subsidies to undertake improvements such as the incorporation of flood resilient design and materials into homes, as well as buybacks, raising and other initiatives.

Post the 2022 floods, both the Queensland and NSW governments launched Resilient Home Funds (RHF). These were designed to provide flood-impacted customers with funding grants to increase the resilience of their property while undertaking repairs, through retrofitting and home raising. Opportunities for voluntary home buybacks were also offered.

The Queensland and NSW governments, together with the Federal Government which matched funding, are to be commended for these initiatives, although significantly more investment – and not only in response to flood events – is required.

We believe the case for additional household subsidy level funding will be validated following the completion of a post-implementation study of the Queensland RHF which is currently being undertaken by the University of Queensland and the Queensland Reconstruction Authority.

iii. Better land use planning and building codes

It is imperative that zoning authorities cease development of unsuitable buildings in unsuitable locations. The potential cost of disaster recovery and reconstruction should be considered against the gain of development in areas vulnerable to natural disasters. This requires a national approach and due recognition of the cost of poor decision making.

In December 2022, following a discussion on disaster responses and insurance affordability, National Cabinet announced that a national standard for considering disaster and climate risk will be developed, and that the "days of developing on floodplains need to end".¹⁴ To that end, the NSW Government should be commended for its announcement on 29 October 2023 that it will halt development in parts of Sydney's northwest due to flood risk.¹⁵

Building codes also require modifications and improvements to better reflect the impact of natural disasters.

12. Govt to support councils with buyout and better protection of cyclone and flood affected properties | Beehive.govt.nz

13. Australian Financial Review, Why the world's giant insurers care about tiny Roma, September 27, 2023

14. National Cabinet, Media Statement, December 9, 2022, Meeting of National Cabinet | Prime Minister of Australia (pm.gov.au)

15. Media Release, Deputy Premier, Minister for Planning and Public Spaces Focus on prevention to reduce risk to life during floods in the Hawkesbury-Nepean Valley | NSW Government, October 29, 2023 Queensland and New South Wales (CAT221)

Support for relocation

In the wake of the 2020 Black Summer Bushfires and the 2022 East Coast Floods, the value of assisted relocation of homes and communities in harm's way has become more apparent. Suncorp believes it is time for a national conversation on relocation, as part of the consideration of other options outlined above.

Governments are in the best position to lead this substantial conversation with both individuals and communities.

Relocation of Grantham in southern Queensland after it was flooded in 2011 for the 11th time since it was built in the 19th century is a good example. Many households opted to relocate to higher ground but, importantly, the physical shift was accompanied by social support to continue to bind the community.

iv. Targeted tax relief

As discussed in Section 3 regarding affordability, Suncorp has been a long-term advocate of tax reform as a key lever to provide short-term relief from affordability pressures.

Suncorp calls upon the Federal Government to work with state and territory governments to help progress the reform agenda and commit to a timetable of changes.

To address immediate affordability issues, we propose targeted cash refunds of insurance stamp duty paid by taxpayers in high-natural hazard -risk zones and in low-income brackets. One possible approach is outlined below:

Step 1

Application

Taxpayers would apply to state and territory governments for refunds after paying insurance stamp duty as part of their premiums.

Step 2

Assessment

State and territory governments would assess – using a natural hazard risk map identifying areas of priority natural perils risks and information about household earnings drawing on income tax return information submitted by the taxpayer – whether the taxpayer qualifies for the refund.

Step 3

Customer payment

The refund would be paid by the relevant state and territory government.

Step 4

Commonwealth special purpose payment

The state and territory government would then “claim” that amount from the Federal Government which would “reimburse” state and territory governments through special purpose payments.

Policy parameters to be considered include: Whether the targeted relief should be permanent or temporary;

- Developing a natural hazard risk map that can be used to determine areas of priority;
- Consultation on the income thresholds at which refunds would be provided (which would then determine the overall fiscal cost of the refunds to the Federal Government); and.
- Whether special purpose payments would be subject to any further conditions including resilience policy related considerations (e.g ., progress on land use or broader insurance tax reform by participating governments).

Industrial relations

Suncorp has a constructive relationship with our workforce as demonstrated by the events of 2022, when a substantial number of our people agreed to be reassigned from their regular roles to assist customers impacted by the floods. As outlined, Suncorp also substantially increased the workforce to meet the surge in claims and complaints that followed the first of the floods.

Recent Federal industrial relations changes in the Secure Pay, Better Jobs Act may make flexible working arrangements more difficult. Flexible employment arrangements in the insurance industry enable the recruitment of surge workforces to respond to natural disasters, without permanent impost on the business and the resulting costs to customers. Some of the measures taken in the Secure Jobs, Better Pay Act may have unintended consequences for insurers by impeding their ability to engage individuals to work on fixed-term or maximum-term contracts. Ultimately this could lead to delays for customers.



South East Queensland
Floods 2022

Conclusion

The scale of the 2022 floods combined with the economic challenges created an unprecedented set of circumstances. The vast majority of claims were successfully managed but we acknowledge in some circumstances we could have done better.

For many people impacted by flooding in 2022, this was not the first time. This reinforces the importance of governments, communities and insurers taking significant action to build a more resilient Australia. We know that increasing resilience lowers natural hazard risk which helps address insurance affordability.

The task is too big for any individual government or local council and requires a long-term program of investment.

Australian cities were established to access ports and fresh water on river estuaries, but all have developed beyond a scale imaginable. Buildings are approved based on historic zoning decisions, informed by knowledge no longer current.

Major cities affected by the 2022 events such as Maryborough and Brisbane in Queensland; Lismore in NSW; as well as the river port of Echuca in Victoria, fall into this category.

The financial and emotional impact of these decisions on individuals and the broader Australian community is high. Increasingly, the likelihood is that more properties will only be insurable at a cost beyond the reach of most home owners.

Suncorp, through our four-point plan, has long advocated investment in measures that increase resilience against natural hazards, particularly floods and cyclones.

Support for flood resilience is imperative given approximately 85% of Australians live within 50 kilometres of the coastline.

Insurance businesses such as Suncorp have a role to play to encourage, support and reward measures that reduce flooding risk and the financial impact on customers. We are a willing partner with governments and communities to achieve this and welcome the opportunity to build on existing partnerships .

Part B

The following pages contains Suncorp's responses to the Committee's specific questions, including significant data points. All Suncorp specific data was sourced from Suncorp systems within the month of October 2023.

SECTION 1: Claims Management

1.0 How did the sector cope with the surge in claims from the 2022 floods (referred to in the Terms of Reference)?

The extraordinary scale of the 2022 floods events impacted 4 states, 910 postcodes and caused more than \$7 billion¹ in insurance industry claims, across a number of Australian communities.

Suncorp received a total of 66,993 flood claims in the 2022 calendar year, this included 48,563 customers with a flood claim within the 2022 flood events in the terms of reference. Specifically:

| # of Flood Claims | Home | Motor | Commercial | Total |
|--------------------------------|---------------|---------------|--------------|---------------|
| CAT 221 | 31,456 | 7,533 | 1,647 | 40,636 |
| SE 222 | 1,783 | 875 | 99 | 2,757 |
| CAT 223 | 3,885 | 821 | 137 | 4,843 |
| SE 224 | 165 | 124 | 38 | 327 |
| Other 2022 flood claims* | 14,200 | 3,055 | 1,175 | 18,430 |
| Total 2022 flood claims | 51,489 | 12,408 | 3,096 | 66,993 |

* not included in terms of reference

In the third consecutive declared La Nina year, the magnitude of the East Coast Floods (CAT 221) followed two years of COVID-19 lockdowns. Together, resulting in flow on impacts across supply chains, stretched disaster response plans and resources within the Insurance sector as well as resources and responses of emergency agencies, the construction industry and other relief efforts.

While the surge in claims was challenging, the industry was navigating a broad range of economic, geopolitical, and pandemic driven factors such as:

- workforce and skill shortages, in terms of our own direct recruitment requirements and those involved in our supply chain (e.g. availability of trades in regional areas);
- general supply chain issues including building materials availability, replacement vehicles and vehicle parts;
- evolving government positions on rebuilding and resilience schemes, (e.g. mooted buyback schemes, changes to planning regimes and initial support packages); and
- inflation placing pressure on input costs (including wages and reinsurance) to add to the challenge of insurance affordability.

Despite these challenges, through the hard work of our people and partners responding on the ground and behind the scenes, we have supported our customers and their communities in their recovery from the devastating events. However, we strive to continually improve and have already taken action to uplift our practices, leveraging technology such as automation and artificial intelligence, along with insights from our employees, customers, and community groups to improve communications and our claims response to severe weather. As a result of the lessons learned in 2022 we are already better prepared for the future.

¹ Claims incurred: ICA Data Hub (October 2023)

1.1 How many staff are engaged in claims processing? How does this change during natural disasters?

Suncorp aims to balance customer experience, cost of operations, impacts on premiums and employee engagement when determining how much capacity to carry for each event season.

Approximately 1,600 fulltime employees support Home Claims activities, including lodgement, claims management and assessing. At least 50% are dedicated to support natural hazard claims.

Suncorp reviews its capacity each year and aligns its workforce to the expected claims volume. Suncorp has adopted a flexible workforce model which allows us to accommodate additional claims capacity at any given time. For major catastrophes or following circumstances where multiple events are experienced in a short period of time, other workforce strategies are also implemented (please refer to question 1.3). As an example, during the second consecutive La Nina weather pattern in 2022 (including CAT 221 combined with other major weather events), Suncorp redeployed ~250 team members from the broader Suncorp Group who had the relevant skills and competencies to support our response. In addition, Suncorp recruited ~1,000 employees to support the surge in volumes across most role types.

1.2 At times when a high number of claims are submitted, the industry will be competing for additional staff and for materials (for repairs) with other sectors. How does the firm manage cost and/or access issues? How could it do better in the future?

Suncorp has a number of employee benefits (such as leave entitlements, hybrid working arrangements, and employee assistance programs for personal and financial wellbeing) to attract, support and engage employees, making us an employer of choice. We have a range of recruitment strategies which are focussed on identifying core capabilities such as customer service from a range of industries, not just financial services. We continue to invest in technology and automation to make processes more efficient and enable remote work from all parts of Australia, thus maximising talent pools.

From a supply chain perspective, Suncorp leverages the national footprint of our building panel who bring tradespeople from other locations (interstate and intrastate) to support. Our building panel participates in our annual Disaster Management Simulation which helps them to prepare for large scale events. Suncorp continues to negotiate bulk buy material sourcing agreements with key suppliers and intends to strengthen our use of these in the future.

State regulatory and licensing requirements can inhibit the ability of Suncorp and our panel to best leverage available tradespeople nationally in times of surge given the licensing requirements differ State by State.

1.3 What are the strategies for redeploying resources internally? How do you manage the risk of unintended consequences? (e.g. insufficient resources in other areas)

Suncorp employs approximately 12,000 people across Australia. A number of strategies are used to deploy resources internally, including:

- Suncorp's flexible workforce (~250 employees) enables us to scale their part-time hours to full time hours;
- Offshore resources have the ability to increase capacity to support enquiry and lodgement calls;
- Cross-skilling of claims employees allows us to use our resources flexibly, for example during early stages of an event, there are peaks in lodgement calls but in the following weeks, there is a greater demand for claims management; and
- For CAT 221, team members from the broader Suncorp Group who have relevant skills and competencies were engaged to support our response. Approximately 250 employees from a range of business units were able to pause their non-urgent activity to support Home Claims while recruitment was finalised.

Recent Federal industrial relations changes in the Secure Pay, Better Jobs Act may make flexible working arrangements more difficult. Some of the measures taken in the Secure Jobs, Better Pay Act may have unintended consequences for insurers by impeding their ability to engage individuals to work on fixed-term or maximum-term contracts. Ultimately this could lead to delays for customers.

1.4 What are the key skills gaps currently (or anticipated)? How does the firm/industry propose to manage recruiting and training a surge workforce?

During events, the broader market demand for specialist assessing/loss adjusting capability can exceed supply. To support surge, Suncorp continues to develop its virtual assessing capability. During a virtual assessment, a video call between the customer and the assessor is made to complete a walkthrough of the customer's home to understand the damage sustained. This process creates efficiencies by allowing Assessors to be utilised from anywhere in Australia.

At a building industry level, there are challenges recruiting and retaining apprentices. We support any initiatives targeted at addressing the undersupply of people entering the construction industry.

1.5 What training is provided to claims processing staff? How long does it take?

The typical onboarding training agenda for Home Claims employees is 18 -20 business days (depending on the role). It includes modules detailing product information, how to use the systems, processes, identification, and support for customers experiencing vulnerability and compliance. Once onboarded, our people continue to be supported by ongoing training, quality assurance and coaching which is delivered in a number of ways.

For each 2022 flood event, what is the average time taken to:

1.6

- a. determine claims for each relevant category of insurance including, but not limited to, home and business;
- b. provide a payout to the policy holder;
- c. commence repair work?

The following table provides a blended view of the average number of days to fulfil a claim (including completed repairs, cash settlement or a combination of) for each of the four 2022 flood events across Home, Motor and Commercial (business) portfolios:

| Customer Life | CAT 221* | SE 222* | CAT 223* | SE 224* | Total* |
|------------------|----------|---------|----------|---------|--------|
| Home | 183 | 117 | 103 | 95 | 173 |
| Motor | 46 | 50 | 44 | 52 | 46 |
| Commercial | 127 | 80 | 73 | 74 | 120 |
| Weighted* | 155 | 105 | 82 | 75 | 146 |

* Average number of days

For each 2022 flood event, why did those policy holders experience delays in the processing of their claims? Were these delays due to:

1.7

- a. Internal factors (staffing/resourcing/other)
- b. External factors (lack of access to tradespeople or to materials due to supply chain issues)

Following two years of La Nina weather activity, including Australia's largest ever natural hazard event, Suncorp experienced unprecedented claim volumes. These volumes required a scaling of resources internally and externally with our supply chain. In addition, the already constrained Australian construction industry did not have enough qualified tradespeople to support the increased demand.

We acknowledge there were some customers who experienced delays in the processing of their claims and repairs to their homes in each of the 2022 flood events. We were most heavily impacted by CAT 221 given the very high number of lodgements received.

1.8 How did these delays impact policy holders? Was the impact measured?

Customers were impacted in two key ways:

1. initial delays in the assessment of their claims, subsequently impacting the commencement of repairs or the settlement of the claim; and
2. communication on the progress of their claim.

Suncorp measures customer satisfaction using Net Promoter Score (NPS) surveys. Across the 2022 flood events for Home Claims, 7.3 out of 10 customers expressed satisfaction.

| Voice of Customer | CAT 221 | SE 222 | CAT 223 | SE 224 | Average |
|-------------------|---------|--------|---------|--------|---------|
| Satisfaction | 7.1 | 8 | 8.6 | 8.2 | 7.3 |
| NPS | +19 | +48 | +59 | +64 | +25 |

1.9 Under what circumstances do you reduce the quantum payouts to policy holders?

We do not reduce the quantum of payouts. We pay within the terms of the policy so in cases where an exclusion or limit applies, partial payments may be made.

1.10 What procedures do assessors engaged by your firm follow to differentiate between storm and flood events?

Home Insurance

Suncorp has default flood cover in all Home insurance policies. This means under our default home insurance offering, the focus is on how to repair any water damage rather than consider the source of the water.

For customers of AAMI, who live in high-risk areas of flooding, we allow them to make a pro-active decision to opt out of flood cover to assist premium affordability. For any customer who has asked to opt out of flood cover to reduce their premium, our Assessors apply the Product Disclosure Statement, which includes the standard definition of flood. To support the assessment of whether the damage to the customer's home was caused by storm or flood, an expert hydrologist is engaged.

Commercial Insurance

At the time of the 2022 flood events, our Commercial Insurance products had an opt-in model for flood cover. For any customer who has opted into flood cover, Assessors apply the Product Disclosure Statement which includes a definition of flood. To support their assessment in relation to flood, an expert hydrologist is engaged to provide information on the cause of water damage at the customer's address.

Motor Insurance

Suncorp has flood cover in all Motor policies. This means under our motor offerings, there is never a reason to consider whether water damage to a vehicle was caused by storm or flood.

1.11 How do assessors differentiate between storm and flood damage where both may have occurred during a single event?

When there is a need to differentiate between storm and flood damage to confirm coverage, Suncorp utilises external Hydrology experts to provide information in relation to causation. If there is different damage from storm and flood, the claim would be partially accepted.

1.12 How does your firm differentiate between storm and flood damage?

The Home Insurance PDS definitions are as follows:

Flood means the covering of normally dry land by water that has escaped or been released from the normal confines of any of the following:

- a lake (whether or not it has been altered or modified);
- a river (whether or not it has been altered or modified);
- a creek (whether or not it has been altered or modified);
- another natural watercourse (whether or not it has been altered or modified);
- a reservoir;
- a canal;
- a dam.

Storm means a storm, cyclone or severe atmospheric disturbance. It can be accompanied by strong winds, rain, lightning, hail, snow or dust.

1.13

For each 2022 flood event, how many claims did your firm refuse on the basis that damage was caused by flood and not a storm? What percentage of total claims made for both home and business insurance do these refusals represent?

Across the home and commercial insurance portfolios:

- 0.8% of customers were declined due to damage being caused by flood and not storm;
- 0.1% of customers were partially accepted due to damage partially being caused by storm.

The following table provides a breakdown of claims that were either declined or partially declined due to damage caused by flood and not a storm, by each of the 2022 flood events across Home (H) and Commercial (C):

| Claims | CAT221 | | SE222 | | CAT223 | | SE224 | |
|---------------------------|---------------|--------------|--------------|-------------|--------------|-----------|-------|------------|
| | H | C | H | C | H | C | H | C |
| Declined Claims | 72 (0.23%) | 210 (13%) | 5 (0.28%) | 14 (14%) | 4 (0.10%) | 4 (3%) | 0 | 7 (18%) |
| Partially declined Claims | 39 (0.12%) | | 0 | | 0 | | 0 | |

1.14

Where policy holders are asked to sign documents with legal implications including but not limited to:

- waiver documents when homes and businesses are being 'stripped out' by building contractors engaged by insurers;
- documents relating to the full or partial settlement of claims

What steps does your company take to ensure policy holders fully understand the nature and terms of these documents and their legal effect?

Our claims process has been designed so there are limited, if any, requirements for our customers to sign documents.

It is explained to the customer in the Cash Settlement Fact Sheet that should they identify additional damage after the cash settlement is finalised, Suncorp will reassess any new damage identified and make an additional payment to the customer if it is attributable to the event. Our Cash Settlement Fact Sheet recommends a customer consider seeking legal or financial advice before accepting a cash settlement.

It is not our process for building contractors to have a waiver signed for a strip out.

1.15

Does your firm ever advise policy holders to engage independent legal advice before signing such documents? If yes, does your firm ever assist policy holders to do this?

As per Question 1.14.

1.16 What role does automation/AI have in the claims process?

During the 2022 floods, Suncorp leveraged its Suncorp Control Centre (SCC) prototype and extended it to include flood capability. This enabled Suncorp to leverage geospatial imagery and Synthetic Aperture Radar (SAR) from ICEYE satellites.

Our teams were able to visualise floodwaters at an address level across the geographies of our impacted customers and the communities they live in, informing our response and on the ground and resource deployment strategies.

In addition, the SCC artificial intelligence damage detection and satellite binary damage modelling identified damage to homes enabling Suncorp to respond faster, including making proactive welfare calls to customers so they could lodge their claims. This capability is not exclusive to floods and is leveraged across all peril types, i.e. hail, cyclones, bushfires, and storms.

In the context of the proposed sale of Suncorp Bank, with a view to securing certain legislative changes required to facilitate that transaction, Suncorp has given contractual undertakings to the State of Queensland to continue to develop the SCC as the centrepiece of disaster management across the country. The speed of completion of the SCC technology platform depends on the ability to access capital from the proposed sale of Suncorp Bank (which remains subject to regulatory approvals). A fully optimised SCC would be integrated into Suncorp's processes and systems, driving faster customer outcomes and informing better cost and capacity requirements.

Suncorp continues to automate processes to support faster claims management. Some examples include straight through processing of low quantum claims, payment of invoices to supply chain, generation of lodgement letters, excess letters, withdrawal letters and claims finalisation processes.

1.17 For each 2022 flood event, how many ex gratia payments were made? How much was paid on average, and what was the distribution of payments made?

For the combined 2022 flood events there were 556 Home Claim payments classified as ex-gratia, with an average payment of \$2,375. By event there were:

| Ex-gratia Payment | CAT221 | | SE222 | | CAT223 | | SE224 | | Total | |
|--------------------------|---------|------|---------|------|---------|------|---------|------|---------|------|
| | # | % | # | % | # | % | # | % | # | % |
| \$500 or under | 100 | 21% | 9 | 26% | 10 | 28% | 2 | 67% | 121 | 22% |
| \$501-\$1000 | 181 | 38% | 8 | 23% | 10 | 28% | 0 | 0% | 199 | 35% |
| \$1001-\$2500 | 98 | 20% | 5 | 14% | 3 | 8% | 0 | 0% | 106 | 19% |
| \$2501-\$5000 | 56 | 12% | 12 | 34% | 9 | 25% | 1 | 33% | 78 | 14% |
| \$5001-\$10,000 | 35 | 7% | 1 | 3% | 1 | 3% | 0 | 0% | 37 | 7% |
| \$10,001-\$50,000 | 12 | 2% | 0 | 0% | 3 | 8% | 0 | 0% | 15 | 3% |
| Total | 482 | 100% | 35 | 100% | 36 | 100% | 3 | 100% | 556 | 100% |
| Average Payment | \$2,322 | | \$2,143 | | \$3,358 | | \$1,856 | | \$2,375 | |

1.18 What is your assessment of how to strengthen the claims management processes?

To enhance our capacity to respond quickly, further opportunities will be explored to enhance our ability to scale internally and externally during large weather events.

We can continue to enhance our customer communication which will enable us to reach large numbers of customers quickly and effectively. Automation and artificial intelligence also provides a range of additional possibilities to allow our teams to better support our customers, including improved and increased customer digital self-serve options and automation of processes to improve claims progression.

SECTION 2: Internal Dispute Resolution: IDR Processes

2.1 Please summarise your firm's internal dispute resolution process.

At Suncorp, customers can submit a complaint through the channel of their choice, i.e. over the phone, in writing (via post or e-mail) or face to face.

Once a complaint is identified, our process is to acknowledge the customer's complaint either verbally or in writing, within one business day and we will aim to resolve the complaint within five business days. It is important to note that all complaints are recorded, including those resolved in the same interaction. If not resolved within five days, Suncorp's complaint management technology will auto-escalate the complaint to Internal Customer Relations (ICR) to resolve within the required 30-day timeframe.

Once a complaint is escalated to ICR, the team investigates the issue and obtains additional information if it is required. Customers are provided with the name of a Customer Relations Specialist who is the point of contact until the complaint is resolved. They provide regular updates, at least every 10 business days unless otherwise agreed with the customer, and can answer any questions about the complaints process.

Once an outcome is determined, customers will be advised in writing. We will explain the outcome as well as providing AFCA's contact details in case they want to escalate any concerns. If we cannot resolve a complaint to the customer's satisfaction, we will provide the reason for the decision and the information we relied on.

2.2 Does the process differ for different categories of insurance? If so, how?

No, the complaint process is consistent between categories of general insurance products which respond to flood events.

2.3 Are your IDR processes for each 2022 flood event the same? If no, how do they differ?

The IDR processes for each 2022 flood event are the same.

2.4 How does your firm communicate with policy holders during the IDR process?

We communicate with each customer in the manner they prefer. Communication processes during IDR can include telephone calls, emails, written correspondence and in some cases face to face.

SECTION 2: Internal Dispute Resolution: IDR Outcomes

2.5 How many cases involved dispute resolution? What was this as a percentage of overall claims?

Since 2021 Suncorp has enhanced our complaints management process to ensure that we formally record every expression of dissatisfaction by a customer as a complaint and manage it accordingly. The threshold for recording a customer complaint is low, for example if a customer expressed dissatisfaction that they were on hold waiting for their call to be answered longer than they expected, this would be logged as a complaint.

With this standard in place, across the four 2022 flood events, Suncorp recorded 28,503 expressions of dissatisfaction. A complaint was logged on 31% of home claims lodged from the 2022 flood events.

Of these IDR cases, 2,652 (6.7% of home claims lodged) escalated to our Internal Customer Relations (ICR) team. The balance of the IDR cases were resolved by our Home Claims team early in the complaints process.

2.6 What were the main causes of disputes?

As part of our complaints management process, we record the cause of each customer complaint across a number of categories. The top three specified categories of complaint causes in 2022 flood claims were:

1. 'claims manager response times';
2. 'delays in repairs and repairer issues'; and
3. 'scope of work disputes'.

2.7 What was the timeframe – average, and distribution (under 1 month, 1-6 months, 6-12 months, 12+ months) from initial dispute to close?

Of the complaints received, the average timeframe from initial dispute to closure was 5.73 days:

- 97.7% of complaints were resolved in under 1 month;
- 1.88% were resolved in 1-6 months;
- 0.23% were resolved in 6-12 months; and
- 0.16% took 12+ months.

Note: 0.03% complaints were withdrawn by customers.

2.8 How many claims that went to IDR were resolved in favour of the policy holder?

1,759 Home Claims complaints escalated to the ICR team related to the claims decision. 304 were resolved in favour of the customer and 189 were resolved partially in favour of the customer.

How many claims that went to IDR:

2.9

- a. led to no change to the original decision;
- b. led to full acceptance of the claim; or
- c. led to partial acceptance of the claim?

Of the 1,759 home claims that were escalated to ICR regarding the claims decision:

- 1,257 led to no change to the original decision;
- 304 led to full acceptance of the claim; and
- 189 led to partial acceptance of the claims.

Note: 9 complaints remain open at the time of this submission being written.

2.10 How have the frequency and causes of disputes changed over time? (e.g. vs the 2011/2012 floods)

In 2021, Suncorp made changes to the way we capture and categorise complaints. All forms of customer dissatisfaction must now be recorded as a complaint even if they are resolved immediately. In 2011/2012 floods, this requirement was not in place and as such complaints data from that period to 2022 flood events is not comparable.

SECTION 2: Internal Dispute Resolution: Strengthening IDR Arrangements

2.11 Is there (or should there be) a change in general dispute management handling during surge times?

Suncorp acknowledges there are always opportunities for continuous improvement, specifically noting the ability to increase capacity within the IDR teams to support claim volumes during periods of surge. Other opportunities can be identified through the use of data, automation and artificial intelligence as well as feedback from customers, consumer advocates and Regulators to ensure our dispute handling approach can support periods of surge and non-surge.

2.12 What percentage of policy holders engage a hydrologist during the IDR process?

As noted in Question 1.13, Suncorp Home insurance policies contain default flood cover and there is only a small cohort of AAMI customers who opted to have a flood exclusion on their policy.

Where an expert hydrology report is required, this will be obtained before any decision on the claim is made. To our knowledge, no home insurance customer obtained their own hydrology report for any of the 2022 flood events. For commercial insurance customers, 6 customers were identified as having sourced their own hydrology report.

2.13 What percentage of policy holders engage a legal representative during the IDR process?

Based on our system data, 0.3% of customers advised they engaged legal representation during the IDR process. This data is reliant on customers advising us that a legal representative should be the point of contact for the claim.

SECTION 3: Identifying Vulnerable People

3.1 How does the firm define/identify vulnerable customers?

A customer's vulnerability can be identified at any time during the claims process and in some cases the vulnerability can be caused by the claim itself.

All frontline staff across Home Claims undertake vulnerability training to ensure they are equipped to identify and support customers who are experiencing vulnerability. Suncorp has identified a number of vulnerabilities that staff can flag in our systems, including disability, physical illness, family violence and financial hardship to name a few.

Once a vulnerability is identified and the customer provides consent, the vulnerability is captured in our systems so that employees who interact with the customer are aware and are able to provide the appropriate support throughout the life of the claim.

Customers who are experiencing severe vulnerability and do not have the support they need to manage their claim within their own networks can be referred to the specialist Customers Experiencing Vulnerability (CEV) Hub who are able to provide more specialist support.

3.2 Should the definition of 'vulnerable customer' be expanded?

The definition of 'vulnerable customer' is very broad and recognises that customers can experience vulnerability for a number of reasons. We have continued to evolve over time the training to help staff identify and support customers experiencing vulnerability, also having regard to any emerging trends. There is no evidence that suggests the definition requires expansion, however we are open to ways to enhance it further if required.

3.3 How are vulnerable customers supported?

Suncorp made proactive welfare calls to customers we knew lived in evacuated areas, offering claims lodgement support and checking on their general wellbeing. Our presence on-the-ground provided face-to-face support to impacted, and often vulnerable customers, to assist with claims lodgement, temporary accommodation and general claims support.

Once a vulnerability is identified, our team will talk to the customer about the support services that are available.

Where appropriate, counselling sessions may be offered if a customer is experiencing distress following an insured event and the team may refer the customer to Suncorp's specialist Hub for supporting customers with vulnerabilities (CEV Hub).

Depending on the circumstances, the CEV Hub will make a Care Call to the customer to ensure they are aware of the external support services that are available depending on their situation, such as psychological and financial counselling. The Hub may also provide advice to the claims teams on strategies to support the customer throughout the claim or they may take over the management of the claim.

The CEV Hub will support the customer based on their needs. This can include providing more time onsite with the customer, slowing down the claim if the customer needs more time to make decisions and working with the customers authorised representative. Every claim is different.

3.4 For each 2022 flood event, how many vulnerable policy holders were identified and supported?

Across Home Claims, 1,592 vulnerable customers were identified across the 2022 flood events:

| CAT 221 | SE 222 | CAT 223 | SE 224 |
|---------|--------|---------|--------|
| 1,337 | 126 | 121 | 8 |

3.5 How effective is that process?

We believe our training and processes work well to support customers once we have identified a vulnerability, however we continue to review and enhance our processes and training to better identify and support customers experiencing vulnerability.

SECTION 4: Resources & Complex Cases

4.1 How does the firm define/identify 'complex cases'?

Every claim is different. There is no single definition of a complex claim, however, key risk indicators include vulnerability, pre-existing issues with maintenance and structural defects, extensive mould, customer complaints, appointment of external representatives or lawyers and conflicting evidence or disputes on scope of works. We use a range of tools including data analytics and referrals from our Claims Managers and Assessors to identify claims that may require additional support.

4.2 Once a complex case is identified, what is the process for managing that claim?

We have a specialist Customer Solutions team who provide advice and support to assist Claims Managers to progress more challenging and complex claims. They have access to the Customers Experiencing Vulnerability Hub and other internal resources.

4.3 How effective is that process?

In most cases, the process is effective in supporting the customer and Claims Manager to progress the claim.

4.4 In what proportion of complex cases were case managers deployed? How effective was this?

All Suncorp Home Building and Building with Contents claims are case managed.

4.5 Is there a longer-term trend in the proportion of complex cases? (e.g. comparing the 2011/2012 floods to the 2022 floods)

As per Question 4.1, there is no single definition of a complex claim which means we are unable to measure this.

4.6 For each 2022 flood event, how many policy holders told your firm they had engaged legal representatives?

Based on our system data for the combined 2022 flood events, 17 home claims customers have advised they have engaged legal representation:

| CAT 221 | SE 222 | CAT 223 | SE 224 |
|---------|--------|---------|--------|
| 17 | 0 | 0 | 0 |

This data is reliant on customers advising us that a legal representative should be the point of contact for the claim.

SECTION 5: Communication

5.1 What is the typical process of communicating with clients once a natural disaster is declared?

As part of Suncorp's Disaster Management Plan, Suncorp maintains a Customer Communications Framework to provide customers with timely and relevant messaging.

The framework drives messages of reassurance and promotes ways for customers to minimise potential damage before the weather hits as well as raising awareness of the claims process for those customers who need to lodge a claim. The severity of the event (i.e. expected claim volumes) determines how we communicate, what we communicate and when. Pre-approved content enables fast and effective communication before, during and after severe weather hits. Information brochures are also available online or on the ground to support a customer's understanding of the claims process or elements of the product. Suncorp also invests in mass market communications if required following natural disasters, for example, live radio reads, TV and print media to support messaging to local communities.

During the 2022 flood events, over 1.58m text messages were sent to customers living in high-risk areas.

Once a customer has lodged their claim and they advise us of their preferred method of contact (i.e. phone, email, digital messages), we will communicate with them in this way.

What is the typical response time to incoming:

5.2

- a. Phone calls
- b. Emails
- c. Written correspondence

The typical response time to incoming phone calls, email and written correspondence is one business day. However, during large scale events, timeframes can be impacted by the volume of claims being lodged. This can sometimes extend response times to five to seven business days, depending on claims volumes. Customers are informed of these delays at the time of lodgement.

During CAT 221, the volume of claims received meant our ability to respond within the usual time frames was impacted.

5.3 What are your firm's processes to ensure effectiveness and quality of communication with policy holders after natural disasters?

Claims Managers have access to an extensive database of templates to support their written communications with customers. During the claims process, communications with customers are monitored through our Quality Assurance program where a sample of claims are reviewed each month to ensure compliance with processes and customer experience expectations, with appropriate corrective actions and coaching taken as necessary.

Following the 2022 flood events, Suncorp acknowledges there was an opportunity to improve communications with customers to enhance clarity of messaging and support the customer's understanding of the claims journey. Work is underway to review all customer communications, including online content and customer correspondence.

5.4 What are your firm's procedures to ensure claimants are not speaking with different customer service representatives and have to repeat information already provided?

Suncorp has a dedicated claims management model whereby a customer who has lodged a Building or Building with Contents claim is allocated their own Claims Manager to support them throughout the process.

Situations where the Claims Manager leaves the organisation, goes on leave or is unavailable, can lead to frustration for the customer. However, processes are in place to support the customers through this type of transition, including ensuring notes are left on the claim system after every interaction so that the next person who speaks with the customer understands what has already been discussed. Where possible, in cases where a Claims Manager has left their role, the claim is transitioned to the incoming Claims Manager via a 'warm transfer call' between the outgoing and incoming Claims Manager and the customer to ensure continuity.

5.5 In what ways could communication improve – before, during and after natural disasters?

Suncorp recognises there is an opportunity to support customers understanding of policy definitions, policy coverage and claims process. During a customer's claim, there are also opportunities to improve the flow of information between the customer, supply chain and Suncorp.

SECTION 6: Hydrology Reports: The use of Hydrology

6.1 How do hydrology reports assist in determining liability (i.e. is it principally storm water vs riverine flood)?

Hydrologists track and map the river systems and the flow of water to determine the height the water reached, the velocity and the timing/duration flooding.

For the small number of Home insurance Customers (153) and Commercial insurance Customers (392) who required a hydrologist report, these expert findings inform causation and may be relied upon to differentiate storm water versus riverine flooding.

6.2 Is it common for different insurers to engage the same hydrologists with respect to the same storm and flood events?

Suncorp engaged hydrologists in less than 0.8% of its Home and Commercial claims during the 2022 floods.

We do not have data to answer this question however given the scale of the floods and the number of hydrologists available we anticipate it would be common for different insurers to utilise the same hydrology companies.

6.3 Did your firm engage the same hydrologists as other insurers during each of the 2022 flood events?

As above, Suncorp engaged hydrologists in less than 0.8% of its Home and Commercial claims during the 2022 floods.

Suncorp does not have any contractual exclusivity arrangements with hydrologists and understand that hydrologists we engaged also work for other insurers and customers.

6.4 In preparing their reports, did hydrologists engaged by your firm communicate and/or collaborate with hydrologists engaged by other insurance companies with respect to the same event?

We do not hold data to answer this question. As previously stated, Suncorp had limited need to rely on hydrology reports in the assessment of our customers' Home or Commercial claims.

SECTION 6: Hydrology Reports: Analysis by Insurers

6.5 For each 2022 flood event, how many hydrologists did your firm engage?

For each 2022 flood event across Home and Commercial, nine engineering firms were engaged to provide specialist hydrologist reports for 545 Home and Commercial insurance Customers. Specific breakdown as follows:

| Line of Business | CAT 221 | SE 222 | CAT 223 | SE 224 |
|------------------|---------|--------|---------|--------|
| Home | 7 | 2 | 1 | 1 |
| Commercial | 2 | 1 | 1 | 1 |

6.6 Did your firm provide policy holders with hydrology reports obtained by your firm and relevant to their claims during the 2022 flood events?

In instances of a declined or partially declined claim, we advise our customers they are able to access the information we have relied upon to make our decision, including hydrology reports.

6.7 For each 2022 flood event, how many policy holders obtained their own hydrology report?

To our knowledge, no Home insurance customer obtained their own hydrology report for any of the 2022 flood events.

For Commercial insurance customers, 6 customers were identified as having sourced their own hydrology report.

6.8 Does your firm have procedures to assist policy holders obtain their own hydrology report?

No

SECTION 6: Hydrology Reports: Analysis by Policyholders

6.9 What is the average cost of a hydrologist's report for home and business claims?

Hydrologist reports for home and business claims can range in cost from \$3,000 - \$7,500.

6.10 What is the timeframe for seeking/receiving hydrology reports?

This generally ranges from 4 weeks to 8 weeks as demand increases.

6.11 In how many instances was lack of access to, or unaffordability of, hydrology reports an issue for the timely processing of claims and/or the timely and fair processing of disputes?

There were no such instances.

6.12 Are there ways for clients to better share access to hydrology experts?

The sharing of hydrologists' reports in some instances could have benefits for customers in relation to timeframes, however each claim is assessed based on its own individual circumstances. As an example, topography and building heights can vary materially within areas which may diminish the utility and value of shared reports.

SECTION 6: Hydrology Reports: Strengthening access to hydrology reports

6.13 How could access to hydrology reports for policy holders be improved?

Policy holders are able to access expert reports obtained on their individual claims. Due to privacy considerations, we cannot share individual reports with anyone other than the specific customer or their nominated representative.

Consideration could be given for community-level reporting however it is important to note that this cannot be relied upon to make claim decisions as every claim is different.

SECTION 7: Resilience

7.1

What options are there for households or businesses to repair/rebuild properties in a more resilient way? (e.g. from elevated buildings through to more resilient flooring such as tiles vs carpet)

Suncorp is a strong advocate for homes and businesses being built to withstand extreme weather. We have undertaken a number of studies to understand how homes can be built to be more resilient, such as One House, which was undertaken in collaboration with the CSIRO, James Cook University and Room 11 architects. Insights from this work and other studies are available on the Suncorp Insurance website, providing advice about building design and materials specific to flood, bushfire, and cyclone risk as well as ways to limit the damage of water ingress e.g. placing electrical wiring in the roof rather than the floor.

To raise awareness of the need for homeowners to build in more resilient ways, we have launched under the Suncorp Insurance brand, multimedia advertising campaigns to engage customers on resilience, mitigation and maintenance.

Building standards through the National Construction Code should also consider the resilience of the home. Today, they set the minimum required level for safety, health, amenity, accessibility, and sustainability of certain buildings, but the need for resilience to extreme weather should be elevated in the next code rewrite.

We also advocate for more conversations around homeowners, businesses and communities getting ready for extreme weather. This includes checking the condition of the roof regularly, cleaning gutters and downpipes and trimming overhanging branches, and ensuring personal safety, such as ensuring each home has an emergency evacuation plan and kit, particularly important for severe storms, floods and bushfires.

Within each of our home policies, in addition to the customer's sum insured, we repair the damaged building components to comply with current home building regulations and laws. Often these have been enhanced since the home was first built.

All customers have the option to elect a cash settlement or partial cash settlement rather than repair which provides flexibility to approach future construction or repair in a different and more resilient way.

Suncorp also offers Build it Back Better (BiBB) an additional benefit available to eligible Suncorp branded home insurance customers. This benefit is designed to cover costs associated with the purchase and installation of resiliency building enhancements that reduce the risk of damage during future weather events, for example replacing carpet with tiles, installing solid hardwood doors, and raising external services around the home such as air conditioning units.

7.2

In a practical sense, what is your firm doing to reflect changes in household level resilience/mitigation in pricing?

Suncorp Insurance introduced Cyclone Resilience Benefit (CRB) in 2016. CRB is offered to Home Insurance and Landlord Insurance customers for eligible properties in Northern Australia. Eligible Customers are asked six additional questions relating to the resilience aspects of the property. Responses to these questions are used to determine a Resilience Rating factor and calculate a premium reduction that may be available. The CRB is being reviewed with the introduction of the Australian Reinsurance Pool Corporation.

Each year, customers can advise us of changes to their home to ensure our pricing best reflects the risks associated with the home to inform the premium. For example, roofing type (tile or tin) or wall type (timber to brick and concrete).

Suncorp is committed to ongoing work to capture and recognise household level mitigation actions that reduce risk. Suncorp is actively engaged with a number of state and local government initiatives to better understand opportunities for data sharing that can improve the understanding of risk at household level.

7.3 How can this be done in a way that directly leads to lower premiums? (i.e. in a way that allows insurers to quantify the reduced risks of the more resilient building)

There are a broad range of features which make properties more resilient to weather events. Ongoing innovation in resilient building improvements will help to reduce risks, however, most material change to overall premiums will come from infrastructure investment.

The development of a national home building attributes database that captures household building improvements (e.g. floor height, roof replacement) would support insurers to identify and quantify any reduction in risk leading to lower premiums.

Additionally, active maintenance on properties can reduce risk. We continue to see property damage that was avoidable through regular home maintenance e.g. checking roofs and gutters. Insurance should be there for the sudden and unexpected events, not damage caused by a lack of maintenance. This will help minimise the ongoing pressure on the cost of home insurance.

SECTION 8: Land Use Planning: Risks & Costs of Premiums

8.1 Are there instances of flood mapping or hydrological analysis that has materially changed the firm's assessment of a region's risk?

Yes. Suncorp's approach to flood pricing is to leverage views of geographic hazard from a range of expert external model vendors that consider high resolution flow dynamics across a range of probabilistic flooding scenarios.

These models, which includes the Insurance Council of Australia's National Flood Insurance Database, are combined using Suncorp's flood event claims experience, with our final view of hazard also having regard to other information such as elevation and publicly known levee/flood defence infrastructure. With each pricing review we update these external datasets to ensure we always have the most accurate view of risk, based on information available to us.

A recent example of a material change in our assessment of risk is the Bundaberg Levee Project, announced by the Federal and Queensland Governments in June 2023. Suncorp Group has long advocated for a levee in Bundaberg to protect homes, business and livelihoods and put downward pressure on insurance premiums. Using our data and flood models, we assessed the potential change in flood risk for the Bundaberg region after construction of the proposed levee. When constructed, we assess that the levee would save affected locals a meaningful reduction on their home insurance premium.

8.2 What can be done to reduce the likelihood of additional development occurring on high-risk land?

We welcome initiatives to increase engagement between Insurers and Government to better inform building regulations and planning decisions.

The recent announcement by the New South Wales government that it had rezoned parts of the North-West Growth corridor within the Hawkesbury-Nepean Valley floodplain to ensure the state does not construct new homes in high-risk areas is an excellent example of how engagement between Insurers and Governments informs better planning decisions. Some residents of Western Sydney have experienced flooding four times in the past three years and the region is one of the most flood-prone in Australia.

8.3 How can your company better support individuals who own property on high risk/medium risk/low risk land?

There is an opportunity for homeowners in all risk areas to make their properties more resilient to weather events.

Suncorp actively plays a role in educating customers on how to maintain their homes and maximise resilience features. For example, Suncorp Insurance has created a Resilience Hub on its website that provides information and videos on how to build and/or renovate with resilience. Suncorp is committed to ongoing work to capture and recognise household level mitigation actions that reduces risk.

Suncorp provides flood insurance in low, medium and high-risk areas across Australia. Our policies provide customers a range of options including the ability to change policy excesses and levels of cover to ensure their coverage meets their needs.

Suncorp provides customers with access to integrated building calculators (available when generating a quote), drawing on external building data, to help customers understand what the replacement costs would be, with controls in place to minimise risk of underinsurance.

In determining premiums, does your firm take into consideration:

8.4

- a. Detailed flood mapping of localised areas (vs just using postcodes)?
- b. Local government flood planning, including changes to mitigation in local areas post-flood?
- c. Development approvals or risk assessments undertaken by local governments?
- d. Has your approach to any of these (the 3 issues above) changed in any way since the 2022 flood events?

- a. Yes, Suncorp uses a range of external data sources which are regularly updated. Pricing is calculated on an individual risk address.
- b. Yes, through recognising benefit from levees (e.g. Maryborough temporary flood barrier, planned for our next model update) and ground raising through planning elevation maps from councils.
- c. Yes, we work with councils and government authorities on incorporating flood studies and/or floor height from planning conditions better in the future. Investment towards unifying planning portals will help enable this collaboration to benefit customers.
- d. Yes, we launched our latest major flood pricing model earlier this year. This included incorporating the latest council studies in the National Flood Insurance Database by the Insurance Council Australia (NFID/ICA) and also enhanced vendor models, for example through stereo photo-based digital elevation modelling for flood risk in rural NSW.

SECTION 9: External Dispute Resolution: EDR Frequency

9.1 For each 2022 flood event, how many claims were referred to EDR?

There were 785 Home insurance customers who lodged and proceeded with an AFCA dispute (EDR) across the 2022 flood events.

9.2 What was the typical cause of this?

The most frequent issue raised by our Home insurance customers at AFCA related to the content of building scope of works. Other common issues included disputes about the conclusions of builders and other expert reports and the impact of existing building issues which pre-dated flood events.

9.3 How many disputed claims remain unresolved (internal and external)

There are 16 open IDR cases and 99 AFCA (EDR) cases awaiting outcome from AFCA or awaiting closure following AFCA outcome relating to the 2022 flood events.

9.4 How many claims that went to EDR were resolved in favour of the policy holder?

There are two ways in which an AFCA complaint can be resolved in favour of the policy holder, (1) Suncorp can resolve the complaint with the policy holder as part of AFCA's Refer Back process or later in the AFCA process, or (2) AFCA can make a Preliminary Assessment or Determination on the complaint.

Of the 785 Home Claims complaints where a customer progressed their complaint with AFCA (EDR), 558 were resolved in full or partial favour of the policyholder:

- 510 were resolved in the customer's full or partial favour early in the AFCA process (of these, 300 related to a claims decision); and
- 48 were resolved in the customer's favour with an AFCA decision (of these, 33 were related to a claims decision).

How many claims lodged with your firm that went to EDR:

9.5 a. led to no change to the original decision; b. led to full acceptance of the claim; or c. led to partial acceptance of the claim?

Of 785 Home Claims complaints where a customer progressed their complaint with AFCA (EDR):

- 128 led to no change;
- 490 were resolved in the customer's favour in full; and
- 68 were partially resolved in the customer's favour.

Note: 99 complaints remain open at the time of this submission being written.

SECTION 9: External Dispute Resolution: EDR Processes

9.6 How is the policy holder supported during this process?

In addition to the support provided to the customer by AFCA, Suncorp assigns a Senior Dispute Resolution Officer (SDRO) from the ECR team to support the customer and manage the complaint through the AFCA process. Upon acknowledging the complaint with the customer, the SDRO will provide their direct contact details to the customer. This allows the customer to have the same Suncorp contact throughout the life of the complaint with AFCA.

9.7 How long does this EDR process typically take?

Depending at which point in the AFCA process a complaint is closed will depend on how long the process takes. AFCA's typical Registration and Referral period offered as part of the Refer Back Process is up to 21-30 days (subject to RG271 requirements). On average, 54% of complaints lodged against Suncorp are resolved within this period. Complaints that progress past this stage at AFCA are often in their process for between 6-12 months.

9.8 What is the expense to the company of the EDR process?

In FY23, the direct costs paid to AFCA for all General Insurance complaints referred to AFCA was approximately \$14m.

9.9 Does this cost disadvantage a policy holder?

The AFCA dispute resolution process is free for Suncorp customers, there are no fees charged back to customers to allocate any costs on an individual customer basis.

9.10 For each 2022 flood event, how many policy holders engaged a legal representative?

Based on our system data, 8 customers have advised they have engaged legal representation, 3 of these customers also went through the ICR process. This data is reliant on customers advising us that a legal representative should be the point of contact for the claim.

SECTION 9: External Dispute Resolution: Strengthening Processes

9.11 How could EDR processes be improved?

For all dispute resolution, there are opportunities to continually improve and we would support any opportunity to work with AFCA to streamline processes.

SECTION 10

NOTE: There is no Section 10 in the Data Request

SECTION 11: Future Policies/Renewals

11.1 What trends are you seeing in policy holders reducing coverage? (i.e. potential underinsurance issues)

Customers have been actively reviewing the aspects of their coverage which impacts their premium. This includes reviewing excess levels, sum insured limits and policy options.

11.2 What are the overarching/summary trends in premium increases?

Inflation impacting claims costs, including increased building costs, reinsurance costs and average claims size due to severity of weather events have all contributed to premium increases.

Stamp duties and other state taxes are generally calculated as a percentage of the premium and therefore are also contributing to customer affordability challenges.

11.3 How do you ensure transparency in pricing? For example, when there is a premium increase, do you clarify how much is due to upward pressure on reinsurance costs and how much to changes in the assessment of underlying risk?

On Home renewal notices we include an overview as to why premiums may change.

There is also a premium comparison table in renewal notices that has been included to assist customers in understanding the changes to their premium, including the impact of any taxes and charges. We also display the premium amount that customers were charged last year on the renewal notice.

11.4 How do you convey information on the changing risk profile of policy holders?

Information is conveyed to customers through the pricing of their policy. We use property risk information to provide customers seasonal information on potential risks for example bushfire education to high-risk areas.

11.5 How many policy holders that were covered for storm and/or flood damage during the 2022 flood events have been denied full or partial coverage when seeking to renew their policies after these events?

In 2022 Suncorp undertook a strategic review of CIL (caravan and RV insurance) branded policies and determined that the Relocatable Home and Onsite Caravan categories were unsustainable due to the high proportion of risks being located in caravan parks prone to flooding. CIL closed these two categories to New Business on 4 November 2022 and renewing customers from 19 December 2022.

21 customers who held a Business@Home product have had their renewal declined since December 2022. This decision was made as a result of a number of natural hazard events since 2009.

For traditional home policies, we may not have offered a renewal following the 2022 flood events in situations where a customer was provided a cash settlement for their claim and they had not completed the repairs prior to renewal. However, renewal may still have been offered in situations where the customer did not have enough time to arrange for the repairs since receiving the cash settlement before their renewal due date.

SECTION 12: Lessons learned since 2010/13 Disasters

12.1 What is the total number of claims for all events that were declared natural disasters for the period 2010-2011 floods and the 2010-2013 natural disasters?

There were 211,368 home claims in 2010-2013 related to declared natural disaster events. Of these, 35,264 are associated with the 2010-2011 flood events.

12.2 How many clients had the same or similar claims in 2010-2013 for natural disasters?

Approximately 5.9% (12,000) home insurance customers had multiple claims across all declared natural disaster events in the 2010-2013 period.

12.3 Of the total claims made in 2010-2013, how many ended up in dispute resolution? What was the percentage (of disputes) from claims made during this period?

Of all natural hazard home claims in 2010-2013, 3,743 claims ended up in dispute resolution (including both IDR and EDR). This equates to approximately 1.8% of claims.

12.4 What have you learnt from claims management from the 2010-13 period?

Suncorp continues to identify ways to support customers to get back on their feet following a natural disaster. Since 2010, a number of lessons have been learned to drive better customer experiences and faster claims progression including:

- Disaster Management capability enables us to be better prepared before the weather impacts;
- Dedicated Claims Managers and a national footprint of resources increases capacity in areas that need it most;
- Process enhancements to keep up with customer needs and expectations; and
- Better communications to support customers when and how they want to receive the information they need to understand the product they have purchased and how it will support them at the time of claim.

12.5 What changes have been implemented in the intervening period?

Across the four lessons learned above, a number of changes have happened over the years to evolve how we support customers, including:

Disaster Management capability

- Creation of a dedicated Disaster Management team who monitors the weather 7 days a week;
- Proactive communication to customers who live within threat areas of weather forecasts;
- Technology enabled solutions through geospatial and satellite imagery thereby helping us to visualise and detect damage to customers' homes and the communities they live in faster; and
- Development of a Disaster Management plan that considers the end-to-end value chain and lifecycle of a claim. This is supported by annual simulations that are conducted across Suncorp, including our supply chain.

Resourcing

- Creation of a flexible workforce model and partnering capability to enable resources to be scaled to support lodgement and enquiry calls and claims management activities;
- Dedicated claim manager model to support customers through the life of their claim;
- Dedicated Customer Support Team who are deployed as soon as it is safe to be on the ground, supporting customers with our Assessors as quickly as they can;
- Increased support for our people to support customers, e.g. workforce efficiencies, access to Assure, 24-hour counselling and vicarious trauma training; and
- The use of Mass Assessment Centres to support the fast assessment of vehicles damaged by extreme weather.

Enhanced processes

- Development of online lodgement enabling customers to lodge their claim online triggering emergency support straight away;
- Development of an online portal to support customers to manage their claim online, including digital messaging capability for customers to communicate with their claims manager;
- Creation of Bots to manage administrative and non-customer facing processes, such as the generation of letters and claim finalisation activities;
- Partnerships with Uniting and CAREing to support customers experiencing significant vulnerabilities with services such as financial and psychological counselling;
- Facilitation of Customer Advocate Days to bring together customer advocates to discuss ways to co-design solutions for issues affecting our customers such as scams and affordability;
- Creation of the CEV Hubs to help our frontline teams support customers who are experiencing vulnerability as well as an avenue for them to escalate customers experiencing extreme vulnerability; and
- Streamlined Flood Opt-out processes where customers can choose to reduce their premium making sure they understand the risks associated with doing so.

Communications

- Development of Key Fact Sheets and customer brochures to support the customer's understandings of the product and claims process;
- Development of building calculators to support the customers in understanding & calculating the cost to repair their home thereby mitigating underinsurance;
- Standardised flood cover definition to support all customers;
- Creation of the Customer Communications Framework; and
- Disclosure enhancements, including visual PDS guides.

Attachment C: Hydrology Reports

13.1 In how many instances (separately for each category incident) did the company obtain advice from expert hydrologists when assessing claims?

For Home insurance customers, 153 hydrologist reports were obtained to support claims assessment.

For Commercial insurance customers, 392 hydrologist reports were obtained to support claims assessment.

13.2 In how many instances (separately for each category incident) were hydrology reports required to resolve disputes?

For each of the 2022 flood events, hydrologist reports were required to resolve disputes as per the following:

| Line of Business | CAT 221 | SE 222 | CAT 223 | SE 224 |
|------------------|---------|--------|---------|--------|
| Home | 34 | 3 | 0 | 0 |
| Commercial | 14 | 2 | 3 | 0 |

13.3 What types of issues did hydrologists typically deal with (e.g. determining whether flooding was storm water vs riverine flooding)

With the exception of capacity issues due to the scale of the events last year, we are not aware of any other issues.

13.4 Are you aware of particular areas/regions where access to expert hydrologists was an issue for the timely processing of claims or resolution of disputes?

Suncorp is not aware of particular areas or regions that were specifically impacted. Typically, remote areas can be more challenging for hydrologists to complete reports.

Attachment C: Case Management

13.5 What is the company's policy in relation to appointing a case manager? (i.e. when it should occur, protocols for engagement, protocols for internal reporting)

All of our Home Building and Building with Contents claims have a Claims Manager appointed. Contents only claims are managed at a team level.

13.6 Are there timelines in relation to this appointment?

Claims Managers are assigned upon claim lodgement.

13.7 Once a claim is identified for case management, how high up the chain does management of the claim go?

The approach to each claim is different. Claims Managers are supported by their Technical Support Officer, Customer Relationship Manager, Leader and Manager. Senior management also take a hands-on approach to assist in resolving escalated claims matters.

13.8 What are the protocols in terms of a case manager interacting with a policyholder (e.g. mode of communication, frequency of communication)?

Once we understand a customer's preferred method of contact, we will use it for all communications with the customer, e.g. phone, email, or digital. Customers have access to digital messaging enabling them to send a message to their Claims Manager at any time.

The General Insurance Code of Practice requires us to update customers on the progress of their claim every 20 days. There is internal reporting to monitor compliance with this requirement. Suncorp's internal expectation is that we provide customers with an update on their claim every 10-15 days and return contact from customers within one business day. This is a scorecard measure across the claims management team.

13.9 For each of the four category incidents, for how many claims was a case manager appointed?

A Claims Manager was appointed to every Building or Building with Contents claim. Contents only claims are managed at a team level.

| Home Claims Exposure | CAT221 | | SE222 | | CAT223 | | SE224 | | Total | |
|----------------------|---------------|-------------|--------------|-------------|--------------|-------------|------------|-------------|---------------|-------------|
| | # | % | # | % | # | % | # | % | # | % |
| Building + Contents | 10,764 | 34% | 864 | 49% | 1,082 | 28% | 79 | 48% | 12,789 | 34% |
| Building only | 16,448 | 53% | 700 | 39% | 2,429 | 62% | 72 | 44% | 19,649 | 53% |
| Contents only | 4,244 | 13% | 219 | 12% | 374 | 10% | 14 | 8% | 4,851 | 13% |
| Total | 31,456 | 100% | 1,783 | 100% | 3,885 | 100% | 165 | 100% | 37,289 | 100% |

13.10 How is the progress of claims that are being case managed reported to the Board?

Regular reporting and communications are provided to the Suncorp Board, including customer, people, risk and financial impacts, as well as information on our response, including claim finalisation. The Suncorp Board Customer Committee and the Board Risk Committee also receive information on claims handling and complaints insights. Board members meet with frontline staff to hear firsthand how we are supporting customers and where improvements can be made and Board members have also undertaken site visits to customers impacted by the floods.