

Appendix B - Hollard and its relevant entities - Conduct below community expectations								
Item	Incidence	Period	Inquiry or investigation	Culture or governance issue for entity	Broader culture or governance issue	Is the incidence impacted by other practices (risk management/recruitment/remuneration)	Remedial action for customers	Remedial action to prevent recurrence
	Hollard and relevant entities other than PetSure (Australia) Pty Ltd							
1	<p>Disclosure of Automatic Renewals Hollard's view is that automatic renewal represents a better outcome for customers because it ensures continuity of cover. When automatically renewing, Hollard generates and sends new policy documents at least 14 (normally 30) days prior to the renewal date to customers via their preferred method of receiving correspondence. Customers are alerted to call and cancel during the period between receiving the renewal documents and the cooling-off period post the renewal coming into effect.</p> <p>Following a thematic review by ASIC in August 2013, it became apparent that the way that Hollard communicated this approach to customers could be improved. This was addressed by modifying disclosure materials and call centre scripting by July 2015.</p> <p>During this review it also became apparent that, when policies start, a co-insured (or other related third party to the insured) could provide a payment facility (credit card or debit authority) to fund the premium which may no longer be appropriate on renewal because the insured's circumstances have changed. If Hollard has not been notified of the change before the policy is automatically renewed, the existing payment authority continues. Hollard relies on the customer to alert it and change the payment method. If it transpires that the payment authority post renewal was not authorised, Hollard would refund the premium.</p>	2008 to July 2015	The issue was raised during an industry thematic review by ASIC.	No.	The practice of automatic renewals is widely adopted throughout the industry and Hollard believes it is aligned with community expectations.	No.	Premiums are refunded where deductions are not authorised post-renewal. No other remedial action required.	Disclosure materials modified to better communicate renewal procedure.
2	<p>Excess exceeding agreed value: When starting a motor vehicle insurance policy the customer has the option to select their preferred excess. Over time, it is possible that the value of the insured vehicle decreases and it is not currently Hollard's practice to alert the customer to consider the ongoing appropriateness of the nominated excess. In extreme cases, the excess could equal, or exceed, the insured value of the vehicle. Whilst the policy still provides third party liability cover, the premium for the primary cover is no longer offering value for the premium charged (i.e the customer may have enjoyed a lower price for a Third Party Property Damage (TPPD) policy).</p>	Current practice	Self diagnosed.	No.	We are unaware if this is an industry issue.	No.	No remedial action yet identified.	This matter is under review to identify an outcome to address customer requirements.
3	<p>Marketing and discounts Hollard seeks to advertise its products in accordance with the requirements of ASIC's publication "RG 234 Advertising financial products and services (including credit) Good practice guidance". While not breaching this guidance, Hollard has nonetheless changed its approach to marketing over time as our understanding of community expectations have changed, as illustrated below</p> <p>1. Availability of advertised discounts Hollard has historically run campaigns advertising discounts as 'up to' a percentage amount (say 30%). The primary reason for advertising the discounts as 'up to' is that the products have had minimum premiums applicable, which, if the discount takes the price below a minimum premium, would prevent the customer being able to realise the full discount advertised. Hollard's view has been that it has been acceptable to advertise 'up to' discounts as long as it could demonstrate that a reasonable number of customers could achieve the full discount. Recent, more detailed analysis by the pricing and analytics team, has indicated that, for certain discounts advertised, this standard has not been comfortably met.</p> <p>2. Cover from \$1.58 per day: Hollard has used this daily amount to advertise the cost of insurance. Hollard has discovered that a reasonable number of customers could not obtain cover at the advertised price.</p> <p>3. Advertising where qualifications or limitations were not given as much prominence as the savings message: Advertising where qualifications were not given adequate prominence in the context of the advertising medium.</p>	2008 to December 2017	Internal review and liaison with ASIC in appropriate cases.	No.	No.	No.	No specific customer financial detriment.	Continuous review; enhanced compliance measures implemented as required. No marketing materials are allowed to be released without full review of Hollard's compliance team.
4	<p>Family violence It has been common practice in the insurance industry to not offer cover where damage (to home or cars) is caused by malicious damage by a party residing at the home or related to the insured.</p> <p>It is clear to Hollard that community expectations in respect of family violence are changing and so, whilst historically Hollard would have declined such claims in line with policy terms, by today's community standards this matter requires more considered management.</p>	2008 to date	Self diagnosed.	No.	This is an industry wide issue.	No.	<p>Hollard has established a "Sensitive Claims Committee" chaired by its Chief Risk Officer as a forum to hear claims involving vulnerable customers, family violence or mental health issues. These matters will be fairly addressed.</p> <p>Hollard's Diversity Council Steering Committee is investigating further training for call centre staff plus other professional personnel to assist in identifying and responding appropriately to such cases.</p>	<p>Hollard has established a "Sensitive Claims Committee" chaired by its Chief Risk Officer as a forum to hear claims involving vulnerable customers, family violence or mental health issues. These matters will be fairly addressed.</p> <p>Hollard's Diversity Council Steering Committee is investigating further training for call centre staff plus other professional personnel to assist in identifying and responding appropriately to such cases.</p>

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5	<p>Selling value added products through car yards Hollard has historically sold certain Guaranteed Asset Protection (GAP), Consumer Credit Insurance (CCI) and other value added products through car yards. These products have been subject to significant scrutiny by ASIC to determine whether they delivered sufficient value for the customer and whether they have been sold "fairly" to consumers.</p> <p>Hollard's review of its involvement in the sale of these products through car yards commenced around 2012 and was accentuated when Peter Kell (ASIC Deputy Chairman) presented at the ICA Regulatory Forum in February 2014, voicing his concerns as to the value offered by these products and their sale in conjunction with purchase of a vehicle. Following that presentation, Hollard performed a more detailed review of its partners who were selling these products through car yards. After this review it was decided to exit these products and, as a result, in December 2015 Hollard gave termination notice to partners selling value added products through car yards. Allowing for a process of terminating agency agreements and discontinuing inforce products on renewal Hollard ceased underwriting these car yard products by June 2016.</p> <p>A relevant entity of Hollard (former agent under binder) has received an enquiry from ASIC in relation to the above conduct. These products are currently underwritten by another insurer but were underwritten by Hollard for the period October 2013 to July 2015. We understand that the former agent is working with ASIC to respond appropriately.</p>	2008 to July 2016	Self diagnosed.	No.	This practice was widely adopted throughout the industry.	Industry remuneration practices have influenced the sale of these products.	Value added products sold through car yards have been discontinued.	Value added products sold through car yards have been discontinued.
6	<p>Mental Health It has been common practice in the insurance industry to exclude liability for damage to property by the insured (or a related person), even if that person is suffering from poor mental health.</p> <p>It is clear to Hollard that community expectations in respect of mental health are changing and so, while historically Hollard would have declined such claims in line with policy terms, by today's community standards this matter requires more considered management.</p>	2008 to December 2017	Self diagnosed.	No.	This is an industry wide issue.	No.	Hollard has established a "Sensitive Claims Committee" chaired by its Chief Risk Officer as a forum to hear claims involving vulnerable customers, family violence or mental health issues. These matters will be fairly addressed.	Hollard has established a "Sensitive Claims Committee" chaired by its Chief Risk Officer as a forum to hear claims involving vulnerable customers, family violence or mental health issues. These matters will be fairly addressed.
PetSure (Australia) Pty Ltd								
7	<p>Financial hardship: Whilst PetSure has a financial hardship policy, internal review has identified some areas where our conduct may still fall short of community expectations in managing financial hardship issues facing customers.</p>	Current practice	Self diagnosed.	No.	No.	No.	When conduct which may fall below community standards is identified, the conduct, and in appropriate cases our hardship policy will be reviewed with the objective of being as responsive as possible to the customers circumstances. Any action taken will depend on individual circumstances.	PetSure's hardship policy is flexible so it can respond to individual circumstances. We recognise, however, that this is an area which we need to continually monitor and work to improve.
8	<p>Product portability: PetSure administers 27 pet insurance products, under various brands, but all underwritten by Hollard. Whilst PetSure facilitates customers changing from one brand to another (or from another insurer), PetSure has identified ways in which processes could be improved around the 'porting' of benefits, so that customers who change to a like-for-like product do not have to re-serve waiting periods and re-trigger pre-existing condition exclusions. Currently, this only occurs on a case-by-case basis when a customer brings the issue to PetSure's attention.</p>	2008 to December 2017	Self diagnosed.	No.	No.	No.	No remediation necessary as correct contract terms have been applied, but it is acknowledged that some customers switching between brands administered by PetSure, and insured by Hollard, may have had claims declined that may have been covered had they not changed brands.	In December 2017, PetSure committed to implementing a more logical and consistent approach to the 'porting' of benefits, so that we can proactively 'port' the benefits of customers who change to a like-for-like product between brands. We are currently exploring how we can do this, from a product and systems point of view. This will also involve consultation with our brand partners and a considered assessment of different policy features between brands.
9	<p>Cancellation method: For some Hollard underwritten pet insurance brands, cancellation of a policy would require a written request from the customer. Although this was disclosed in the PDS, customers expectations would be that cancellation can be affected in the same way as they applied for the policy.</p>	2008 to November 2017	Self diagnosed.	No.	No.	No.	No remediation necessary as full disclosure in the PDS.	Business processes have been updated and implemented so customers can cancel over the telephone rather than in writing. PDS disclosure will be updated accordingly.
10	<p>Pet has died: Where a pet dies during the policy period, the customer did not receive a refund of the premium for the balance of the policy period. This misaligned with customer expectations.</p>	Practice ended in 2014	Self diagnosed.	No.	No.	No.	Premium refund is not automatic but is available to the customer on request.	PDS's have been amended to accommodate the passing of a pet with the ability to obtain a premium refund, with appropriate changes made to scripting and product training.