Reimagining general insurance products to improve financial safety

DESIGNED TO DISRUPT

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Acknowledgments
Thank you to the members of the CWES Lived Experience Advisory Panel and other victim-survivors who have shared their experiences and suggestions in the hope that they can help make things better for others. We take our lead from you.

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CWES acknowledges the Traditional Owners of country throughout Australia and their connections to land, sea and community. We pay our respects to Elders past and present, and extend that respect to all Aboriginal and Torres Strait Islander people reading this.

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About Rebecca Glenn
Rebecca founded the Centre for Women’s Economic Safety to support victim-survivors of economic abuse, and advocate for social, structural and systems change to better support women’s economic safety.

She has worked across the corporate, government and not-for-profit sectors in financial capability and communications, and has led numerous initiatives to improve financial wellbeing including at the Commonwealth Bank where she was a key member of the Domestic and Family Violence Working Group; as Campaign Director for Money Smart Week; and as founding CEO of not-for-profit, Financial Literacy Australia.

Rebecca holds Master’s degrees in Business Administration and Media Practice and was awarded a Churchill Fellowship in 2019 to investigate service responses to women experiencing or escaping economic abuse in the UK, USA and Canada. In 2021, she was named an AMP Foundation Tomorrow Maker.

About Catherine Fitzpatrick
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A former bank executive, Catherine advises the Commonwealth Government as the business representative appointed to the National Plan Advisory Group in 2021. She is Adjunct Associate Professor at UNSW School of Social Sciences and chair of Australian National University’s Student Safety and Wellbeing Committee. She was recognised as an AFR | Qantas 100 Women of Influence in 2018.

This is the second of her Designed to Disrupt discussion papers for the Centre for Women’s Economic Safety.

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The misuse and manipulation of general insurance products by people using violence is one of the less well recognised ways they exert control, and create fear, uncertainty and costs for victim-survivors.

We must do better than this. Being able to maintain insurance and claim against damage caused by an abusive partner is an important element of economic safety. If we are to improve women’s economic safety, we need to look at all the tools being used to undermine their security and wellbeing and reimagine them.

While this paper features examples of women experiencing intimate partner violence, many of the proposed solutions will also benefit men, non-binary and gender-diverse people experiencing violence and abuse from partners, family members, household members, or carers.

Our focus on women is because women are more than twice as likely as men to experience economic abuse, and they do so against existing structural economic inequity which compounds the negative consequences. Combined with an insufficient public safety net, it can ensure ongoing poverty whether they stay with an abusive partner or not.

The direct costs to Australian victim-survivors of financial abuse have been estimated by Deloitte at $5.7 billion a year, with costs to the economy estimated at $5.2 billion per year in lost productivity, additional health care costs, foregone revenue and additional expenditure. More than 623,100 women and men experienced financial abuse in 2020, with an average cost of $9,110 per victim-survivor.

I established the CWES because of the scale of injustice being experienced by women subject to economic abuse; not just from the power and control being exerted upon them by partners or family members but from the many ways this harm was compounded by services and systems.

We have been heartened to see banks taking up the call to consider Financial Safety by Design in their products and change terms and conditions to call out financial abuse as unacceptable customer conduct. We hope that other parts of the finance sector will follow suit.

The general insurance sector has already started. Its Code of Practice requires insurance companies to have in place policies outlining how they will respond to, and support, people experiencing domestic and family violence. Now it’s time to contribute to prevention by reimagining products through a financial safety lens.
This series, *Designed to Disrupt*, examines how the finance and essential services sectors can play a key role in preventing economic harm by adopting Safety by Design principles into the design of its product and services.

This is the second discussion paper in the *Designed to Disrupt* series.

The first paper, published in November 2022, focused on banking and made 12 recommendations to improve protection for victim-survivors by making it harder for financially abusive customers to inflict harm. It aimed to spark discussion with individual banks, the banking industry, regulators and consumer advocates about the role of the finance sector to disrupt abusers, in the same way as they tackle other financial harms. And it called for action.

It is evident the report struck a chord. By November 2023, 13 Australian banks had adopted our first recommendation and published new terms and conditions (T&Cs) making it clear that financial abuse is an unacceptable customer behaviour which may result in warnings, account suspension or closure.

This is globally leading action from Australian banks which directly addresses one of the key drivers of gendered violence. Tens of millions of customers have been told banks won’t condone disrespectful behaviour or the misuse of their products as a tactic of coercive control.

However, this action alone will not be sufficient. Few customers read the fine print of their bank accounts and the aim is to change perpetrator behaviour, not to de-bank customers. It will be important for banks to communicate regularly and broadly to increase public awareness, to leverage data analysis and machine learning to spot red flags and offer protection, and to continue to make product design changes that will prevent or lessen the harm of financial abuse. And for the industry to move cautiously, consistently and collectively in order to protect victim-survivor safety and to respond to the inevitable backlash.

This second paper aims to provide a similar blueprint for general insurers. Victim-survivors have shared their experiences so that businesses in the sector are aware of how their products may be misused and weaponised in the context of domestic and family violence. The *Designed to Disrupt* series is intended to provide a clear roadmap for change and, ultimately, innovation.
INTRODUCTION

General insurance is designed to provide financial protection from unexpected events. It’s supposed to be an affordable way to repair or replace an asset that is lost, stolen, damaged or destroyed.

Too often victim-survivors of domestic and family violence find they don’t have the insurance coverage they thought. They may be left without a car, or a home, and with no or limited means to pay to restore their financial safety and economic security.

Financial abusers exploit general insurance policies and procedures to deny access to information, cancel policies, interfere with the claims process, and steal, limit, or withhold payouts to the victim-survivor. Often, the objective is to exert control by leaving their partner with no money, damaged or irreparable property and assets, and the accompanying emotional toll.

In our research, we have gathered testimonials from women who have generously shared their experiences of financial abuse relating to general insurance. These personal accounts provide a sobering glimpse into the challenges they encountered and highlight the need for systemic change.

Designed to Disrupt: Reimagining general insurance products to improve financial safety aims to provide a blueprint for industry and regulatory action.

This paper outlines how a new Financial Safety by Design framework may be applied to identify and mitigate the risk that general insurance is misused by financial abusers. It gives examples of the misuse of different products and recommends potential changes to their design that would provide greater protection to victim-survivors. It asks whether there are new products that could be designed to address the risks of domestic and family violence and financial abuse. And it recommends a modernisation of general insurance laws to recognise and respond to these foreseeable risks.

As a starting point, we urge every general insurer to commit to terms and conditions that describe financial abuse as an unacceptable customer behaviour – following the lead of the Australian banking industry. Throughout this series of discussion papers, we will call for every business in the Australian finance and essential services sectors to make it clear that respect is a basic expectation to be a customer and that misusing products as a tactic of coercive control will not be tolerated. The aim is for businesses to challenge violence against women, delivering on one of the essential actions that will help prevent gendered violence. Together, businesses can disrupt the status quo and shift the burden and impact from victim-survivors to the financial abusers who should be held accountable.

Financial Safety by Design

The objectives of a tailored Financial Safety by Design approach for the finance sector are to:

- Design products that are flexible and safer from misuse
- Provide customers with information and choice
- Be clear about the rules and consequences for misuse.

The first step is to identify the ways products are weaponised to cause harm, and to consider potential design options to prevent, disrupt and respond that also address the underlying drivers of gendered violence against women and hold perpetrators to account.

In addition, we echo the call of financial counsellors who have recommended all general insurers introduce a ‘conduct of others’ clause. This would enable greater flexibility in determining whether to pay a claim for damage caused in the context of domestic and family violence.

These moves would demonstrate the general insurance industry’s commitment to be part of a whole-of-society movement to end gendered violence in a generation and provide firm evidence of how insurers are meeting their obligations to consider customer vulnerability in product design and distribution. They also have the potential to unlock women’s economic equality through the “development of financial products and services specifically for the needs of women across their life course, including to escape domestic and family violence.”

Since 2020, the Australian general insurance industry has focused on better recognising and responding to customers who disclose domestic and family violence. Guidelines describe how to provide support to victim-survivors with safety, privacy and confidentiality. This focus on customer service is a critical and welcome starting point.

Now it is time to recognise the nefarious tactics of perpetrators and for the industry to take proactive steps to design out the potential for harm.

This paper proposes a pathway.
FINANCIAL ABUSE

Financial abuse in intimate partner violence is “a pattern of control, exploitation or sabotage of money and finances” that undermines a person’s financial security and limits their potential for self-sufficiency.6

Financial abuse is a sub-set of economic abuse although the terms are often used interchangeably. Financial and economic abuse involve using money and other economic resources “in ways to cause harm, such as by withholding funds, preventing a person being involved in financial decisions that affect them, preventing them from getting a job, controlling all household spending and many other tactics to restrict a victim’s and survivor’s freedom and independence.”7

While an estimated 90 per cent of those who seek support for domestic and family violence are affected by economic abuse,8 it is still unrecognised by many people who experience it.9

And though it is included in family violence legislation in all Australian jurisdictions, it is a criminal offence only in Tasmania, and from July this year, in New South Wales.10

Rates of economic abuse and awareness

Australian women experience economic abuse from a cohabitating partner at a similar rate to physical violence (16.3% compared with 16.9% in 2021-22).

One in six women and one in 13 men have experienced cohabitating partner economic abuse since the age of 15.11

While 81 per cent of Australians are likely to recognise that financial abuse is always or usually a form of domestic violence, there is a need to continue to raise awareness of this tactic of coercive control.12

Perpetrators use coercive and controlling behaviour such as making a victim-survivor financially dependent to trap them and make it difficult to seek help or to leave.13 When men use money to control women, they are more likely to use violence against them.14 Financial abuse is also a factor in domestic homicides, particularly at or after separation.15

Financial abuse can be devastating for the victim-survivor. They can find themselves trapped in a web of financial dependence, stripped of their autonomy, and subjected to coercive tactics, leading to isolation and further vulnerability.

In the short term it can impact their safety and cashflow, and in the long term it can create insurmountable debt, undermine employment and damage credit scores affecting financial, physical and mental wellbeing, housing security and access to jobs, insurance, utilities and other essential needs.16 Financial abuse is a significant contributor to women’s poverty. Women may choose to stay in a violent relationship, or return to it, due to a lack of resources or the fear of the financial consequences for themselves or their children.17

In her landmark report, The Choice: Violence or Poverty, Dr Anne Summers AO observes that it is often single mothers who bear the brunt of financial abuse and struggle with their cashflow due to domestic and family violence. 60 per cent of women fleeing abuse reported one or more of the following cashflow problems: they could not pay electricity, gas or telephone bills on time; heat or cool their home; pay their mortgage on time; they pawned something to get cash; they went without meals. Alarmingly, 20 per cent could not pay their car registration or insurance on time, creating an isolating situation for them and their family.18 It is likely they could not pay other general insurance on time either, as mothers who separate from violent partners experience a drop in income of 34 per cent.19
The First Action Plan 2023-2027 provides further guidance for corporate Australia. It calls for improved workforce capability, including trauma-informed practices that enable safe, respectful, compassionate and culturally appropriate responses to victim-survivors and people who use violence, and a better understanding of economic abuse. It also outlines an expectation that specific companies, such as utility providers, financial services, insurance providers, social media platforms and those responsible for online dating apps, should actively work to prevent abuse through their products.

This is a welcome development. The finance sector has already taken steps to improve customer service for those experiencing vulnerability. Industry codes across banking, general insurance, superannuation, life insurance and buy now pay later reference family violence as a life event that may cause customers to experience vulnerability. Organisations have been training staff and introducing new procedures and processes. Some have also partnered with the community sector and invested in technology to tackle the terrible and unfortunately common experience of victim-survivors having to repeat their story to multiple organisations.

However, there is a lack of consistency of approach both within each sector and across corporate Australia more broadly. This means some victim-survivors will receive support that is empathetic and trauma-informed, with flexibility that enables solutions tailored to their individual needs. Others continue to struggle with dismissive or judgmental staff, risks to their safety or compounding financial hardship.

Similarly, there is a lack of consistency in the way the corporate sector responds to customers who choose to use family violence. This means they may unintentionally collude with a perpetrator or put victim-survivors at risk when information is inadvertently disclosed. Victoria has developed a framework for prescribed organisations, such as police, hospitals and specialist family violence services, to provide services to perpetrators by managing family violence risks while holding them accountable for their actions and behaviours. There is an opportunity for the finance sector to adapt some of these principles for its context.

The need for safer product design to minimise the potential for abuse and mitigate harm is starting to gain momentum, driven by relatively recent regulator initiatives and long-term community sector advocacy and is becoming more urgent with the speed of evolution of artificial intelligence (AI).

The eSafety Commissioner developed Safety by Design for the technology sector in 2018 to minimise online threats by anticipating, detecting and eliminating online harms before they occur and the Online Safety Act 2021 makes online service providers accountable for the safety of their users. The framework has been adapted by some banks and the banking industry is considering how to apply it more broadly. Again, this framework is not being applied consistently.

The risk that victim-survivors may experience more harm simply by choosing the wrong organisation with which to do business or that perpetrators will continue to find ways to manipulate products and services of those organisations with the least safety protection.

Separately, the Women’s Economic Equality Taskforce said the strong link between women’s economic insecurity and violence cannot be ignored and called for changes to the child support system to prevent it being weaponised for financial abuse. It also recommended that banks and financial services “continue to develop financial products and services specifically for the needs of women across their life course, that are free or very low cost. This includes for women escaping domestic and family violence, buying a home, experiencing divorce and/or retirement planning.”

The National Plan to End Violence Against Women and Children 2022-2032 describes a specific role for business to design products and services that are safe and prevent misuse, while also focusing on perpetrator accountability.
GENERAL INSURANCE AND FINANCIAL ABUSE

Insurance policies are meant to offer a safety net, providing individuals with financial protection and peace of mind. But when financial abusers take control of these policies, they can become tools of manipulation and oppression.28

This form of abuse may begin while a couple is together, after separation, when an intervention order is in place, or during family law negotiations or court proceedings.

The manipulation of insurance policies within the context of domestic and family violence not only exacerbates the victim-survivor’s vulnerability but also highlights the pressing need for regulatory change and increased awareness to protect individuals from this abuse.

By far the most common experience of victim-survivors who shared their insights for this discussion paper relates to joint policies.

They described policies being changed or cancelled without their knowledge, or payment of claims to the perpetrator rather than to both owners of the asset.

Insurance customers in cohabiting relationships are encouraged to combine or bundle their insurances to obtain better pricing – yet there are few safety mechanisms when they disclose domestic and family violence or financial abuse, or belatedly discover they don’t have the cover they thought.

In fact, common exclusions mean victim-survivors can in effect be penalised for the actions of the perpetrator. An example is when a claim is refused because it relates to damage caused by a joint policy holder, household member or someone invited into the home. While this exclusion is understandably trying to prevent fraud, it has a perverse outcome in the case of domestic and family violence. Similarly, a victim-survivor may find it more difficult to get insurance or face steeper costs if there is a claims history which relates to damage by the abuser.

Other examples of financial abuse related to general insurance include:

- Without consultation, selecting minimal coverage to reduce premiums, even if it leaves inadequate protection
- Damaging property or threatening to damage property, risking claim denial due to policy exclusions
- Not disclosing relevant information to the insurer as part of a joint policy, leaving the partner or family member exposed to fraud or claim denial
- Using the threat of cancelling or not making a claim as a tool for manipulation, such as to enforce compliance, silencing victim-survivors or prevent them from seeking help
- Coercing a victim-survivor to take out or pay for policies
- Refusing to provide information about insurance policies or claims as part of financial disclosures in family law matters
- Filing fraudulent claims or coercing a family member to file for fraudulent claims.29

Allianz and the UNSW Gendered Violence Research Network have published reports to warn the community about these tactics and raise awareness so “customers can proactively protect themselves”.30 This work is important, particularly given the lack of public understanding of financial abuse. In the case of motor vehicle insurance, Australians are unaware of common tactics used by financial abusers, such as removing a victim-survivor’s name from a joint policy (59%) or cancelling a joint policy without consent (57%).31

However, we want general insurers to go beyond awareness-raising. To design out the potential for this harm where it involves the terms of the policy or the way it’s administered, rather than making it incumbent on the victim-survivor to take action. Victim-survivors already have enough to think about – safety and survival foremost. Insurers have a reputation for thorough investigations in cases of suspected fraud. They should extend this reputation to being tough on financial abuse, making it clear there are penalties for obstructing fair access and outcomes for victim-survivors.

We note that other insurance products, such as health insurance, workers compensation and life insurance, may also be misused to abuse.
Members of the CWES Lived Experience Advisory Panel have provided examples of their own experiences.

“For many years I had been paying all the ... insurances, but my ex-partner had set up the accounts, and the payments would be directly debited from our joint account. What I did not realise until after I had ended the relationship was that the policies were not ... in my name, nor was I even an authority on the accounts – even though one of the cars insured was registered in my name, and our property was in both our names."

“I implored the insurance companies to contact him and ask permission to discuss the accounts, but he refused ... I had to insure everything in my name, which meant doing it all from the start, so I lost any no claims bonuses, or loyalty discounts, I would’ve been entitled to.”

— Nadine*

“He threatened to burn the house down with us inside it and (then I) discovered that the home wasn’t insured ... they’d cancelled the policy and given him the refund as he’d asked them to (even though) the policy was in joint names ... If he had carried out his threat ... I would have been liable for the mortgage on a house that we can’t live in and lost all our possessions with no way to replace them.”

— Maddy*

“(He) took the whole insurance payment for himself when the car was written off, despite our joint policy. (There was) no query or follow up or intervention from (the insurer).”

— Liz*

“The money for the insurance payments were to come out of our joint account where I was only “allowed” to take out $140 a fortnight as my allowance ... since the insurance was in my name with my husband listed as the second driver, if there was not enough money in the account to pay my insurance payments, I would have got into trouble with that, not my husband.”

— Deborah*

“My family law matter is progressing painfully slowly and as a result the financial abuse from my ex-husband has been escalating as he is using the system to his full advantage... Following our separation, (he) ceased paying (insurance) and let it lapse without my knowledge (then) took out a policy online ... in his name only. The house mysteriously burnt down ... and he was ordered to disclose all of the particulars of the (insurance) settlement and where the money was as it is arguably a matrimonial property and to date he has refused to do so.”

— Kym*

* Names have been changed
TAKING ACTION

An opportunity exists for the finance sector to agree a common approach – a new Financial Safety by Design framework, tailored from the eSafety Commissioner’s Safety by Design as required.

This would drive consistency of understanding of the ways products are misused to cause harm, as well as technology-facilitated abuse perpetrated through the financial system.

And it would prompt action. Once a risk is identified, the option is to take action to prevent it from happening or to make changes to lessen the impact if does happen.

Financial Safety by Design works as a risk management tool that moves beyond the traditional likelihood and consequence matrix used by many organisations in the finance sector by contemplating the harm financially abusive customers may do to another – in much the same way as organisations respond to fraudsters and scammers, but with heightened sensitivity to personal safety.

There is enough evidence, including examples from victim-survivors, consumer advocates, and general insurance-specific customer complaints, risk incidents and compliance breaches, to document and analyse the ways general insurance products are weaponised.

We know that relationships end, power imbalances exist and financial abuse is happening, yet financial products are designed as if relationships are healthy, couples make decisions jointly and people don’t exploit others.

The Designed to Disrupt series is specifically designed to make the risks of the misuse of financial products in the context of domestic and family violence absolutely clear and to propose risk controls and mitigants so it is simple for the industry to take action. And for government and regulators to consider whether laws and regulation are sufficient to prevent harm – particularly in light of the National Plan’s ambitious goal to end gendered violence in a generation.

There are 90 insurance companies operating in Australia with a combined profit of $4.6 billion after tax. In the 2022 financial year, the 49 insurers which subscribe to the General Insurance Code of Practice covered more than 33.2 million individuals who paid $274 billion in premiums, primarily for motor and home insurance. Nearly 4.4 million of these customers lodged claims of which almost 90 per cent were accepted or partially accepted, with more than $15 billion paid out.

There is no publicly available information on the proportion of these claims that related to domestic and financial abuse. Nor is there any information on whether these issues were involved among claims that were declined (240,016) or withdrawn (332,648).

In the same year, the General Insurance Code Governance Committee received 731,769 complaints, mainly about claims. In 2023 the Australian Financial Complaints Authority (AFCA) received 22,041 complaints about general insurance, closed 94% and awarded $117.1 million in compensation to complainants.

There is no publicly available data on whether or how many of these complaints related to insurance where domestic and family violence or financial abuse was involved, although AFCA resolved more than 500 complaints in total with people with lived experience of domestic violence and financial abuse but this relates to banking products, not general insurance or other financial products.

With greater awareness and understanding, it is time for disruptive action. Not just given the personal and economic impact of financial abuse, but because doing nothing differently could be construed as tacitly condoning the abusive behaviour – one of the four drivers of gendered violence against women.

It is possible to incorporate Financial Safety by Design in product and service design to reduce the risks, limit the ability of perpetrators to extend their abuse through financial products, and provide stronger protection to the victim. And where it is decided that it is too difficult or too costly to make such changes, to develop response processes to rapidly minimise the harm.

“When we fail to explicitly design for groups who may be harmed, we unintentionally prioritise abusers.”

— Designing for Safety, Eva PenzeyMoog, 2021
THE REGULATORY CONTEXT

General insurance is designed as a safety net for unexpected events – when crises or disasters happen, leaving people in a vulnerable situation.

But what if they are a victim-survivor of domestic and family violence, or financial abuse? While the industry has developed a code of practice and guidelines to improve customer outcomes, general insurance regulations fall short when it comes to this issue.

General Insurance law does not make any reference to domestic and family violence, economic or financial abuse – limiting protection for victim-survivors. Indeed some policy exclusions directly disadvantage them. It is time that Australian regulators addressed this gap.

The Australian Law Reform Commission has recommended a transformation of corporations and financial services legislation so that it is “more adaptive, efficient and navigable” – this could be an opportunity to modernise the framework with consistent concepts of customer vulnerability and financial safety.

The general insurance industry has called for the government to make a uniform definition of family violence and to require that any new regulation contemplates implications for victim-survivors of domestic and family violence. This is consistent with the Commonwealth Government’s re-introduction of gender impact assessments in 2022. These support gender responsive budgeting and must be undertaken by departments when developing policies for government decision such as a Cabinet submission or new policy proposal.

The guide for these assessments states that policy proposals “may have a significant impact on gender equality if it relates to safety from violence” and asks policy makers to consider whether the proposed policy “perpetuates or prevent(s) gender based violence.” However, there is no requirement for the public service to reflect on how regulation impacts gendered violence. Relevant guidance to assist to identify cost and benefits of policy changes seeks distributional analysis relating to gender, but does not ask the question: how will victim-survivors of domestic and family violence be impacted?

In addition to financial system laws, there are two main and relevant legislative and regulatory frameworks for general insurance: The Insurance Contracts Act 1984 (ICA) and the Design and Distribution Obligations (DDO), both administered by the Australian Securities and Investments Commission. The General Insurance Code of Practice and family violence guidance complement these rules but are a voluntary commitment from members of the Insurance Council of Australia (ICA).

Insurance Contracts Act

The ICA was written in 1984, just 10 years after the first modern women’s refuge was established and well before domestic and family violence became an urgent national conversation. Despite amendments, with the most recent made in January 2022, the ICA does not adequately reflect the contemporary data on domestic and family violence.

The ICA provides an important legal framework for general insurers, outlining the rights and obligations of insurance contracts. It aims to ensure that general insurance is fair and transparent. It outlines the responsibilities of both insurers and those who are insured, including the duty to take reasonable steps and of not making a misrepresentation. It also outlines specifics such as “the definition of flood” and when a contract can cover flood. It addresses fraudulent claims and pre-existing defects or imperfection, or sickness or disability, or when the sum of the insured exceeds the value of the insured’s interest. It addresses issues such as subrogation and numerous ways to protect insurers and insureds. But nowhere does it address domestic and family violence and financial abuse.

A review of the Act in 2004 considered cases where a victim-survivor was denied a claim because of a wilful act or other breach by the perpetrator; one of the seven most common ways insurance is used in family violence. The review team was urged to introduce a legislative provision to make it easier for a victim-survivor to make a claim in these circumstances, by deeming a joint insurance policy to be a composite policy upon separation of the co-insureds.
A joint policy indemnifies co-insureds where there is a joint loss and is typically used for home or car insurance. A composite policy, more commonly used for business insurance, allows for each insured to have a separate and distinct claim. The 2004 review did not make a recommendation on this issue, but called for more analysis and warned denial of these claims would “be a recurring source of criticism of insurers and the insurance industry generally.”

Sixteen years later, one insurer introduced a ‘conduct of others’ clause to provide flexibility to pay a claim in cases of mental illness, substance abuse and/or an act of violence or intimidation by a co-insured, even where there is no legal requirement to do so.48 In 2023, a second insurer followed suit, adding that it may pay claims arising from wrongful conduct from a family member where there was domestic and family violence or mental illness, even when cover had been varied or terminated with malicious intent.49 While these are positive moves and demonstrate innovation, it’s slow progress.

The IC Act needs to be modernised to strike a fairer deal for victim-survivors and create consistency across the sector, with a clear framework for insurance companies already working hard to update their policies, processes and practices to improve customer outcomes.

If the IC Act can contemplate foreseeable risks like floods, it could reasonably include the risk of domestic and financial abuse. It’s a common scenario and quite extraordinary, that one insured can cancel or change what they understood to be a shared policy without the knowledge or consent of another.52

Yet there is no section of the IC Act that addresses this specific scenario, and the existing sections that could be applied require greater clarity. For example, section 49 of the IC Act describes a situation where “the insured and some other person each have an interest in the property”. But it is not clear whether ‘an interest’ means economic or pecuniary interest, or whether it is legal or equitable interest. Separately, section 20 provides that an insurer “is not relieved of liability under the contract by reason only that the names of the persons who may benefit under the contract are not specified in the policy document.”53 These two sections are confusing when a victim-survivor who has been involuntarily removed from the policy and is no longer a co-insured, seeks to make a claim.

In particular, the IC Act could better support product design changes with a focus on legal issues arising from the distinction between joint and composite insurance.50 For example, a perpetrator of family violence may take control of the family insurances through cancelling the policy or varying the policy, removing the victim-survivor as a co-insured party or third party beneficiary (TPB). This means the victim-survivor is not covered by the policy, claim or payment – even though there is legal precedent that one insured is unable to cancel a policy on behalf of another policy holder.51
Design and Distribution Obligations

The DDO, which came into effect in 2021, also addresses customer vulnerability. ASIC requires product issuers to “consider consumer vulnerabilities, and how those vulnerabilities may increase the risk that consumers are sold products that do not meet their objectives, financial situation and needs, and will lead to poor consumer outcomes.”

These vulnerabilities include family violence. ASIC also requires firms to publish target market determinations that demonstrate how individual product features and attributes meet the objectives, financial situation and needs of customers for whom they are designed. Regulatory guidance does not require specific consideration of how products may be misused to cause customer harm.

Customers who experience domestic and family violence need their general insurance products to offer protection from financial abuse – including flexibility of claims and payment options, safety of private information and payouts and an equitable determination when an abuser has cancelled or changed a policy or caused loss or damage.

A sample review of 12 target market determinations published by six Australian insurance companies showed none refer to domestic and family violence or financial abuse. A handful refer to vulnerability as a consideration for being able to pay premiums. All allow customers to tailor their cover to suit their individual needs for financial protection, but not for physical or financial safety relating to domestic and family violence.

There is increasing regulatory attention to the issue of finance sector customer vulnerability and financial abuse. But legislation and regulation tends to follow a shift in community awareness and expectation. ASIC’s corporate plan lists driving compliance with the DDO as a strategic priority, including surveillance of poor design and distribution practices across insurance products.

Our first discussion paper recommended that the risk of the products and services being misused for financial abuse be incorporated in the DDO guidance. This would set a similar standard for the finance sector to be accountable for the safety of their customers in the same way that online service providers have been regulated. The UK regulator has highlighted that relevant staff need to be aware of how perpetrators of domestic abuse and economic control use financial services in their abuse.

ASIC has taken steps to protect the safety of victim-survivors who may be put at risk due to a requirement for insurers to provide information about cash settlements to joint policyholders. It granted relief to exempt insurers from providing certain notifications that may place victim-survivors at risk.
HOW GENERAL INSURERS ARE RESPONDING TO FINANCIAL ABUSE

General insurance policies are designed with the aim of protecting individuals or businesses from potential financial setbacks. It is an unfortunate reality, however, that perpetrators exploit such policies for their own advantage, often with malicious intent.

General insurers in Australia have recognised this and many have taken steps towards supporting victim-survivors. While initiatives and support services vary from one company to another, the industry as a whole is committed to increasing awareness of addressing financial abuse. The General Insurance Code of Practice endeavours to set a benchmark for self-regulation in the financial services sector and includes a focus on supporting customers experiencing vulnerability. Insurers that adopt the Code enter voluntarily into a contract to comply with values such as inclusivity and assisting members of the community who are in need of additional support. Advocates note that the ICA’s efforts are filtering through to practice and having an impact on real-world implementation.

Detailed guidance accompanying the Code outlines better practice customer service. It recommends this policy should provide for “referring customers to specialist family violence services, where appropriate” and minimising a customer’s repeated disclosure of family violence by working with their agent or representative, such as a financial counsellor, lawyer or other specialist. It calls for employees and distributors to be adequately trained in referrals, and for insurers to have specialist employees with authority to make decisions in claims involving family violence. It also specifies that customers must have easy access to information regarding their policies and relevant support systems in place, as they are more likely to disclose their vulnerable situation if they know support is available.

What the data shows

Data collected for this paper by the ICA reveals that, while there is room for improvement, insurers are in fact putting valuable customer services practices into place. Of six Australian insurers that responded to our survey, five had specialist teams which respond to customers experiencing vulnerability, including domestic and family violence or related financial abuse. They each received training and the one that did not have a specialist team, implemented training for its customer-facing staff members.

A common theme from our analysis is the need for standardised practices across the industry. Results of our survey reveal wild variations in data between companies.

In the 2021-22 financial year, across the six different insurance companies the number of domestic violence and financial abuse cases reported, ranged from 11 to more than 2,000.

We asked whether any insurance company used modelling to estimate the risk or extent of property damage related to domestic and family violence or DFV-related financial abuse. None of the six companies did so, although one used past cases of domestic violence resulting in property damage to form positions in terms of policy response.

While the numbers of claims relating to domestic and financial abuse may be a small proportion of total claims, those who do risk modelling for insurance companies would be well placed to analyse and assess the likely proportion of impacted customers. Given the prevalence of domestic and financial abuse in society, it is likely to be far higher than suggested by the data currently collected.
Societal context

The chance of a woman experiencing violence, emotional abuse or economic abuse in her lifetime is high – with one in four women experiencing these forms of domestic and family violence from a cohabitating partner since age of 15.64 In 2021-2022, 5606 women (an average of 15 women a day) were hospitalised due to domestic and family violence.65 In the same year, 1.5 per cent of women experienced intimate partner violence in a 12 month period.66

It has been estimated that ‘consumption costs’ of domestic and non-domestic partner violence against women and their children in 2021-22 could be $3.5 billion, including $202 million in damaged and destroyed property. The majority of these costs are borne by victim-survivors and family and friends.67

Armed with this information, would claims assessments, approvals and declines be different? Would new products be developed that would allow women to insure themselves against financial losses arising from domestic and financial abuse?

There is a desire from customers and the community for more action.

A survey conducted for Allianz found Australian car owners agree that insurers should be doing more to support customers who are victims of domestic and family violence situations (77%), with two thirds saying it’s important for car insurance companies to be more vocal about how a car can be used as a means of abuse (67%). Australians also want to be more aware of how insurance providers can support them in DFV situations (72%). In Australia, close to two in five Australian car owners jointly own their car, typically with their partner or spouse (87%).68

In Sweden, 80 per cent of people think more insurance companies should offer protection for domestic violence and 20 per cent would consider switching insurance companies to have home insurance that includes domestic violence in the assault coverage. Yet most insurers apply conditions that mean the assault coverage does not apply if the perpetrator and the victim belong to the same household.69
While the Code and guidance are informed by people with lived experience and experts working in the sector, a 2021 desktop review of general insurer domestic violence policies found that only one was considered best practice. This is because it was definitive and included specific measures on how the insurer will help victim-survivors.

The review by Financial Rights Legal Centre also recommended that all general insurers follow the lead of Suncorp (and its brands which offer consumer insurances) and include a ‘conduct of others’ clause to address “harms borne by the interaction of insurance exclusions and innocent victims of family violence”. To date, only Allianz has done so. We reiterate that recommendation. The upcoming review of the IC Act standard cover regime should include a focus on how to reduce the economic impact on victim-survivors when assets are deliberately damaged.

The ‘conduct of others’ clause is one example of safer product design which provides greater protection to victim-survivors. Others drawn from around the globe include:

- Stella Insurance, which primarily provides motor vehicle insurance for women, has a beneficial term to assist victim-survivors of domestic and family violence. It will not apply an excess to a claim if the claim arose from a deliberate act from a current or former spouse or partner of the insured or a named driver on the policy, and the incident was reported to police.72 In the UK, Stella also reserves the right to remove the person who caused the damage from the policy.

- Three Swedish insurers provide capped support payments for the first three months for customers who need to seek refuge in secure accommodation to escape domestic and family violence.73

In the United Kingdom, PIB Brokers has partnered with Zurich and Axa to offer specialised insurance for domestic violence charities, which have previously had difficulty getting coverage without prohibitive restrictions and exclusions. PIB provides insurance to more than 100 domestic violence charities, including those which provide accommodation and counselling to victim-survivors.74

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Common insurance rules and exclusions that can impact victim-survivors

- Each person is authorised to act on behalf of all policyholders, including requesting to change the policy, cancel the policy or make a claim under the policy
- Anyone can pay for the policy, regardless of whether they’re one of the joint policyholders (and/or listed drivers)
- For motor vehicle insurance, the person who drives the car the most must be listed as the regular driver. Their driving and insurance history is used to calculate the premium. All household members who drive the car must be listed on the policy, otherwise they will not be covered.

Reasons to deny a claim include:

- Intentional damage or acts, and any attempt to profit from an insurance settlement is fraud (malicious damage)
- Damage caused by guests or family staying in the home (invited guests)
- Failure to disclose relevant information, for example by a co-insured even if the other party wasn’t aware.
The ‘conduct of others’ clause serves as a significant step toward helping victim-survivors with insurance protection. It shows that insurance companies understand that not all situations are just black-and-white legal issues.

If someone with insurance causes harm or prejudice to innocent joint policyholders, the clause helps insurers to look at the bigger picture and to be more understanding in their decisions. It recognises the impact of mental illness, substance abuse, or violence.

The goal is to create a safety net for policyholders who are disadvantaged because of the deliberate and malicious acts of other policy holders.

Putting policyholders’ wellbeing first, the clause acknowledges the emotional, financial, and physical distress caused by actions of another person covered by the policy. The insurance company’s discretion to decide on claims shows a commitment to fairness and supporting victim-survivors during tough times. This clause allows for personalised evaluations, avoiding a one-size-fits-all approach and making sure help goes where it is needed most.

Enabling victim-survivors to get the support they need, the clause shows the insurance company is serious about helping policyholders facing adversity.

In a world where we increasingly understand the complexity of domestic and financial abuse, clauses like ‘conduct of others’ take a proactive stand for victim-survivors. The next step would be to explicitly communicate consequences for the perpetrator. This warrants further exploration with the women’s safety sector, men’s behaviour change and mental health experts and would likely also require a tailored approach to ensure safety is not compromised.

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**Suncorp**

Suncorp’s (AAI Ltd) home and contents insurance policy provides flexibility to assist a victim-survivor where a perpetrator intentionally damages property to inflict financial and personal harm.

“When we consider a claim under this policy, we will have regard to any prejudice suffered by you or any other person entitled to benefit under this policy in relation to that claim, caused by mental illness of, substance abuse and/or an act of violence or intimidation by, another policyholder or person entitled to benefit under this policy. In doing this, we may meet the claim when we are not legally required to do so. If we do, we will limit the claim in relation to the person claiming to an amount which is fair in the circumstances.”

Suncorp has provided case studies (see next page) to illustrate how the ‘conduct of others’ clause is working in cases of domestic and financial abuse. Names have been changed to protect customer identities.

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**Allianz**

Allianz’s conduct of others clause acknowledges the potential for perpetrators to change or cancel policies.

“Allianz may in some circumstances pay claims which arise from wrongful conduct by a family member in circumstances such as DFV, mental illness, that would otherwise trigger an exclusion and denial of the claim and even when cover has been varied or terminated with malicious intent.”

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Centre for Women’s Economic Safety
Susan lodged a claim as her husband Peter had kicked her out of the family home, separating her from her two young children, and then damaged her jewellery, furniture and other items plus sold her personal belongings on Facebook marketplace without consent.

Peter has a police record, has been incarcerated and is subject of active apprehended violence orders from Susan and his parents.

Police helped Susan to re-enter the home briefly to collect the children and some essential items. She and the children have been living with her mother-in-law with only a backpack of their belongings each.

Under ‘conduct of others’, Suncorp was able to cover some items maliciously damaged/stolen including the children’s beds, hair straighter and camera. Without the ‘conduct of others’ coverage available, none of the damage/replacement cost of these items would be coverable under the policy guidelines.

Janine lodged a claim after her husband, Jerome, had a mental health episode in which he caused significant damage to the home, smashing windows and wall and other fixtures, before dying by suicide.

The claim was referred to the Customers Experiencing Vulnerability Team (CEV Team) for a Care Call. This is a call made to check in on the customer and offer additional support if needed, either from Suncorp or from an external support service.

During the call, Janine said she had recently left Jerome as a result of ongoing domestic violence. Janine needed to go back to the home to get clothing for herself and the children. Suncorp’s ‘make safe’ repairers met her onsite and helped her to retrieve those necessary items.

As Jerome had died, Janine was offered full coverage for the damage under ‘conduct of others’ rather than 50% of the claim and all contents items were provided. The building repairs were completed, enabling Janine to put the property on the market and purchase a home close to her family.

Case studies supplied by Suncorp.
DESIGNING TO DISRUPT

The first step in Financial Safety by Design is to identify potential risks associated with each product, so that controls and mitigants can be implemented through safer product design, changed processes or improved staff training.

The objectives of a tailored Financial Safety by Design approach for the finance sector are to:

- Design products that are flexible and safer from misuse
- Provide customers with information and choice
- Be clear on the rules and consequences for misuse.

The starting point is to identify the ways products are weaponised to cause harm in the context of domestic and financial abuse. The next step is to consider design options to prevent, disrupt and respond, that also address the underlying drivers of gendered violence against women.

The table on the following pages (pp 20-21), outlines financial abuse tactics and potential design options which may reduce foreseeable harms for the most common individual retail general insurance products and features.

While many of the options arise from consultation with victim-survivors and specialist service providers supporting them, they should be tested through scenario planning with victim-survivors and other experts before implementation, then monitored and measured for their impact on perpetrator behaviour and victim-survivor outcomes.

VOICES OF LIVED EXPERIENCE

Victim-survivors are seeking changes from general insurers. These are their suggestions.

“They knew we had separated. Why did they let him cancel the policy and refund him the money without giving me a call to let me know the house and contents were no longer insured or not do it before speaking to me first? If one person tries and cancels an insurance policy or transfer it into their name only when it is in joint names, they should get permission from both parties.”

— Maddy*

“(Insurance companies should have) a grace period of a few weeks for a DV survivor to save for the house insurance and/or to contact both persons the home and contents insurance is named under, particularly if (it’s) only a few days overdue and (they) have historically paid on time the previous years and had never made a claim.”

— Emma*

“In situations like mine, where there is indisputable evidence that I was an owner of the assets, the debits came out of an account with my name on it and there was proof of domestic violence, they should be changing their policies. They need to understand ... financial abuse may mean victims are even more susceptible to insurance policies being weaponised against them and adjust their procedures accordingly.”

— Nadine*

* Names have been changed
What if a victim-survivor could get insurance to protect against financial abuse that enables her to stay in the family home after separation?

The second element of Financial Safety by Design is to innovate. In the first Designed to Disrupt paper, we asked whether joint mortgages could be redesigned to anticipate relationship breakdown, contemplate the lack of income and housing security for single mothers and reduce the risk of default and credit damage for women experiencing financial abuse.

Why? Because women are the biggest financial losers following separation and divorce, and it’s worse if they experience domestic and financial abuse. Separation has a cumulative and negative effect on women’s economic wellbeing and increases the risk of poverty and housing insecurity.78

The effect snowballs if they are sole parents. There are 1.1 million single parent families in Australia raising 20 per cent of the nation’s children, and 79.8 per cent of these are women. Of the 185,700 single mothers who have experienced partner violence, 24,000 could not pay their mortgage on time.79 Single women who do not own their own home are at greater risk of poverty in retirement. More than one in three single mothers live in poverty compared to 18 per cent of single fathers.80

Insurance is all about protection from harm and managing risks. Actuaries evaluate the likelihood of a risk and of making a claim, estimate the costs, and the product is designed and priced accordingly.

Isn’t it time for a new insurance product that gives women financial security over their biggest asset at a time that’s likely to be one of the most stressful and dangerous in her life?

At the time of writing, Commonwealth Bank offered complimentary Home Loan Compassionate Care – insurance protection for eligible owner-occupied home loans that covers around 12 months of repayments up to $120,000 if the borrower, spouse or dependent dies or is medically certified with a terminal illness (defined as an illness or injury that will likely result in death within 12 months). The insurance was provided with the AIA group. There is no extra cost to customers and is automatically activated.82

Could a similar insurance policy be designed for single parents or victim-survivors of domestic and financial abuse?
### Potential design options to prevent and reduce harm from the misuse of general insurance products

<table>
<thead>
<tr>
<th>Account type</th>
<th>Risk of misuse to cause harm</th>
<th>Considerations</th>
<th>Potential design options</th>
</tr>
</thead>
</table>
| **Joint policies** | • Changes or cancels insurance without the victim-survivor’s knowledge, including the amount the asset is insured for, address or contact details or removes co-insured name from the policy  
• Damages or steals property as a joint policyholder or household member  
• Becomes a co-insured on an asset that is owned by the victim-survivor  
• Refuses to put a partner or family member’s name on insurance policies to prevent access to information, payout or ability to make a claim  
• Fails to disclose relevant information to insurer, risking claims being rejected even if the innocent policyholder was unaware of the matter that should have been disclosed  
• Demands or refuses to distribute all or a percentage of the insurance payout if named on the policy, even if post-separation or not an owner of the asset  
• Accesses address detailed on the policy in order to threaten, harass or stalk an ex-partner | • Legal obligation to act on instructions from one joint insured, even if the asset is solely in the victim-survivor’s name  
• Malicious damage or invited guest exclusion | **Rethink and monitor joint policies**  
• Consider limiting joint policies to scenarios where there is proof of joint titleholders or ownership of an asset  
• Detect, delay and block requests for changes or cancellation and seek consent from joint titleholders or asset owners  
• Ask for proof of who is on the property title or who owns the asset when a person is buying or renewing insurance  
• Confirm instructions to change or cancel policy with all policyholders, being mindful of safety  
• Notification of all insured parties before cancellation  
• Back date coverage with same premium/policy benefits for co-insured  
• Include DFV/financial abuse provisions as part of default policy conditions  
**Privacy settings**  
• At origination: Separate passwords, logins and portals for each co-insured. Include reminders that may assist applicant to understand the risks of abuse alongside standard information about the product terms and conditions. Inform/remind customers about how data will be shared between joint policyholders. Notifications to raise awareness of financial abuse for customers who may be financially vulnerable and alternatives, e.g. payment deferrals or reduced premiums following separation or expedited claims processes  
• At separation: Implement two-to-sign method of account operation on advice of separation or divorce. Treat policy as composite. Confirm premium payee and claims payout instructions. Don’t require contact with abuser when it could be dangerous, frightening or unwanted. Provide customers with a checklist on ways to ensure they can continue to have insurance protection  
**Improve claims processes**  
• Introduce ‘Conduct of Others’ clause  
• Treat policy as composite to provide protection to innocent co-insured  
• Confirm ownership of asset and payment accounts prior to settlement of claim  
• Seek consent of payee for policies that do not list the payee as a beneficiary of a claim where they have an interest in the asset  
• Improve hardship processes  
• Financial difficulty notification: Reports of red flags of DFV automatically activate offer of financial hardship concessions, incl. restructuring of cover or reduced or deferred premiums without policy cancellation  
• Fast track hardship request and support  
• Do not require notification or consent to the other joint policyholder when assessing financial hardship of a victim-survivor |
## DESIGNING TO DISRUPT

**Potential design options to prevent and reduce harm from the misuse of general insurance products**

<table>
<thead>
<tr>
<th>Account type</th>
<th>Risk of misuse to cause harm</th>
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<th>Potential design options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Joint policies</strong></td>
<td><em>Coerces the victim-survivor to pay premiums for a policy for which they are not a policyholder or household member</em>&lt;br&gt;Controls insurance payments or withholds money so premiums are not paid on time&lt;br&gt;Takes out policy without knowledge or consent of victim-survivor&lt;br&gt;Refuses to disclose policy details and other critical insurance information to victim-survivor&lt;br&gt;Coerces victim-survivor not to disclose relevant information during a claim</td>
<td><em>Malicious damage exclusions</em></td>
<td><em>Fraud detection and disruption</em>&lt;br&gt;- Data analytics, incl. to detect potential indicators of financial abuse e.g. frequent address changes, consistently late premium payments&lt;br&gt;- Biometrics&lt;br&gt;- Two factor identification&lt;br&gt;- Additional steps to outline processes to verify or confirm if a change is authentic, e.g. multifactor identification*</td>
</tr>
<tr>
<td><strong>Policy and claims management</strong></td>
<td><em>Refuses to put a partner or family member’s name on the policy to prevent them from being able to make a claim&lt;br&gt;Demands or refuses to distribute all or a percentage of the insurance payout if named on the policy, even if post-separation or not an owner of the asset&lt;br&gt;Controls insurance payments or withholds money so premiums are not paid on time&lt;br&gt;Takes out policy without knowledge or consent of victim-survivor&lt;br&gt;Refuses to disclose policy details and other critical insurance information to victim-survivor&lt;br&gt;Coerces victim-survivor not to disclose relevant information during a claim</em></td>
<td><em>Malicious damage and invited guest exclusions</em></td>
<td><em>Seek consent of payee for policies that do not list the payee as a beneficiary of a claim where they have an interest in the asset&lt;br&gt;Proactive and on-request search functionality to alert customers to policies that cover their assets or to which they may be a beneficiary, e.g. similar to unclaimed money&lt;br&gt;Training for loss assessors, investigators, claims management services to identify and respond sensitively to customers experiencing DFV/financial abuse, incl. at times such as after a major disaster&lt;br&gt;Use data analytics and other fraud detection methods to identify consistently late premium payments&lt;br&gt;Ensure claims are paid to the appropriate party or parties, mindful of family law property disputes</em>**</td>
</tr>
</tbody>
</table>

### Products

<table>
<thead>
<tr>
<th>Products*</th>
<th>Risk of misuse to cause harm</th>
<th>Considerations</th>
<th>Potential design options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motor vehicle insurance</strong></td>
<td><em>Refuses to put a partner or family member’s name on the policy to prevent them from being able to make a claim&lt;br&gt;Demands or threatens to damage property</em></td>
<td><em>Malicious damage exclusions</em></td>
<td><em>Treat policy as composite when notified of separation, divorce or domestic and financial abuse</em></td>
</tr>
<tr>
<td><strong>Home and contents insurance</strong></td>
<td><em>Threatens not to pay premium to coerce victim-survivor, e.g. to remove an apprehended violence order or agree to a Family Court settlement&lt;br&gt;Selects minimal coverage to reduce premiums, even if it leaves inadequate protection</em></td>
<td><em>Malicious damage and invited guest exclusions</em></td>
<td><em>Ask for proof of who is on the property title or who owns the asset when a person is buying or renewing insurance – also for any cash settlements&lt;br&gt;Notify all insureds of policy coverage at inception and renewal&lt;br&gt;Two-factor authentication of nominated account for premium payments</em></td>
</tr>
<tr>
<td><strong>Personal and domestic property insurance</strong></td>
<td><em>Steals or damages goods&lt;br&gt;Steals or hurts pets</em></td>
<td></td>
<td><em>Per above</em></td>
</tr>
</tbody>
</table>

Sources: See endnotes 61 and 83.
RECOMMENDATIONS

Our recommendations aim to spark discussion with general insurers, government, regulators and consumer advocates about the role of the finance sector to disrupt financial abusers, in the same way as they tackle other financial harms. A number of these recommendations have been made before. Now is the time for action.

Products are being weaponised and the tactics described are already being used to cause harm. Victim-survivors have shared their experiences so that we better understand what’s happening. It is time for deliberate and systematic change to protect and support those who are subject to this debilitating and devastating form of domestic and family violence.

Many of the scenarios could be avoided if insurers made some simple changes to their policies and processes, provided comprehensive and ongoing staff training, and created specialist teams with different levels of delegation and authority and flexible thinking. Other changes are more legally complex and require collaboration between government and the insurance and community sectors. Rather than simply relying on the good faith of insurers, provisions need to be enforced by regulation and included in the Insurance Contracts Act 1984.

By enacting these changes, Australia can create a legal and organisational framework that empowers insurers to proactively prevent financial abuse, protect victim-survivors and ensure that insurance policies do what they are meant to do - be tools of financial security, not instruments of coercion and control.

The insurance industry has a responsibility to ensure that victim-survivors are not plunged into a life of economic hardship. This paper outlines a vision of how the industry can move forward.

A no-regrets first step is for every insurer to commit to terms and conditions that make it clear that:

• An insurance policy and claims process is no place for abuse
• Financial abuse has serious impacts on victim-survivors
• Customers who misuse products and services will be warned and may be exited from the insurance
• In some circumstances, their tactics will be reported to law enforcement.

In order to operationalise these terms and conditions, every insurer should:

• Close loopholes that enable perpetrators to cancel insurance policies without the knowledge or consent of victim-survivors.
• Introduce a standalone domestic and family violence provision that allows a customer to lodge a claim in circumstances where they might ordinarily be precluded
• Adopt a ‘conduct of others’ clause which enables discretion where the ‘malicious damage’ exclusion disadvantages a victim-survivor
• Treat joint insurance policies as composite when advised of separation or divorce
• Ensure all parties have access to the indemnity where cash settlements are made to co-insureds, and provide mediation where parties are unable to agree.

Other actions include:

• In line with DDO, conduct a risk assessment for each product during the development or review process which examines the potential harm to a customer experiencing domestic and financial abuse, and introduce relevant controls and mitigants.
• Collect and analyse data on outcomes, compliance incidents, risk issues and complaints relating to customers experiencing domestic and family violence, and incorporate consideration at all parts of the product life cycle.
• Given the prevalence of inadvertent data and privacy breaches related to victim-survivors, improve risk processes and reporting.
• Evaluate the financial risk of domestic and financial abuse and consider introducing products or product features that protect women from the loss of assets arising from these circumstances.
• Undertake a gender equity review of products and services to understand the outcomes for all genders, assess whether they are fair and commit to take action to address any disparities.
• Improve and standardise data collection by creating a consistent framework for insurers to record and report cases of insurance abuse in the context of intimate partner violence.

• Share data securely, while respecting privacy and confidentiality, to enable general insurers to better understand the prevalence, trends and patterns of financial abuse and identify systemic issues that may not be evident at the individual company level so they can take proactive intervention and tailored preventative measures.

• Develop a database on the subtle indicators of abuse, such as unauthorised policy alterations, coerced decisions and unusual payment arrangements which can be used as early warning signs in data analysis to identify policy holders at risk and intervene to protect them. This will ideally flag potential abuse before it occurs. At the least, it will help to fast track victim-survivors to support once abuse has occurred and been identified.84

• Assess whether part 9 of the Code (Supporting customers experiencing vulnerability) has been successfully implemented and make changes as necessary, including consideration of a framework for responding safely to customers who choose to use domestic and financial abuse.

• Measure the effectiveness of industry interventions to identify what works to prevent or lessen the harm of financial abuse to victim-survivors.

• Undertake a public awareness campaign to educate the community about financial abuse in the context of general insurance and the steps organisations are taking to better protect victim-survivors and hold perpetrators to account.

• Modernise the Insurance Contracts Act to:
  – Define domestic and family violence and financial abuse
  – Clarify a ‘vulnerable insured’ for the purpose of making clear the duty of utmost good faith
  – Require insurers to include a link or web address of their family violence policy or claims handling procedure in their Key Facts Sheet
  – Develop robust financial abuse prevention measures
  – Provide insurers with greater compassionate discretion and include domestic and family violence as a reason that an insurer may not refuse or reduce a claim
  – Address the 1989 High Court decision which effectively penalises an ‘innocent’ co-insured where the other party has failed to disclose relevant information to the insurer.85

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