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## **National Insurance Brokers Association of Australia**

### **Code of Practice**

*June 2022*

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## ***Introduction***

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The National Insurance Brokers Association of Australia (NIBA) develops a set of standards of conduct for all members of NIBA and other relevant parties. The aim of this code is to ensure that its members uphold its rigorous Code of Practice to deliver a high level of service to its customers. The latest version of this code was published in March 2022 and will come into effect from November 2022. Therefore, its members need to understand the updates to the code and align their businesses accordingly.

## ***What are the key changes in the Code?***

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The new NIBA Code of Practice has been updated to include the following areas:

- Remuneration Disclosures
- Claims Management
- Handling Complaints
- Identifying and Supporting Clients with Vulnerabilities

## ***When does the Code commence?***

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- The Code applies to all Code Subscriber activities and dealings that take place after 1 November 2022. Code Subscriber activities prior to 1 November 2022 will be managed under the 2014 Code. An exception to this would be complaints and remuneration. *See Changes with regards to “Handling Complaints” and Changes with regards to “Remuneration Disclosure” for more details.*
- The Code applies to all NIBA members, and approved non-members
- The existing Code Subscribers must formally adopt the Code by 1 November 2022

## ***Changes with regards to “Remuneration Disclosure”***

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### **What has changed?**

The previous Code did not require members to disclose the remuneration amount. The previous Code also did not have any guidance on contingent remunerations, non-monetary remunerations and remuneration reviews. The changes described below will commence from **November 2023**.

### **Disclosing Remuneration**

- The disclosure of remuneration applies only to clients who are **individuals** or are **small businesses**<sup>1</sup>
- The disclosure of remuneration applies only to **Covered Services**<sup>2</sup>

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- The disclosure of remuneration applies for both personal and general advice models as defined under the Corporations Act 2001(Cth)
- The remuneration information disclosed related to providing a Covered Service must be:
  - The dollar amount of commission received
  - Any non-monetary remuneration received from insurers
  - Any fees payable by the client
  - Whether the member intends to keep any portion of the commission or service fee if the policy is cancelled before expiry
- The disclosure of remuneration must be made at the same time and same means as the advice to the client.

#### Contingent Remuneration

- When acting on a client's behalf, the member will not receive any contingent remuneration from an insurer<sup>3</sup>
- Contingent remuneration may still be received if acting on behalf of the insurer

#### Non-Monetary Remuneration

- Non-monetary remunerations<sup>4</sup> may not be accepted in exchange for Covered Services where doing so may reasonably be expected to influence the advice provided

#### Remuneration Review

- Members must periodically review their remuneration arrangements to ensure that there is no conflict of interest, but the new code has not provided a specific time frame for such a review.

#### ***Changes with regards to "Claims Management"***

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In the new Code of Practice, Claims Management guidelines have also been introduced.

- Clients must be notified of the insurers' response to a claim as a soon as it is reasonably practical to do so
- Clients must be kept informed of their claims progress in a timely manner
- Clients must be contacted at least 14 days prior to the coverage expiry date

#### ***Changes with regards to "Handling Complaints"***

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There are material changes with regards to how and when to communicate with clients on complaints.

- According to the new Code of Practice, members must keep complainants informed of the progress of their complaint at least every 10 business days and complaints must be resolved in 30 calendar days. This has been extended from the previous Code's 21-day

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or earlier requirement.

***Changes with regards to “Identifying and Supporting Clients with Vulnerabilities”***

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One of the key updates to the new Code of Practice is the increased commitment to supporting vulnerable clients. The Code encourages members to identify clients with vulnerabilities and provide additional assistance to support them. The extent of identifying and supporting vulnerabilities has not been specified, but members have been encouraged to develop internal policies and provide training to employees so that they are better suited at serving such clients.

***How can Guildfords help?***

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For more information on how you can best equip your business for the NIBA Code change, book a consultation with Guildfords at [info@guildfords.com.au](mailto:info@guildfords.com.au).

***Definitions***

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<sup>1</sup> Small business is defined as a business employing less than 100 people (for manufacturing companies) or less than 20 people (for all other companies).

<sup>2</sup> Covered Services is defined as all services and activities when arranging or advising on general insurance products or alternative risk transfer solutions on behalf of a client. This includes services and advice relating to claims handling, premium funding and risk management.

<sup>3</sup> Contingent Remuneration includes volume-based commissions, profit-sharing arrangements or preferential remunerations from an insurer

<sup>4</sup> Non-Monetary Remuneration may include access to technology platforms and IT support, Training and Memberships