

## **AFCA COVID-19 updates**

In response to WHO's official announcement in early March 2020 that coronavirus (COVID-19) is a pandemic, AFCA has implemented the following measures including:

- activating its significant event response plan following COVID-19 being declared an insurance catastrophe from 12 March 2020 by the Insurance Council of Australia (ICA);
- providing information on the type of assistance available for individuals/small businesses who are financially impacted by the COVID-19 pandemic;
- providing information on how AFCA can assist individuals who are affected by the COVID-19 pandemic and the steps they should take before contacting AFCA for assistance; and
- providing information on its approach on how to deal with COVID-19 related complaints

### **Coronavirus disease (COVID-19) outbreak information**

**06 March 2020**

AFCA has received a small number of complaints about the denial of travel insurance claims that relate to COVID-19.

Before travelling or purchasing travel insurance, AFCA advises consumers should do the following:

- Check with their insurance provider about what their policy covers, as policies differ.
- If a consumer has cancelled their travel arrangements they should talk to their travel agent, airline and accommodation providers first about a refund.
- Following that, they should contact their insurer about making a claim.

Each claim should be judged on its merits and based on a fair interpretation of the travel insurance policy. AFCA expects insurers to respond quickly and efficiently to insurance claims.

Consumers can contact AFCA on 1800 931 678 or [afca.org.au](http://afca.org.au) if they are unhappy with the outcome of their claim and are unable to resolve this directly with their insurer.

More information and frequently asked questions about the COVID-19 outbreak is available on the AFCA website.

### **Coronavirus (COVID-19) declared an insurance catastrophe**

**27 March 2020**

AFCA has activated its significant event response plan following COVID-19 being declared an insurance catastrophe from 12 March 2020 by the Insurance Council of Australia (ICA).

AFCA's significant event response plan is activated for events that can potentially result in significant numbers of related complaints coming to AFCA. It provides for early communication with relevant stakeholders and a more streamlined, expedited process for the resolution of related complaints.

For individuals who are affected by COVID-19, AFCA encourages them to contact their insurance company first.

For help with the claims process, or if a person is unable to contact their insurance company, they should call the Insurance Council of Australia disaster hotline on 1800 734 621.

### **How AFCA can help**

AFCA offers free and accessible dispute resolution services to consumers and small businesses impacted by this event. However, AFCA can only consider a complaint if the insured have already raised the matter with their insurance company.

If an insured encounters difficulty relating to their insurance claims which they are unable to resolve directly with their insurer, they can register their complaint with AFCA using its online complaint form or by calling 1800 931 678.

### **Financial hardship**

People affected by pandemics can experience both short-term and long-term financial difficulties, ranging from lost credit cards and problems accessing cash through to being unable to make loan repayments. Banks and other financial services providers generally provide assistance to customers in cases of genuine hardship.

If an insured encounters difficulty relating to a financial hardship application, they can make a complaint to AFCA online, or call AFCA on 1800 931 678, and they must notify AFCA that they have been affected by COVID-19 when they make a complaint.

## **[AFCA sets out how it will work with regulators, consumers and industry, taking into account COVID-19 challenges](#)**

**27 March 2020**

AFCA will modify its approach to dispute resolution to take into account all regulatory and legislative changes announced as part of Australia's COVID-19 response.

AFCA Chief Executive Officer and Chief Ombudsman David Locke said AFCA will support government and banking sector initiatives that assist small businesses and consumers to withstand the unprecedented challenges posed by COVID-19.

To deal with this unprecedented challenge posed by COVID-19, AFCA will adopt the following approach in handling COVID-19 related complaints:

- Complaints about COVID-19 will be prioritised and fast-tracked to ensure those impacted have their issues resolved as quickly as possible.
- AFCA will take into account the circumstances and context in which lenders and other financial firms are currently operating when considering any complaints that may arise, as well as any revised regulatory standards or guidance that may apply. AFCA understands that firms may be putting in place alternate staffing arrangements and may not be in a position to quickly act on requests for information.
- AFCA's approach to handling COVID-19 related complaints will align with the statements released by the [Council of Financial Regulators](#).
- AFCA will work with industry peak bodies and consumer groups, as well as directly with AFCA members to ensure it understands the challenges the financial services industry and consumers are facing.

AFCA supports the changes to responsible lending obligations proposed by the government and the initiatives designed to assist small businesses that encounter financial difficulty or require additional access to credit due to the impact of the COVID-19 pandemic.

In the meantime, AFCA encourages financial firms to continue to:

- Work constructively and reasonably with affected consumers and small businesses during any period of disruption, particularly consumers and small businesses in hardship, or who may be experiencing difficulty repaying debt.
- Openly and transparently communicating with consumers and small businesses about any delays they may experience in decision making, claims or complaints handling caused by the impact of COVID-19 on their business.

In addition to the hotline, AFCA has set up an online COVID-19 information hub that is regularly updated with information for consumers and small businesses ([afca.org.au/covid-19](https://afca.org.au/covid-19)).

### [Coronavirus \(COVID-19\) pandemic - support hub](#)

To offer support and provide information for individuals who are financially impacted by the COVID-19 pandemic, AFCA created the COVID-19 information hub with information on how it can help in the following aspects:

- **Financial Difficulty** – it contains information on the type of help available for individuals/businesses if they are unable to make payments on loans and credit cards, and how they can apply for help with financial difficulty;
- **Insurance** – it contains information and steps for individuals to make an insurance claim due to disruption caused by the COVID-19 pandemic;
- **Superannuation** – it contains information about how the COVID-19 pandemic may have affected the superannuation balance and how an individual can apply for early release of funds; and
- **Small business** – it contains information on the type of assistance available for small businesses which experience financial difficulty due to the COVID-19 pandemic, and how those businesses can apply for help with financial difficulty.

AFCA also reminds individuals who have been financially impacted by COVID-19 to contact their banks, insurance companies or financial firms first before contacting AFCA.

Individuals who are unhappy with the response from their financial firms can contact AFCA to help resolve the dispute.

### [Coronavirus \(COVID-19\) - financial difficulty](#)

#### **What help is available?**

AFCA advises that the type of assistance offered for individuals/businesses that experience financial difficulty due to COVID-19 will depend on individual circumstances, but can include:

- Delaying scheduled loan repayments
- Waiving fees and charges
- Interest free periods or no interest rate increases
- Debt consolidation to help make repayments more manageable.

To apply for help with financial difficulty, AFCA advises individuals/business who are affected to do the following:

- Contact the bank or credit card company (Many have a dedicated team which specialises in helping people experiencing financial difficulty).
- Explain the situation and the assistance sought, and give them **21 days** to look at the situation and provide a response.
- If the financial firm does not respond or the affected individuals/businesses are unhappy with the response, contact AFCA for help.

Individuals/businesses should also be aware of any financial firm is taking legal action against them. If that is the case, they need to contact AFCA immediately.

AFCA also provides information on other support and resources available for those who are financially impacted due to COVID-19 including:

- Talking to a financial counsellor who can discuss options available, or visit the National Debt Helpline website.
- Preparing a budget which will help individuals/business to better understand their financial positions and the repayments they are able to make.
- For individuals who require assistance in dealing with the emotional impact of the financial difficulty or the COVID-19 pandemic, they should contact Beyond Blue on 1300 22 4636 which has set up a dedicated COVID-19 Mental Health Support Service.

## [Coronavirus \(COVID-19\) - small business](#)

### **What help is available?**

The type of assistance available for individuals/businesses experiencing financial difficulties also applies to small businesses which are affected by the COVID-19 pandemic.

The additional assistance which may be available for small businesses includes deferring loan repayments or other assistance as part of the government's COVID-19 relief measures.

AFCA advises that small businesses that wish to apply for help with financial difficulty should follow the steps covered above.

Small businesses should also be aware of any financial firm is taking legal action against them. If that is the case, they need to contact AFCA immediately.

AFCA can consider complaints about insurance cover that is designed to cover a business should something happen that causes the company to be unable to operate.

However, the first step for small businesses is to contact their insurance provider to discuss the details of the policy and how to make a claim.

If they are unhappy with the financial firm's response, or they feel their claim has been unfairly denied, they can then contact AFCA.

## [Coronavirus \(COVID-19\) - insurance](#)

In response to some complaints about insurance policies that are affected by the coronavirus pandemic, AFCA advises all affected individuals to do the following when making an insurance claim:

- Contact the travel agent, accommodation, airline or other transport company. Many travel service providers are offering penalty-free options for customers to amend or cancel their travel arrangements.
- If the insured booked their travel with a credit card, they should also contact their credit card company.
- Contact the insurer to find out what the policy covers, and to make a claim.
- Contact AFCA if running into problems during the claim process that can't be resolved directly with the insurer.
- Submit a complaint to AFCA through its [online form](#). If an insured has any questions or can't access the form, call AFCA hotline on 1800 337 444.

AFCA also posted several FAQ questions as follow regarding Travel Insurance and Credit Card with Complementary Travel Insurance which provides some indication on its approach in handling COVID-19 related complaints.

### **Frequently asked questions - Travel Insurance**

#### **Q: Can I cancel my travel arrangements due to coronavirus and get my money back?**

Many travel service providers are offering penalty-free options for customers to amend or cancel their travel arrangements due to Coronavirus. Before contacting the insurer, AFCA recommends:

- contacting your travel agent or travel provider directly
- contacting your airline directly
- contacting your cruise company directly
- contacting your transport company directly
- contacting your banking institution directly if an insured booked their travel with a credit card

#### **Q: Will my insurance cover me for COVID-19?**

This depends on the terms and conditions of the specific policy, as policies differ. When you purchased the policy will affect if you are covered. Most insurers classified COVID-19 as a 'known event' somewhere between 21 to 31 January 2020. If you purchased your travel insurance before coronavirus became a known event, you may be covered. Cut-off dates vary depending on the insurer.

#### **Q: I haven't booked travel insurance for my upcoming trip. Will travel insurance cover coronavirus if I buy a policy now?**

Before travelling or purchasing travel insurance, consumers should check with their insurance provider about what their policy covers, as policies differ. Most travel insurance companies will not cover any COVID-19 related claim if you buy a policy today.

**Q: What does it mean now coronavirus has been declared a pandemic?**

The World Health Organisation declared Coronavirus a pandemic in March 2020. Governments around the world are putting measures in place to limit the effects of Coronavirus. It's important not to panic. Many insurance companies exclude epidemics, pandemics and disease, meaning that claims arising from these categories would not be covered. Cover will vary between policies.

**Q: How does AFCA approach travel insurance complaints?**

AFCA considers each complaint on its own merits and what is a fair interpretation of the travel insurance policy. AFCA will review the wording contained in the certificate of insurance and the product disclosure statement, and consider information provided by both parties.

**Frequently asked questions - complimentary travel insurance with a credit card****Q. My travel insurance is provided by my credit card company, why is the complaint lodged against a different company?**

Credit providers may offer complimentary travel insurance with personal credit cards to their customers if they're eligible.

For the purposes of lodging an AFCA complaint where complementary travel insurance is provided by a credit card provider, the complaint usually needs to be lodged against the insurer (underwriter). This is because they provide the insurance policy issued to the credit card provider. The credit card provider is not the issuer of these policies.

**Q: How do you find out who the insurer is?**

You can locate who the insurer is by reading the policy (PDS). Often this information is located in the first few pages of the PDS – look for key words such as 'insurer', 'underwriter' or 'underwritten'.

If a complainant does not know where their PDS is, AFCA can suggest contacting the credit card provider for these details. Avoid doing a google search for the PDS as it may not be the correct one, as they can vary depending on the circumstances.

## [Coronavirus \(COVID-19\) – superannuation](#)

**Coronavirus (COVID-19) pandemic impact on superannuation balance**

AFCA acknowledges that the COVID-19 pandemic has led to global investment markets downturn which might impact on superannuation balance.

However, under AFCA's rules, AFCA cannot handle complaints solely about the investment performance of a financial investment, unless the complaint is about non-disclosure of information or misrepresentation. AFCA is also required to exclude complaints that relate to the management of the fund as a whole.

**Early release of superannuation**

The page also contains information about the eligibility criteria for individuals who can apply for early access to their super.

The latest information on the application process can be found on the [ATO website](#).