



AFCA Approach to general insurance claims handling

August 2025



About The Salvation Army

The Salvation Army is an international Christian movement with a presence in more than 130 countries. Operating in Australia since 1880, The Salvation Army is one of the largest providers of social services and programs for people experiencing hardship, injustice and social exclusion.

The Salvation Army Australia provides more than 1,000 social programs and activities through networks of social support services, community centres and churches across the country.

Programs include:

- Financial counselling, financial literacy and microfinance
- Emergency relief and related services
- Homelessness services
- Youth services
- Family and domestic violence services
- Alcohol, drugs and other addictions
- Chaplaincy
- Emergency and disaster response
- Aged care
- Employment services

As a mission-driven organisation, The Salvation Army seeks to reduce social disadvantage and create a fair and harmonious society through holistic and person-centred approaches that reflect our mission to share the love of Jesus by:

- Caring for people
- Creating faith pathways
- Building healthy communities
- Working for justice

We commit ourselves in prayer and practice to this land of Australia and its people, seeking reconciliation, unity and equity.

Further information about The Salvation Army can be accessed at: <

<https://www.salvationarmy.org.au/>>





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Our commitment to inclusion

The Salvation Army Australia acknowledges the Traditional Owners of the land on which we meet and work and pay our respect to Elders, past, present and future.

We value and include people of all cultures, languages, abilities, sexual orientations, gender identities, gender expressions and intersex status. We are committed to providing programs that are fully inclusive. We are committed to the safety and wellbeing of people of all ages, particularly children. Our values are:

- Integrity
- Compassion
- Respect
- Diversity
- Collaboration

The Salvation Army is a worldwide movement known for its acceptance and unconditional love for all people. We love unconditionally, because God first loved us. The Bible says, “God so loves the world” (John 3:16, RGT). As both a church and charity, we believe all people are loved by God and are worthy of having their needs met. Everyone is welcome to find love, hope, and acceptance at The Salvation Army.

The Salvation Army Australia Territory wishes to acknowledge that members of the LGBTIQA+ community have experienced hurt and exclusion because of mixed comments and responses made in the past. The Salvation Army is committed to inclusive practice that recognises and values diversity. We are ensuring our services affirm the right to equality, fairness, and decency for all LGBTIQA+ people, rectifying all forms of discriminatory practice throughout the organisation.

We seek to partner with LGBTIQA+ people and allies to work with us to build an inclusive, accessible, and culturally safe environment in every aspect of Salvation Army organisation and services. Everyone has a right to feel safe and respected.

Learn more about our commitment to inclusion: <salvationarmy.org.au/about-us>





Executive summary

The Salvation Army welcomes the opportunity to provide this submission to the Australian Financial Complaints Authority (AFCA) in relation to the Approach to general insurance claims handling (the Approach).

In this submission, we draw on the experience of our Moneycare financial counselling service. Moneycare provides free, confidential and non-judgmental support to community members through financial counselling nationally and assists community members with both general insurance issues and ombudsman complaints.

This submission focuses on:

- enhancing accessibility of the Approach for wider audiences;
- opportunities to increase the clarity of the Approach; and
- possible inclusions to reduce misinterpretations.

The Salvation Army has made **11** recommendations for AFCA to consider. A summary of these recommendations follows on the next two pages.



Summary of recommendations

Recommendation 1

1.3 The Salvation Army recommends that section 1.2 *Scope* clarify further what general insurance products the Approach is relevant to.

Recommendation 2

1.7 The Salvation Army recommends that the language and phrases used in the Approach document be clear and consistent.

Recommendation 3

1.9 The Salvation Army recommends that additional terms and phrases be defined in the Approach document.

Recommendation 4

1.12 The Salvation Army recommends that section 4 *References* provide clear paths to access documents referenced and other Approach documents.

Recommendation 5

2.4 The Salvation Army recommends that the Approach provide additional and diverse examples of when a cash settlement may be unfair.

Recommendation 6

2.5 The Salvation Army recommends that the Approach provide further clarity of AFCA's approach to general insurance claims handling where a cash settlement has already been paid to the complainant.

Recommendation 7

2.7 The Salvation Army recommends that the Approach explicitly reference, and direct readers to, the current monetary limits for general complaints.

Recommendation 8

3.5 The Salvation Army recommends that AFCA develop an easy read version of the Approach.

Recommendation 9

3.6 The Salvation Army recommends that the design of the Approach be optimised for printing.

Recommendation 10

3.7 The Salvation Army recommends that AFCA develop a one-page summary of the Approach as a resource for consumers.



Recommendation 11

3.9 The Salvation Army recommends that the Approach include a case study involving a small business complainant.





1 Are there aspects of the Approach that could be further improved or clarified?

Scope

- 1.1 Clear information about what is a general insurance product, and therefore what is covered by the Approach, would be a beneficial inclusion in section 1.2 *Scope*. Linking this to further information and definitions included in the Approach would also provide further clarity as to the circumstances where the Approach applies.
- 1.2 It is specified that the Approach does not relate to complaints about insurance claims when the insurance policy is held within superannuation and a general hyperlink is provided to AFCA's other Approach documents webpage. Clarity for which Approach document applies to products and circumstances excluded by this Approach would increase the likelihood of the correct information being accessed by those who need it.

Recommendation 1

- 1.3 The Salvation Army recommends that section 1.2 *Scope* clarify further what general insurance products the Approach is relevant to.**

Consistent and clear phrasing

- 1.4 To improve the clarity of information for all audiences, especially consumers, the Approach should use consistent phrasing. The Approach should also prioritise plain language and use positive statements when asserting actions that can or should be taken by the insurer, complainant or AFCA.
- 1.5 Throughout the document, two phrases have been used interchangeably.
 - General insurance claims handling - the process.
 - General insurance claims - the substance of the claim.
- 1.6 As the title of the Approach, "general insurance claims handling" should be used consistently in the Approach document to mitigate misunderstanding.

Recommendation 2

- 1.7 The Salvation Army recommends that the language and phrases used in the Approach document be clear and consistent.**



Definitions

1.8 The Approach contains many terms and phrases that carry specific meanings that may not be regularly used or understood by consumers. In the draft Approach, section 4.1 *Definitions (if required)* provides the definition of only one term, complainant. Defining more terms, including the terms specified below, would aid in general understanding of the Approach.

- Utmost good faith
- Internal dispute resolution
- Financial loss
- Non-financial loss
- An insured
- Make safe

Recommendation 3

1.9 The Salvation Army recommends that additional terms and phrases be defined in the Approach document.

Associated Approach documents and useful links

1.10 The Approach should provide clearer directions for accessing associated documents and additional relevant documents. As drafted, section 4.2 *Useful links* is ambiguous and does not clearly stipulate the purpose of the linked resources. Clearer headings, such as *Documents referenced* and *Associated Approaches*, would improve clarity and ease of use for the reader. All other Approaches referenced through the Approach document should also be referenced here, regardless of duplicated content.

1.11 In addition to a hyperlink being provided, the URL should be spelt out to ensure that information is not lost should the Approach be printed and provided to a consumer.

Recommendation 4

1.12 The Salvation Army recommends that section 4 *References* provide clear paths to access documents referenced and other Approach documents.

2 Are there any unintended consequences that you envisage may result from the Approach?

Cash settlements in home claims

- 2.1 As written, the Approach can be interpreted to imply that a narrowly defined vulnerability must be present for a cash settlement to be unfair.

Sabine's Story*

Sabine's home and community were impacted by a natural disaster. As an experienced finance professional, Sabine had a good understanding of the inclusions and exclusion of her home insurance policy and promptly lodged a claim with her insurer.

Although Sabine was not previously experiencing any degree of financial hardship, mental ill-health or other vulnerability, the natural disaster had a significant impact on her and she felt overwhelmed by all the steps she needed to take to recover from the disaster.

Sabine's insurer quickly offered a cash settlement, but she did not feel that she would be able to manage coordinating the necessary repairs to her property while she and her community were recovering. Despite Sabine declining the offer, her insurer insisted on cash settling the claim. Sabine's overwhelm from the natural disaster, and the pressure from her insurer, left her uncertain of what her options and rights were. Sabine thought it was unfair to be given a cash settlement in these circumstances and approached Moneycare for financial counselling support.

Sabine's financial counsellor was able to support her in contacting her insurer and advocated for the insurer to facilitate the repairs to Sabine's home, declining the cash settlement. After reasonable delays due to repairer availability, Sabine's home was fully repaired by her insurer.

**name changed*

- 2.2 The heightened emotions and urgency from events that can lead to an insurance claim can greatly impact a consumer's ability to process, understand and effectively apply complex information. This situational vulnerability can be a consideration when determining whether a cash settlement offer is fair and there would be benefit in clarifying this in the Approach.
- 2.3 The draft Approach also does not specify how AFCA handles complaints made after an inadequate or unfair cash settlement has been paid to the complainant by the insurer. This ambiguity may result in uncertainty and misinterpretations of when the Approach is relevant and when a consumer can make a complaint to AFCA.



Recommendation 5

- 2.4 The Salvation Army recommends that the Approach provide additional and diverse examples of when a cash settlement may be unfair.**

Recommendation 6

- 2.5 The Salvation Army recommends that the Approach provide further clarity of AFCA's approach to general insurance claims handling where a cash settlement has already been paid to the complainant.**

Compensation limits

- 2.6 The Approach makes many references to policy limits and circumstances in which they do not apply. The Approach also details compensation awarded for financial and non-financial losses, however, AFCA's monetary limits for general complaints are not referenced. This omission may result in the erroneous interpretation that there are no limits to the compensation that can be awarded for complaints relating to general insurance claims handling that has resulted in a direct financial loss.

Recommendation 7

- 2.7 The Salvation Army recommends that the Approach explicitly reference, and direct readers to, the current monetary limits for general complaints.**

3 Do you have any suggestions for how AFCA could amend the Approach to better achieve the objectives of the Approach?

Accessibility

- 3.1 The draft Approach is effective as a tool for financial firms and consumer advocates; however, it falls short in terms of ease of use for many consumers. The length, complexity and phrasing of the document will exclude some consumers from engaging with the information when attempting to understand their ability to make a complaint and advocate for themselves with their insurer.

Easy read document

- 3.2 The development of an easy read document would increase the audiences who can meaningfully interact with the Approach and give more people access to the information contained.¹ Easy read documents facilitate equitable and independent access to information and processes for people who have barriers to engaging with complex documents, including people from culturally and linguistically diverse backgrounds and people living with cognitive disabilities. This would achieve the Approach's objective of providing real insight into what can be expected when making a complaint to AFCA for a broader range of consumers.

Optimise for printing

- 3.3 Printability allows for the resource to be provided to a consumer regardless of their access to technology. The draft Approach contains numerous hyperlinks that do not provide sufficient information to easily access the linked webpages and documents when the Approach is printed. The inclusion of full URLs for these resources in section 4 *References* would circumvent this issue.

One-page summary

- 3.4 A one-page summary of the Approach would be an effective tool to provide consumers with a brief overview of AFCA's approach to general insurance claims handling. This document would also be useful for consumer advocates, including financial counsellors, to provide to consumers who are considering making a complaint to AFCA. A one-page summary would provide an overview of the Approach in a way that is more digestible and less overwhelming, encouraging engagement.

¹ Australian Government. (2024). *Australian Government Style Manual: Easy Read*. <https://www.stylemanual.gov.au/content-types/easy-read>



Recommendation 8

- 3.5 The Salvation Army recommends that AFCA develop an easy read version of the Approach.**

Recommendation 9

- 3.6 The Salvation Army recommends that the Approach document be optimised for printing.**

Recommendation 10

- 3.7 The Salvation Army recommends that AFCA develop a one-page summary of the Approach as a resource for consumers.**

Small business case study

- 3.8 Although the Approach also applies to small business complainants, there is no information or case studies specific to small businesses. Including a case study where there is a small business complainant would reaffirm the relevance of this approach for this type of complainant.

Recommendation 11

- 3.9 The Salvation Army recommends that the Approach include a case study involving a small business complainant.**

4 Conclusion

- 4.1 The Salvation Army thanks the Australian Financial Complaints Authority for the opportunity to provide a written submission.
- 4.2 The Salvation Army would welcome the opportunity to discuss the content of this submission should any further information be of assistance. Further information can be sought from government.relations@salvationarmy.org.au.

The Salvation Army Australia Territory

August 2025