

## 2025 Insurer Compliance and Assurance Program

### Internal Review Assurance Audit

The Motor Accident Injuries (MAI) Commission is responsible for the regulation of the Motor Accident Injuries Scheme. This scheme provides cover on a no-fault basis to people injured in a motor accident in the ACT. As part of the compliance activities of the MAI Commission, the Commission undertakes audits on a yearly basis to assess compliance with respect to the delivery of defined benefits by insurers.

Audits are just one of the compliance activities to be undertaken. Other activities include a self-assessment process undertaken by insurers using a questionnaire provided by the MAI Commission. The MAI Commission also follows up on enquiries and complaints as part of its daily activities.

The focus of this year's audit was the internal review process. The internal review process involves both internally reviewable decisions and internal review decisions made by insurers. This 2025 audit report provides a high-level overview and the key findings arising from this compliance activity.

#### **Details of the audit**

Insurers were notified of the annual audit topic in December 2024, with further details of the audit provided in February 2025.

The audit dates were from 28 February to 5 April 2025. The audit was conducted at the business premises of the Nominal Defendant and Suncorp (trading as AAMI, APIA, and GIO) in Canberra, and IAG (trading as NRMA) in Sydney. The date range for application files was from 1 January 2023 to 31 December 2024.

The MAI Commission acknowledges the assistance of the insurers in ensuring the audit process was efficient and effective. Insurers provided open and transparent access to their internal documents, application files, record keeping systems, and personnel during the audit.

#### Scope of the Audit

The audit assessed insurer compliance with Division 2.10.2 of the *Motor Accident Injuries Act 2019* (the Act) and sections 1, 3, 4 and 5 of the *Motor Accident Injuries (Internal Review) Guidelines 2022* (the Guidelines). This was done by reviewing and understanding insurer strategies and operations in relation to MAI application internal reviews. This was from the point of an internally reviewable decision through to the completion of the internal review. Compliance was assessed through three audit activities:

- 1) policies and procedures review,
- 2) application files review, and
- 3) internal reviewer interviews.

The MAI Commission note that the report uses two terms, internally reviewable decision and internal review decision, that may appear to be same, but they are not. An *internally reviewable decision* is the decision that is the first decision and is generally made by a claim consultant. An

*internal review decision* is where a request has been made, verbally or in writing, for an internal review and the internal reviewer has decided the request.

### Sample

Application files were selected from the MAI Register's list of internal reviews and each insurer's ACT MAI complaint register. Both registers are provided to the MAI Commission. Selection focused on a cross section of application files that involved different types of internal reviews with varying outcomes to the reviews, including withdrawn internal reviews. Selection of complaint files focused on complaints about decisions made by the insurers.

The files selected were to allow the auditors to see the insurer's capacity to:

- consider the individual circumstances of each applicant,
- communicate with the applicants during and after the decision-making processes,
- ensure the integrity of the internal review application process, and
- ensure independence of the internal reviewer to the internally reviewable decision process.

### Results

MAI insurers<sup>1</sup> were scored on the question sets outlined in Attachment A. Each of the three audit activities were scored against the question set requirements. The Nominal Defendant had a very low sample number (n=2) for the relevant period which affected scoring their results. Findings were therefore incorporated into their insurer report discussion.

The policies and procedures review activity were scored on a 'YES' or 'NO' scale, with the internal documents either meeting the requirement (yes) or not meeting the requirement (no) of the question. The application files review activity was scored on the number of application files that did not meet the requirement of the question. If all application files (n=18) met the requirement the score was 'ALWAYS'. If 1-3 files did not meet the requirements the score was 'MOSTLY'. If 4-6 files did not meet the requirement the score was 'SOMETIMES'. If 7-17 files did not meet the requirement the score was 'RARELY'. If all applications did not meet the requirement the score was 'NEVER'. The internal reviewer interviews activity was scored on a 'REASONABLE' or 'CONCERN' scale, with the answers given either meeting the requirement (reasonable) or not meeting the requirement (concern) of the question.

### Outcome

There was a mixed level of compliance with the Act and the Guidelines across the three internal review audit activities. Compliance was stronger where there were quality internal policies and procedures that supported the objects of the Act.

Insurers had strong processes for notifying applicants of their rights to internal and external review, compliance timeframes for decisions and reviews, and the acceptance of applications for internal review. Also evident was the suitability and experience of internal reviewers, and the independence of the internal reviewer to the original internally reviewable decision-maker. Insurer discretion used for applications, late applications, and additional information for internal reviews is appreciated.

Most of the compliance issues centred on the documented internal policies and procedures, or lack thereof. Internal policies and procedures form the basis of the insurer's interpretation of the Act and

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<sup>1</sup> MAI Insurers is used where only the licensed insurers are being referred to. The Nominal Defendant is not a licensed insurer.

the Guidelines with respect to the objects of the Act and create a strong consistent foundation for personnel to work to.

The insurers were given recommendations to further support their internal review process on their insurer report. Each insurer was given the opportunity to comment on their insurer report and the recommendations. No insurer provided comments to their report. One insurer provided a voluntary improvement plan<sup>2</sup> in response to the recommendations in their draft report.

#### *Policies and procedures review*

Each insurer was identified to have opportunities to strengthen their internal documents to guide their personnel to better support applicants when internally reviewable decisions are being made. The focus of the recommendations made is on verbal communication with the applicant after the internally reviewable decision has been issued. The Guidelines stipulate the importance of the operational linking of procedures and processes for internally reviewable decisions, expressions of dissatisfaction and/or complaints, and applications for internal review. If insurers operationalise this link well, then internal review applications may be unnecessary.

One insurer was identified to have opportunities to strengthen their internal documents to guide their personnel to better support applicants when internal review decisions are being made. The focus of the recommendations is on documenting internal review procedures, and verbal communication with the applicant. It is important for the insurer to verbally communicate with the applicant from the outset of the process to better understand the applicant's request and situation, and for the insurer to help the applicant better understand the MAI Scheme and the insurer's decision.

#### *Application files review*

Insurer application files supported the outcome of the policies and procedure review. Compliance in relation to internally reviewable decisions and the written communication of these decisions to applicants was evident. Expressions of dissatisfaction and/or complaints were seen in applicant email responses and/or phone calls, however in some samples they did not appear to be responded to or resolved.

One insurer did proceed to manage these expressions of dissatisfaction and/or complaints within the internal review process, leading to the internal review applications being recorded as withdrawn by the applicant when the complaint was resolved. Recommendations were made to all insurers to correct this identified issue through the prior discussed operational linking of policies and procedures for internally reviewable decisions, expressions of dissatisfaction and/or complaints, and applications for internal review.

One insurer was identified to have the opportunity to increase the level of communication of internally reviewable decisions to applicants. It was not evident that verbal conversations were being had with the applicant about the decision, how it was made, why it was made that way and what evidence they used to make that decision. This communication is important for the applicant to be able to make an informed decision about their right to ask for an internal review. Strengthening communications at this point may avoid the need for an internal review application.

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<sup>2</sup> Improvement plans are a supervision tool where the MAI Commission can provide feedback to an insurer's proposed remedial actions in response to identified issues.

### *Internal reviewer interviews*

Where documented internal review procedures were weak or not evident for an insurer there were concerns about consistency in the internal review process, internal review decisions, and the communication of internal review decisions to the applicant.

Internal reviews provide the insurer and the applicant a final opportunity to manage any disagreement or outright dispute without the assistance of the external reviewer, the ACT Civil and Administrative Tribunal (ACAT). It is necessary to ensure the internal review process is thorough and effective to mitigate the need for external review application, which may be stressful for the applicant and resource intensive for the insurer.

### **2025 Audit - Learnings**

This audit has shown that quality policies and procedures will result in compliant application file management and records, decision making, and expression of dissatisfaction and/or complaint response. It is important for the insurer to decide how personnel will operationalise the Act and Guidelines, then communicate this to personnel in a clear manner through policies and procedures, training, and supervision. The post audit quality of insurer internal policies and procedures for claims consultants and internal reviewers will influence future insurer compliance and insurer service delivery to applicants.

## Audit Question Sets

Activity One	
Section 1, paragraph 2	Internally reviewable decisions procedures
	Internally reviewable decision - verbal and in writing
	Internally reviewable decision – explain decision
	Expression of dissatisfaction – simple and accessible
	Right to internal review of internally reviewable decision
Section 1, paragraph 5	Expression of dissatisfaction – how to address
	Expression of dissatisfaction – consider 28-day timeframe to apply for internal review
Section 4.4.2	Internal review – assist applicant to apply
	Internal review – assist applicant to understand legal issues
	Internal review – avoid relying on technicalities, no unfair disadvantage to the applicant
	Internal review – avoid applicant using own resources to provide additional information
Activity Two	
1	Internally reviewable decision notification
2	Internally reviewable decision discussion
3	Internally reviewable decision - complaint management
4	Complete application submission
5	Late application process
6	Confirmation notice
7	Internal reviewer suitability
8	Internal review additional information
9	Internal review extension and pause process
10	Internal review decision notice
11	Internal review timeframes
Activity Three	
1	Initial assessment of internal review application
2	Accept/reject internal review application
3	Communication with applicant and legal representative
4	Applicant issues and personal circumstances
5	Decision complaint management
6	Internal review decision discussion
7	Document requests for decision
8	Applicant understanding of decision
9	Independence of internal review
10	Internal reviewer skills and experience
11	Internal review process challenges