



Understanding family violence and the risks of insurance



In 2020 Allianz commissioned the Gendered Violence Research Network (GVRN) at the University of New South Wales (UNSW) to undertake original research and work with Allianz to review its practices.

UNSW found that the risks associated with insurance in a domestic and family violence (family violence) context were not well understood by consumers and insurers.

The research also identified how Allianz ensures employees better support customers experiencing family violence. This paper is based on the findings of the research and examines how insurance products and services can be used as a means of family violence. The paper identifies the key risks for anyone entering into a policy arrangement with their partner.

A proactive insurance future

Allianz and the insurance industry are committed to supporting customers affected by family violence, evidenced by the significant obligations in the 2020 General Insurance Code of Practice. However, there is a role to play in ensuring consumers are aware of the risks associated with insurance products and how they can be used as a means of abuse. This will allow insurers to move from a reactive response – supporting customers when things go wrong – to a proactive and preventative response when supporting customers affected by family violence.



Public education and awareness are important enhancements to the good practices already in place.

While consumer advocates continue to lobby for legislative and regulatory reform, Insurers can help raise awareness so that customers can proactively protect themselves rather than rely on a reactive approach when things go wrong.

The effects of domestic and family violence permeate every aspect of our society.

Over the last decade, family violence has become more widely recognised not only as a community issue but also as an issue which can permeate organisations, their workplaces and their customers. In fact, the Insurance Council of Australia's (ICA) Consumer Liaison Forum identified family violence as the top personal insurance-related consumer issue in 2019.

Subsequently, the ICA recognised family violence as a prime cause of vulnerability and included a requirement that insurers have a publicly available policy on supporting customers affected by family violence as part of the 2020 General Insurance Code of Practice.

The nature of insurance and policies in both names

A house and car are valuable assets.

It is important these assets are protected in the event of a separation from a partner where family violence occurs.

If a perpetrator damages or destroys a house or the car, and their partner doesn't have home or car insurance, they could easily be left in financial hardship.

If a customer has a policy in both partner's names, one partner may be able to contact the insurer and:



Change the amount your property is insured for



Change the property / vehicle address



Take your name off the policy



Access the address details on the policy



Cancel the insurance

If this is done and if one party is unaware, it can leave that individual in a vulnerable situation when it comes time to make a claim or if they are trying to keep their new address private.

Public awareness a key area of concern

While all insurers are required to have a publicly available policy on the support available for customers affected by family violence, many websites do not explain how insurance could be used as a means of abuse. Of 10 websites reviewed, information available primarily related to the family violence policy and how to access community support.

The websites did not outline how insurance products and services could be used by perpetrators to inflict abuse or explain how customers could prevent and/or take precautions to protect themselves from such abuse.



The seven most common ways insurance can be used in family violence

The research showed there is no one typical customer experience of family violence involving their insurance. It was common for insurance products to be used or manipulated by perpetrators to exert control over the victim-survivor.

The research found that some customers were unaware of the actions taken by the perpetrator where the perpetrator and the customer are both named on a policy. Others were unaware of how products and services could be used against them. In some instances, customers were too fearful to make a claim in case of triggering further violence or were concerned they would be threatened if they disclosed what had happened.

The top seven insurance issues and related consumer risks that were identified in a case file review of customers experiencing family violence are outlined below. Case studies have been constructed to illustrate each of these issues.

Claim may be declined if malicious damage is intentionally caused by a perpetrator invited into the customer's home

An (ex) partner or family member has caused intentional damage to the customer's home during a pre-arranged visit. The "invited guest" exclusion, which means that if someone causes damage to your property while they are an invited guest means that any resulting insurance claim for that damage may be declined.

Lydia's story: Lydia's* had two young children with her ex-partner, Arthur*, who she had left due to family violence. Court Orders allowed Arthur to have supervised visits once a fortnight with his children. These visits generally took place in Lydia's home. Arthur was not an insured under Lydia's home and contents insurance policy. On this occasion, her youngest child – who has autism – threw a fit and started yelling and crying. This angered Arthur who responded by throwing furniture around the house breaking Lydia's fridge, microwave and television. Under the policy, Lydia's claim may have been declined as she had allowed Arthur into her home, and he had intentionally damaged the property.



Claim may be declined if damage is intentionally caused by a perpetrator named on the policy

A co-insured has caused intentional damage to the customer's home and several contents items. The "malicious damage" exclusion – which means you cannot deliberately damage your own property and claim it back on insurance – means the claim can technically be declined.

Arnold's story: Arnold* had an insurance policy with his partner Ariana* for a vehicle which was in Arnold's name. They both paid for the policy and the policy listed both Arnold and Ariana as co-insured. The relationship broke down while they were still living together, and Ariana used her set of car keys and took Arnold's car – which was his prized possession – purposely crashing it into a tree. Arnold still had finance on the vehicle. Without special consideration Arnold would be left with his car debt and no vehicle, which was critical for his work and to maintain employment.

Customer pays insurance excess to avoid aggravating a perpetrator

Perpetrator has an accident in the customer's car. The customer does not want to pursue recovery from the perpetrator as it could aggravate the family violence situation. The customer is therefore technically liable for an excess under the insurance policy.

Jacinta's story: Jacinta* had left a violent relationship over two years ago, however, her ex-partner continued to terrorise her. He was not a co-insured. Most recently, he stole her car and was involved in a police crash damaging it beyond repair. When Jacinta called Allianz to lodge her claim, she was terrified to provide her ex-partner's details as she feared retribution. Providing the details of the person who caused the crash allows an Insurer to recover the loss from this person.



Perpetrator cancels insurance policy without partner's knowledge

Where a perpetrator is a co-insured on an insurance policy, the perpetrator may be able to cancel insurance policies without the knowledge or consent of their partner. This means the partner may be at risk of having their property or car uninsured.

Ally's story: Ally* and Justin* had an acrimonious split, with Justin being extremely unhappy that Ally had decided to leave the relationship. Justin had always taken care of the insurance policies, including for Ally's vehicle. When she left the relationship, Justin called Allianz and cancelled the policy meaning Ally was driving uninsured. She later crashed the car and lodged a claim – only to find her insurance had been cancelled some months prior.

Customer can't pay for insurance after leaving an abusive relationship

Customers may have outstanding payments on their insurance policy. If the customer has left a family violence situation, they may be financially reliant on the perpetrator, leaving them experiencing financial hardship and unable to afford the premium.

Megan's story: Megan* contacted Allianz as her motor vehicle policy had lapsed at renewal due to non-payment and she received a letter in the mail notifying her that she no longer had a policy in place. Megan advised that she had been experiencing domestic violence for the last four years and was awaiting court-ordered funds from her ex-husband. The funds were due to come into her account in the next 28 days. Megan wanted to continue with the cover of the vehicle and needed time to organise funds. Allianz was able to place a hold on the policy until Megan was able to organise the finance.



Perpetrator uses insurance arrangements to access information to stalk ex-partner

Customer has left a family violence situation, but is concerned that the perpetrator may gain access to the insured's new address through the insurance policy via fraudulent means. Additionally, if the perpetrator is a co-insured they are entitled to information related to the policy, such as a risk address or new garaging address.

Janet's story: Janet* is elderly and had been experiencing physical abuse from her adult son George* in the family home. Janet contacted Allianz to advise that she was moving away and wanted to ensure her valuable family heirlooms were insured. She was scared to give out her new address as her son's wife had called other institutions impersonating her to find access to her address. Allianz was able to place a security word on her account and lockdown the information relating to her new address ensuring she remained safe.

Perpetrator can demand half the insurance payout if named on the policy

Where a customer has left a violent relationship, the perpetrator remains as a co-insured on the policy and the customer then lodges a claim, the perpetrator is informed and may demand half the payout of the policy. This could be the case for home contents as an example after the perpetrator has left the home.

Katie's story: Katie* and her ex-partner Matthew* had separated 6-months ago and he had moved out of their rented accommodation, while Katie remained in the house. They had taken out a 12-month contents insurance policy covering all furniture, clothes and other items within the home. A thunderstorm created a leak in the roof, which flooded the premises damaging all contents within the residence. When Katie called to lodge a claim, the contents were deemed a total loss and assessed as a cash settlement for \$100,000. Matthew asserted an entitlement to half of the claim settlement.

**Note: All names have been changed and details have been de-identified to protect customers' privacy. As the examples above demonstrate, it is important that customers who escape violent relationships take steps to ensure that the perpetrator is removed as a co-insured on any insurance policies.*



What did Allianz do?

The situations described above required a flexible and sensitive organisational response to ensure that customer safety is not jeopardised and that they are not disadvantaged by the process. In some of these instances, Allianz's insurance policies did not respond to the claim. However, goodwill payments or vouchers were provided on a case-by-case basis.

There was also evidence of Allianz providing flexibility in cases where pursuing recovery from the perpetrator who has caused the damage may put the customer's safety at risk. There were instances where Allianz did not impose an excess on the policy to ensure that they did not inadvertently exacerbate the family violence situation or cause a financial disadvantage for the customer.


In some instances, Allianz supported the customer to implement additional security measures, including taking out a separate policy in their sole name or adding passwords to the policy so the perpetrator cannot access their personal information.

Conclusion

Family and domestic violence is a widespread social issue, which has gained visibility over the last ten years.

There has been significant progress in terms of legislative and regulatory reform to better protect victims/survivors. To date, much of this reform in the insurance sector has been reactive by nature.

We have an opportunity to prevent abuse being perpetrated by educating consumers about the risks of insurance and policies in both names.



*"We have an **opportunity to prevent abuse** being perpetrated by educating consumers about the risks of Insurance and joint policies."*

