



Human Rights Commission
Te Kāhui Tika Tangata

Best practice guidelines for the prioritisation of vulnerable customers.

Dr Margaret MacDonald

Senior Human Rights Specialist
New Zealand Human Rights Commission

Dr Sally Carlton

Human Rights Specialist
New Zealand Human Rights Commission

2016



He aha te mea nui o te ao
He tangata, he tangata, he tangata

*What is the most important thing in the world?
It is the people, it is the people, it is the people*

Best practice guidelines for the prioritisation of vulnerable customers

Who are these guidelines for?

These guidelines have been developed specifically for members of the Insurance Council of New Zealand (ICNZ) and insurance brokers. They may also provide a useful guide for other social sector agencies.

Background

Following the earthquakes some insurers proactively developed vulnerability criteria. Five years after the September 2010 earthquake, the Human Rights Commission surveyed New Zealand insurers (state and private) in order to understand how the industry was responding to the insurance claims of vulnerable customers.

The responses provided by insurers revealed some variation in terms of how they determined vulnerability, as well as the policies and practices which they had in place to support customers identified as vulnerable.

As a result of the Commission's survey findings it raised with the Insurance Council of New Zealand (ICNZ) the possibility of drafting a set of vulnerability guidelines which could be standardised across the sector and incorporated into operational practice. The Commission's guidelines were reviewed by the NZ Red Cross and the Canterbury District Health Board, which both provided input. While the Canterbury earthquakes provided the catalyst for this piece of work, the guidelines have the potential to improve outcomes for vulnerable customers across all claims contexts and in the broader social services sector.

Why have guidelines?

While the catalyst for this research was the Canterbury Earthquakes, the needs of people affected by disaster are not unique. Vulnerability can be present across the claims spectrum. Consideration of vulnerability can be built into business operations from the point of sale to the time of claim, adding value to business by valuing customers and better managing risk.

An increasing number of businesses are using international standards to promote Responsible Business Conduct. Companies in all regions and sectors are demonstrating that a commitment to embedding human rights considerations (such as vulnerability) into their core business practices provides real benefits. Businesses like Coca-Cola and Unilever which are actively respecting human rights are already

seeing benefits, including increased employee satisfaction, more inclusive workplaces and local and global recognition for their efforts.¹

What is vulnerability?

If people are vulnerable, they are less able than other people to cope with and recover from stresses and pressures.

Vulnerability is difficult to define and can be difficult to attribute. Firstly, the same factors can impact people differently, meaning that situations which negatively impact some people may not negatively impact others, and vice versa. Secondly, people can be exposed to multiple factors of vulnerability at the same time. Further, vulnerability is not something that is fixed. It changes over time and depending on people's circumstances, meaning that people can move in and out of vulnerability and between different kinds of vulnerability.

Disasters often exacerbate the situation of those who were vulnerable prior to the event, but can also render people who were not previously categorised as vulnerable into this category.

What does vulnerability mean in insurance practice?

Due to the difficulty in pinpointing exactly what determines vulnerability and who is identified as vulnerable, any insurer working within a vulnerability framework needs to be flexible and able to consider each customer's situation on a case-by-case basis.

How many insurance customers in New Zealand are vulnerable?

In their responses to the Human Rights Commission insurers consistently identified around eight percent of their customers to be vulnerable. This figure of eight percent vulnerability may provide a benchmark statistic for future disasters.

Vulnerability criteria

While it is clear that vulnerability is fluid rather than static, some factors are more commonly believed to contribute to vulnerability.

A list of vulnerability criteria developed from insurer responses received by the Commission is below. These criteria offer a checklist for the sector when considering vulnerability.

¹ See for example: Coca-Cola, 'Human and workplace rights: Implementing the United Nations Guiding Principles on Business and Human Rights,' 2012, <http://www.coca-colacompany.com/sustainabilityreport/we/human-and-workplace-rights.html#section-implementing-the-united-nations-guiding-principles-on-business-and-human-rights>.

This list is suggestive only; insurers will need to incorporate flexibility into their vulnerability framework to enable the identification of other factors of vulnerability as needed, and to allow customers to put forward their case for vulnerability even if it does not strictly 'fit' the guidelines.

It is recommended that at the point of policy purchase insurers also

- Provide customers with the opportunity to self-identify as vulnerable
- Seek permission to share vulnerability information with other agencies where this may be beneficial to the customer

Category 1: Customer is vulnerable irrespective of other factors

1A: Vulnerable

- Health or disability situation
 - Customer is dependent on a carer
 - Customer has been diagnosed with a chronic illness
 - Customer has been diagnosed with a terminal illness
 - Customer has a serious physical health condition which requires continuous monitoring
 - Customer has a serious mental health condition which requires continuous monitoring
- Living situation
 - Customer lives in severe financial hardship
 - Customer's living condition/the habitability of the customer's dwelling is detrimental to their health²
 - Someone within the customer's dwelling has a serious physical or mental health condition
 - Customer's dwelling is located in hazardous area as the result of a disaster (e.g. Canterbury's residential red zones)
- Family situation
 - Customer has a dependent with a serious health or disability condition requiring regular intervention, who may or may not live in the same dwelling
 - Customer has experienced recent (within in the last 12 months) loss of life or serious injury or illness within their immediate family or whānau³
- Age
 - Customer is aged 75 or over
 - Customer is 65 or over and living alone, without any family support

² This factor is particularly important when insurance claims relate to housing.

³ This factor will be especially important to consider following disaster situations.

1B: Possibly vulnerable

- Health or disability situation
 - Customer has a health condition which requires regular monitoring
 - Customer has a physical health condition (whether ongoing or temporary) which can be managed with medication
 - Customer has a mental health condition (whether ongoing or temporary) which can be managed with medication
 - Customer has been admitted to hospital two or more times in the last 12 months
 - Customer has been the victim of violent crime
- Living situation
 - Customer lives in financial hardship
 - Customer is unemployed
 - Someone within the customer's dwelling has a physical or mental health condition
 - Customer is a tenant
- Family situation
 - Customer has a dependent with a health or disability condition, who may or may not live in the same dwelling
 - Customer is pregnant
 - Customer is a nursing mother
 - Customer has dependents aged 6 or under
 - Customer has dependents aged 16/18 or under
 - Customer has dependents aged 75 or over
 - Customer has a large family (which might lead to overcrowding and/or many dependents)
 - Customer is a single parent
 - Customer is a widow or widower
 - Customer is the sole or primary carer for a family member with a disability or health condition
- Age
 - Customer is aged between 65 and 75
- Geographic/ environmental factors
 - Customer is geographically isolated
 - Usual locally-based supports (transport, infrastructure, access to services) are severely disrupted due to the environment being damaged
- Non-English-speaking household

- People from Cultural and Linguistically Diverse Communities (CALD) for whom English is not their first language or who are less able to access information about insurance claims
- Former refugees who have recently arrived in New Zealand

Category 2: Customer is vulnerable because of intersecting factors

Category 2 customers are vulnerable not because of one or more overarching factors of vulnerability, but because several ‘milder’ factors of vulnerability intersect. These factors are less likely to be immediately apparent as customers may not be accessing support services to assist them with their vulnerability. As a result, it is likely that most customers in this category will have self-identified as vulnerable.

When self-identifying as vulnerable, customers should be encouraged to highlight their:

- Health or disability situation
- Living situation, including employment, geographic location and dwelling
- Family situation, including support provided by family, friends or support services
- The degree of support they provide to other people, especially family members
- Age
- Ability to understand insurance policies and processes.

Insurers will then need to consider the information provided by the customer and determine whether or not they should be identified as vulnerable.

Best practise guidelines

The following best practise recommendations will need to be considered by the insurance sector when finalising its vulnerability frameworks.

Insurers should

- Develop systems and processes to enable customers to self-identify as vulnerable, at any time, in order to recognise the fact that people’s circumstances change over time and that the same factors can impact people in different ways
- Place emphasis on supporting vulnerable customers, and in this regard:
 - Consider the employment of dedicated support staff and/or social workers to work with vulnerable customers
 - Provide training to agency staff on how to work with and best support vulnerable customers
 - Establish working relationships with services which support vulnerable customers in other aspects of their lives
 - Schedule regular meetings with vulnerable customers

- Provide customers with clear information on, and support them throughout, the insurance claim process
- Provide assistance to vulnerable customers when it is needed, for example when customers are required to move out of their dwelling
- Ensure opportunities for professional supervision/support for staff to manage the impact of working with vulnerable customers.
- Develop a memorandum of understanding which allows insurers to share information about vulnerable customers where appropriate and with the customer's permission (for example with EQC and/or social support agencies).

Preventing vulnerability through secondary stressors

The insurance sector also has a role to play in pre-empting and mitigating factors which cause vulnerability amongst its customers before these factors eventuate.

In order to prepare for vulnerability, the sector needs to consider

- What aspects of the claims process cause customers stress?
- What aspects of this stress are unavoidable (i.e. the event itself) and what aspects of this are avoidable or able to be mitigated (i.e. communication gaps, responsiveness, lack of respect, lack of coordination, lack of empathy)
- How can service provision be organised so as to mitigate these factors (where possible) before they cause or compound vulnerability?
- The impact of staff stress/burnout on the capacity to deliver high quality interaction with, and service to, customers.