



Australian Government
Department of Veterans' Affairs

Defence Service Homes (DSH) Insurance

Home insurance for current serving and ex-serving
Australian Defence Force



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Financial Hardship Policy



ABSTRACT

This policy is consistent with requirements set out in the General Insurance Code of Practice 2020. DSH Insurance is a benefit to veterans and eligible ADF members. If a policyholder is experiencing Financial Hardship and is unable to pay their insurance premium, all payment options will be explored to reduce the risk of the policyholder being without insurance cover.



Changes to Financial Hardship Policy

DSH Insurance may modify this policy at any time in accordance with amendments and changes required within General Insurance Code of Practice.

All modifications will be effective within required timeframes.

Purpose

The purpose of this document is to outline how circumstances of Financial Hardship are handled by Defence Service Homes (DSH) Insurance. It provides information to DSH Insurance staff on possible arrangements DSH Insurance can put in place to support policyholders who are experiencing financial difficulty. These arrangements can also be extended to individuals who owe money to DSH Insurance and are experiencing financial difficulty.

This policy is consistent with requirements set out in the [General Insurance Code of Practice 2020](#). The Code, at Part 10: Financial Hardship, sets out our obligations in relation to policyholders experiencing financial difficulty. The Code strengthens financial hardship provisions and mandates the support to be provided in relation to the claims side of DSH Insurance's business. If DSH Insurance breaches any of these requirements under the Code, these are reportable.

The Code also sets out obligations that relate to premiums. These are, however, not mandated and are therefore not reportable.

This policy is set out under the following topics:

- [Who can apply for Financial Hardship](#)
- [Application process](#)
- [Financial Hardship – Premiums](#)
- [Financial Hardship – Claims](#)
- [Putting recovery action on hold](#)
- [Agreed payment plans](#)
- [Where to get further assistance.](#)

Who can apply for Financial Hardship assistance?

Any person who owes money to DSH Insurance (including an excess) and is in financial distress and unable to meet their obligations, can apply for Financial Hardship assistance through DSH Insurance. This includes:

- policyholders who are unable to pay their insurance premiums
- policyholders who are unable to pay an excess where a claimable event has occurred
- policyholders who require fast tracking of payments to be made as a result of a claim being settled, and
- individuals who have a debt with DSH Insurance (i.e. third parties)

Application process

Under the Code, if a policyholder or third party is experiencing financial distress they may apply to the insurer for assistance.

Where a policyholder or individual who owes money to DSH Insurance is experiencing financial distress and communicates this to DSH Insurance, DSH Insurance will provide them with an [Application for Financial Hardship](#) form and if appropriate, contact details for the [National Financial Counselling Hotline](#). Once the application form is completed and returned to DSH Insurance, it is to be submitted to the relevant Assistant Director for approval (i.e. AD Sales & Policy for premiums and AD Claims for claims and third parties). All communications with the policyholders (or individual who owes money to DSH Insurance) about their application for Financial Hardship support will be undertaken using, where possible, their preferred method of communication. If the policyholder / individual nominates a representative, DSH Insurance will update

the nominated representative on the request for Financial Hardship support unless we are asked by the policyholder / individual not to do so.

Within 21 calendar days of DSH Insurance receiving the application for Financial Hardship support, DSH Insurance will tell the policyholder / individual (or their nominated representative) in writing of the decision on whether to give Financial Hardship support, unless more information is required.

If more information is needed to make a decision, then DSH Insurance will:

- a. tell the policyholder / individual (or nominated representative) the information that is needed to make a decision as early as possible, and
- b. be specific about what information is required.

The policyholder/ individual (or their nominated representative) will have 21 Calendar Days from the date of our request to provide that information unless DSH Insurance has agreed to a different timeframe.

If the policyholder / individual (or their nominated representative) does not provide all the information requested within 21 Calendar Days (or by a later date agreed to), then within seven (7) Calendar Days of that deadline passing, DSH Insurance will tell the policyholder / individual (or their nominated representative) in writing of our decision about whether to give Financial Hardship support.

Financial Hardship - Premiums

DSH Insurance is a benefit to veterans and eligible ADF members. If a policyholder is experiencing Financial Hardship and is unable to pay their insurance premium, all payment options will be explored to reduce the risk of the policyholder being without insurance cover.

Direct Debit

If a policyholder has expressed concern about their ability to pay an annual premium then monthly direct debit can be offered. The purpose of direct debit is to allow policyholders the convenience of having their premium automatically deducted from their bank account or credit card. It also allows policyholders to spread their premium evenly over a 12 month period.

Direct debit is currently offered without additional cost to policyholders.

In accordance with the Direct Debit Standard Operating Procedure (SOP), it is not recommended to offer a policy on direct debit if the policyholder has previously had a policy cancelled due to their payment(s) being dishonoured. If a direct debited policy is offered, it should be made clear to the policyholder that under the conditions of the insurance policy, if an instalment remains unpaid for more than 30 days then the policyholder will have no cover which puts them at risk of additional financial distress should a claimable event occur.

Payment options

For policyholders who are experiencing financial distress in paying their insurance premiums and who have applied for Financial Hardship assistance, DSH Insurance can offer:

- weekly / fortnightly or quarterly payments through Australia Post, BPAY, Phone or online, or
- a payment extension to the due date of the annual premium.

Financial Hardship - Claims

Where an excess needs to be paid

If Financial Hardship is approved, then DSH Insurance will work with the policyholder (or their nominated representative) to implement an arrangement that could include one or more of the following:

- delaying the date on which the excess must be paid
- allowing the excess to be paid in instalments
- agree a reduced lump sum amount
- delaying one or more instalment payments for an agreed period, or
- deducting the excess from the claim amount we pay you.

Fast tracking urgent claims

For policyholders who are experiencing financial distress who have a claim lodged with DSH Insurance and who have applied for Financial Hardship assistance, DSH Insurance can offer the following as per the Code (section 64):

Where the event (for example a natural disaster) that caused the policyholder to make a claim under their policy also caused them to be in urgent financial need of the benefits they are entitled to under that policy, then DSH Insurance will do either or both of the following:

- fast-track assessment of the claim and the process followed to make a decision about the claim;
- pay an advance amount to help ease urgent financial need – we do this within five (5) Business Days after the policyholder demonstrates urgent financial need.

If a policyholder is not happy with our response to their request about urgent financial need, then they can be directed to submit a complaint through our [Complaints Process](#).

Putting recovery action on hold

If DSH Insurance is taking action to recover an amount owed to DSHI Insurance from a policyholder or another individual, DSH Insurance may put that action on hold if the policyholder / individual is identified as experiencing Financial Hardship, or if the policyholder / individual asks for Financial Hardship support in relation to that amount.

When DSH Insurance puts a recovery action on hold, DSH Insurance will contact the Collection Agent or solicitor that we have appointed and tell them the action is on hold (where necessary). The action will stay on hold until DSH Insurance has assessed the application for Financial Hardship and notified the policyholder / individual of the decision.

Third Parties unable to pay a recovery or excess

When DSH Insurance is trying to recover money from Third Parties who are experiencing financial distress and have applied for Financial Hardship assistance, we may offer a range of options:

- Instalment payments through our Debt Collection Agent
- A reduced lump sum as full payment of the debt
- Give an extension on the due date of the debt
- Deducting the excess from the claim amount we pay out.

Third party debts with DSH Insurance are discussed in further detail in the [Third Party Debt Recovery Procedures](#) document.

Agreed payment plans

Where a policyholder / individual needs to make up a payment or make a repayment, DSH Insurance can agree to a payment plan. In these circumstances, the policyholder / individual is able to nominate their repayment amount in their application for Financial Hardship. However the repayment amounts must be considered in conjunction with their income and expenses listed on their form to ensure it is reasonable. For example if their repayment amount would cause their expenses to exceed their income then it would not be appropriate. Another useful way of considering the repayment amount is, as a percentage of total expenses or total income. DSH Insurance will ensure as best as we can, that the repayment set by the policyholder will not continue to put them in financial distress.

Once a payment arrangement has been agreed then the policyholder will be required to sign a letter which outlines the agreed payment plan. This will be uploaded to the policy in MAVIS.

For payment plans relating to an insurance premium, the plan must also include information regarding when DSH Insurance would decline a claim if a payment remains unpaid.

The payment plan is only valid for the policy period (or the period specified in the letter which outlines the agreed payment plan) and must be reassessed or reapplied upon renewal of an insurance policy.

Monitoring payment plans

The team who approved the payment plan (i.e. either Sales & Policy or Claims) will be responsible for the ongoing monitoring of policyholders on payment plans. A register will be maintained of all policyholders on agreed plans and will be monitored regularly.

Where to get further assistance

If a policyholder requires further assistance, then DSH Insurance can refer them to the following support services.

Support Service	Description	Contact
National Financial Counselling Hotline	Telephone or web based support and free financial counselling	<p>Phone: 1800 007 007 (Monday to Friday 9.30am-4.30pm)</p> <p>This number will automatically switch through to the nearest State or Territory</p> <p>Website National Debt Helpline - https://ndh.org.au/</p>
MoneySmart website	MoneySmart helps people budget and gives practical advice on how to get assistance if they are experiencing financial distress	https://moneysmart.gov.au/
National Insurance Brokers of Australia	Peak body that offers an online tool to find an insurance broker	www.needabroker.com.au/html/default.cfm