

22 August 2022

RACQ announces impact of pricing promises remediation

RACQ has assessed the refunds to members following a thorough review of its pricing practices.

The Club had initially identified and self-reported a significant matter to ASIC relating to some of the wording in its insurance Product Disclosure Statements being inadequate to describe how premiums are calculated for optional covers.

With support from KPMG, a diligent review process also found other matters where members did not receive the full benefit of discounts.

CEO David Carter said the total refund to members, across all pricing promises matters, is estimated to be in the range of \$200-\$220 million. This includes applicable duties, taxes and interest.

“The majority of the refunds relate to the optional covers’ disclosure matter and will date back to March 2015. Up to 500,000 members will receive refunds because our disclosures were incorrect. We remain confident the premiums were calculated and charged to members as intended,” Mr Carter said.

RACQ will also issue refunds to those members who have not received the discounts they were entitled to, and those refunds may date back to 2013. Refunds will begin in September, however given the complexity of the matters, the entire remediation program will take some time to complete.

In keeping with RACQ’s fair and open approach, the remediation program will be independently monitored by an external party.

“A significant investment is underway in RACQ’s systems and processes to deliver improved outcomes for our members, stronger risk management, simplified products, and easier processes for our people. Our goal is to ensure this never happens again,” Mr Carter said.

“On behalf of RACQ, the board and I apologise once again for these regrettable errors as they are not in keeping with our high standards and values.”

Aside from the remediation program, the insurance business had an exceptionally challenging year as a result of issues faced by industry which will be further detailed in RACQ’s Annual Report to be released on 23 September.

Mr Carter said RACQ remained financially strong to deliver on its commitments and support its ongoing operations to serve members.

More information can be found on RACQ’s pricing promises review webpage on the racq.com website.

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RACQ is Queensland’s largest club and peak independent motoring organisation. We were formed in 1905 to represent the interests of the State’s first motorists and today campaign for safer drivers, vehicles and roads on behalf of more than 1.7 million members who own the Club. We offer those members a vast range of motoring, insurance, banking, entertainment and travel services and benefits, and each year respond to more than a million calls for roadside assistance.