



# Media Release

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## Life insurers put on notice: the time to change is now

*beyondblue* applauds the Parliamentary Joint Committee on Corporations and Financial Services recommendation that a mandatory and enforceable Code of Practice be developed for the life insurance industry in relation to mental health.

*beyondblue* also welcomes the committee's recommendation that the Australian Securities and Investments Commission be given increased powers to enforce that code and impose penalties on insurers who are in breach.

Consumer protections that currently apply to life insurance are substantially weaker than those imposed on other financial and non-financial services.

The committee's recommendations will close an historical anomaly that exempts any kind of scrutiny on the claims process.

"It is clear self-regulation of the life insurance industry has failed and it is time for independent oversight to improve transparency, accountability and effectiveness," said ***beyondblue* CEO Georgie Harman**.

"There needs to be a seismic shift in insurers' thinking when it comes to people seeking early intervention for mental health conditions and the committee recognises this.

"Too often consumers are discouraged from seeking support and early intervention for mental health conditions out of fear it will affect their ability to insure themselves, their families and their livelihoods against unforeseen circumstances.

"It is unthinkable that there are no penalties for insurers' poor behaviour or practices and that consumers are left with little redress when their claims are denied or delayed for spurious or undisclosed reasons when they are at their most vulnerable.

"We call on the industry to take up the committee's recommendations and restore community confidence in their products and services."

Ms Harman said consumers with mental health conditions are frustrated by the delays, the number of medical assessments they are forced to undertake, insurers intruding on their privacy by accessing medical records and the stigma that comes with a claims rejection for a mental health condition.

She called on the Financial Services Council to act now, in good faith, and commit to drafting a set of protocols that ensure people with mental health conditions are treated the same as any other consumer making a legitimate claim on their life insurance policies.

**Contact: [media@beyondblue.org.au](mailto:media@beyondblue.org.au)**  
**Carmel Egan (03) 9810 6187 / 0476 803 991**  
**Sandro Olivo (03) 9810 6139/ 0488 500 487**

*beyondblue*  
PO Box 6100 Hawthorn West VIC 3122  
*beyondblue* Support Service 1300 22 4636  
[www.beyondblue.org.au](http://www.beyondblue.org.au)



Ms Harman welcomed other recommendations that include:

- Regular updates of definitions in policies relating to medical knowledge and research;
- Standardised definitions across all types of policies using clear, simple language;
- Industry standard timeframes for claims processing and limits on the number of medical examinations;
- Insurers must provide people with written reasons when their insurance applications are rejected or claims are denied;
- That statistical and actuarial evidence relied on by an insurer to deny a claim is made available on request.