

**ABC RADIO NATIONAL – Life Matters**  
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**TOPIC: Insurance discrimination**

**AMANDA SMITH:** We're all told that we need to keep fit and proactively manage our physical health. Got a niggle in your knee? See a physio, do some exercises. If you're feeling down, a bit depressed, you're also told you need to seek help, see your GP, a psychologist, psychiatrist maybe, but mental health advocates and consumers say that people who do get help for their mental health can sometimes end up being penalised when they want to get insurance coverage or when they go to claim on existing policies. We're going to hear from people with different perspectives on this but also keen to hear from you too. Have you ever had problems getting coverage for insurance or when it came to making a claim because of an underlying mental health condition or because of past mental health treatments that you've had? You can get in touch on Facebook. We're at ABC RN Life Matters, direct message if you like. First up we're joined by Brad Aleckson. He's 20 and he lives on the Gold Coast. Now Brad you recently sought life insurance, income protection and total and permanent disability insurance. What happened?

**BRAD ALECKSON:** Yeah that's correct. So I applied for life insurance. I applied for the works, so life, TPD, trauma and income protection. I went through the whole process. There was no dramas. I went through the sort of medical, and depression sort of come up and I didn't really think anything of it, like, you know it might be an exclusion they put on it. They had to get further medical reports from my GP and then I heard back, it would have been a month or two (later), and they fully declined any insurance cover.

**AMANDA SMITH:** So tell me about your mental health issues background.

**BRAD ALECKSON:** So it's been an on and off battle with me the last two or three years throughout university. I guess it was a combination of different events, a complete change in lifestyle, moving out of home and I had a sporting injury surfing. I actually dislocated my knee. And it was a repeated event, it happened three times. During that time it was, you know, in and out of going from recovery to rehab, recovery rehab. I finally got surgery on it and then everything was going all well and good. And then earlier this year around May, I guess a lot of pressure got to me, first year out of uni, full time work, and I just wasn't dealing with this pressure and stress. I just want to emphasize that it wasn't a particular event, it was mainly my mindset and what I perceive these events to mean.

**AMANDA SMITH:** So were you, in your view, justified for being knocked back on these insurances?

**BRAD ALECKSON:** I don't believe so because there was no remedy or alternatives offered to me. It was just a straight up no. I would have been happy to take an exclusion around mental health because I'd much rather have the cover and be covered for events. And insurance is there to cover you from unexpected events. So I fail to see any sort of correlation between mental health and an unexpected event happening to me, whether that's a heart attack or I'm unable to work for whatever reason.

**AMANDA SMITH:** Yeah physical accident or whatever. So Brad if you hadn't sought treatment for your depression, would you actually have been able to get that insurance?

**BRAD ALECKSON:** Yeah I believe so because it would have been an undiagnosed problem and then

it wouldn't have brought any attention from the insurer and I'm sure they would have happily proceeded with it.

**AMANDA SMITH:** Brad Aleckson thank you for taking us through your experience with this. I wish you all the best. Thanks for joining us.

**BRAD ALECKSON:** Thank you.

**AMANDA SMITH:** And with us now is Dr Stephen Carbone, he's a clinical advisor to *beyondblue* and a former head of policy there too. Stephen does Brad's story echo other experiences of people coming to *beyondblue*?

**STEPHEN CARBONE:** Look, absolutely. Unfortunately Brad's story is all too common. I mean it's not an isolated case. We've heard the same or similar stories from hundreds of people and this is an issue that's causing us great concern and one that we've been trying very hard to talk to the insurance industry about. Brad's done the right thing. He had a mental health condition, he sought help for that. He is on the path of recovery because of that and he's only a young guy in his 20s and now he's got a black mark against his name for the rest of his life potentially. He hasn't been able to access insurance now and potentially won't be able to access that insurance for a long time to come. So it seems absurd that someone who has done the right thing, gotten better, is now on the path to recovery is going to be penalised. So it's sending the wrong signals I think.

**AMANDA SMITH:** But if someone has an existing mental health condition, surely it's not really fair to expect that they'll be given insurance to cover a known risk is it? I mean what's your criticism of the insurance sector?

**STEPHEN CARBONE:** Look I think we've got a couple of two broad categories of criticism. I think one relates to you know your ability to purchase or access insurance and in that there's two components as well. The policy wording, so what you can apply for what you can't apply for, what's covered, what's not covered, but also the process of applying so you'll find this affects people without mental health conditions as well as those with mental health conditions. So if you look at, I know it's a different form of insurance - travel insurance - up until recently there were blanket exclusions. You could not get cover for a mental health related event either before you went on your trip and you had to cancel it or whilst you were away. But the same holds true still with some of the products that Brad was referring to, so if you look at income protection on its own and, for example, you try to purchase that online, you'll find in the policy wording on a lot of companies that mental health conditions are excluded. You will not get a payment if you need to take time off work because of a mental health condition. So these blanket or broad exclusions are unfounded, ridiculous, discriminatory and unfair. But even if you've had a condition, what seems to happen is some people talk about feeling stressed or having seen a counsellor for some sort of relationship issue and they're immediately labelled as having a mental health condition when in fact it's not the case. But even if you do have a mental health condition, the question is: for how long should you be excluded from coverage and for what sorts of issues should you be excluded? So for example we've heard stories of women experiencing post-natal depression. They can't get coverage for any other type of mental health condition and sometimes for unrelated health conditions, so it seems absurd that because you've had one type of condition you're excluded from multiple types of conditions from being covered.

**AMANDA SMITH:** Well, also joining the discussion now is Nick Kirwan. Nick is the insurance policy

consultant for the Financial Services Council. Now this represents part of the insurance sector that provides life insurance, total and permanent disability insurance and income protection insurance. Nick, how do individual insurers go about making individual decisions about who'll they provide insurance to or not in relation to mental health? Tell us about the process, how does it work?

**NICK KIRWAN:** Well the process is that when people take out life insurance individually, then those cases are individually assessed and mental illness is not treated any differently from any other illness. So what I would say to people coming to insurers is do try and tell the story well. When people approach an insurance company, the insurance company doesn't know anything about them at all. And so it's important to make sure you tell the story well, make sure the insurance company knows that if you have a good treatment plan for whatever illness it is, mental health or anything else, that you're following that and that's being successful and tell the positive side of that. And if you're not sure, then it's a good idea to speak to a financial adviser. They can help people tell that story well and put their best foot forward.

**AMANDA SMITH:** So Nick, how do you respond then to the general criticisms raised by Stephen Carbone?

**NICK KIRWAN:** Well insurance companies do want to insure people. It's a very competitive market and there's three times as many insurance companies as there are banks and they do fight for customers. They do want to insure people. So what I would say is, do shop around. There is choice available and different insurance companies have different approaches to different things and if you're not sure, it's a good idea to speak to a financial adviser.

**AMANDA SMITH:** Well, Stephen Carbone what do you want the insurance industry to change? What do you want to see happen?

**STEPHEN CARBONE:** I think some of the main changes we want to see are in the products. And like I said, we can't understand and we don't believe that there's any reasonable basis for blanket exclusion. So if they exist on any form of policy, they shouldn't be there. But secondly, I think we need to try to understand the question you asked Nick. How exactly do insurance companies make their assessments of risk? Now, technically there are two acts that they'd need to abide by - Insurance Contracts Act and Disability Discrimination Act - and the latter says that decisions have to be made on contemporary, robust statistical or actuarial data. In other words, what do we know about these conditions and the likelihood of people becoming unwell and needing time off work temporarily or ongoing, and we just don't believe that's happening. We don't believe the products are actually based on the facts. We believe the products are being based on false assumptions about the nature of mental health conditions and the risk of a person becoming unwell or staying unwell.

**AMANDA SMITH:** Alright, so Nick Kirwan then, what about making the data that's used to make these decisions, say to back up making exclusions, more widely available?

**NICK KIRWAN:** Look, insurance companies all rely on the data about all forms of illnesses to make assessments and, as I said before, it's a very competitive industry and of course data for an insurance company is their absolute lifeblood. It's what gives them a competitive advantage. If I can offer insurance to people when my competitor can't, then of course that gives me a great advantage. But no company is going to publish data which is going to be the source of their competitive advantage. But let me just say this, on the 30th of June this year we introduced a new

life code and that makes it clear that when people apply for insurance, if the insurance company wants to offer cover on alternative terms or even decline people in rare cases, then it has to give people a clear explanation as to the reasons why. And people should expect that now.

**AMANDA SMITH:** Yes but Nick, Stephen mentioned blanket exclusions. What about the notion that not all mental health problems are the same, not all will last for life, so each case should be viewed more separately than is currently the sense?

**NICK KIRWAN:** Yes, and again this is where I think - do shop around. Not all insurance companies are the same here and financial advisors can help. One thing a financial adviser can do, incidentally, is they can put cases to different insurance companies on your behalf anonymously. So a financial adviser could say to an insurance company 'look I've got a customer who's had this condition and that condition. In principle, what sort of decision would you make?'. And they can then shop around for the customer without giving the person's name or details or disclosing any information on that basis. And if the insurance company says 'look, in principle we'd be happy to look at that case', then of course the person can go ahead and apply. So you know, do shop around, insurance is available. Insurance companies do want to insure people. Insurance companies don't make money by not insuring people. It's their lifeblood, it's what they do.

**AMANDA SMITH:** This is Life Matters. I'm Amanda Smith with Nick Kirwan who's the insurance policy consultant for the Financial Services Council, and Stephen Carbone, clinical adviser and former head of policy at *beyondblue*. And it would be good to hear from you too - if you've had any problems getting insurance cover or making an insurance claim because of a mental health condition or because you've had mental health treatment in the past - on Facebook you can post a general comment or direct message if you prefer. Now earlier we heard from Brad Aleckson who was knocked back for insurances. We also have a voice memo from another person who had problems with insurance over a mental health issue while she was on holiday. Sarah had a psychotic episode and she then had problems making a travel insurance claim.

**SARAH:** I was holidaying with a couple of friends in Thailand and towards the end of our trip we went out for dinner and without any warning at all, my mind was flooded with all these negative and strange thoughts. I became really anxious and my friends, who didn't really know what was happening, quickly decided to take me back to our hotel room and try and calm me down. But I didn't improve at all and they decided the next day to take all of us back to Bangkok and try and get a flight back to Australia. My condition didn't improve though, and they were forced to take me to a Thai hospital so I could get some professional treatment. They sedated me in the hospital and the next morning I woke up feeling a bit better, but I still needed to be treated. In the meantime, my husband had caught a plane from Australia to Thailand to come and get me and I did need someone to accompany me on the flight home. So he really needed to be there. All in all though, the hospital treatment and our flights ended up costing us about three and a half thousand dollars. I wasn't concerned though because we did have travel insurance. After returning to Australia, I submitted my claim to the insurance company and I was actually quite astounded when they refused my claim. I did go back through the product disclosure statement and noticed that there was an exclusion for mental illness but it wasn't something I'd been looking for before then.

Apparently though, they had refused it also because I had a pre-existing condition which was one single incident of post-natal depression 16 years earlier that had been treated and I hadn't had any other symptoms of mental illness for the subsequent 16 years and for the next two children that I

had as well. I really didn't know what to do after they refused my claim and it wasn't until about six months later when I was reading an article about someone else who had their travel insurance claim refused because of post-natal depression, but they had challenged the insurance company and received a payout. So I contacted PIAC (Public Interest Advocacy Centre) who were mentioned in the article and they were actually quite keen to take on my case. They wrote a letter to the insurance company and, very quickly after they sent the letter, I received notice that they would indeed pay out my insurance claim, although they didn't explain why they changed their mind.

**AMANDA SMITH:** And as Sarah mentions there in that voice memo she got help from PIAC. That's the Public Interest Advocacy Centre. It's a Sydney-based legal and advocacy body. Stephen Carbone, now as you mentioned earlier there have already been some improvement changes with travel insurance. Do you think that similar pressures being brought to bear on other parts of the sector could yield similar results?

**STEPHEN CARBONE:** We certainly hope so. I think Sarah's situation echoes that of young Ella Ingram, who she's referring to...

**AMANDA SMITH:** That was the case in the, that was in the Victorian Civil and Administrative Tribunal I think...

**STEPHEN CARBONE:** Yeah, VCAT a year ago. Same thing, took out travel insurance, didn't read the fine print, became unwell, in her case had to cancel the trip, made a claim to get compensation, was rejected. You know there are millions of people who travel every year out of Australia and they do the right thing, they do what Smart Traveller tells them to do. They buy travel insurance and only to find later that they can't claim against this particular group of conditions. On what basis? We don't know why. But look, I think the blanket exclusion thing is just unacceptable. It is demonstrably discriminatory and unfair and has no basis in any sort of data that you can think of. And look, it's moving out of the travel industry. But it still happens in life, as I said, within income protection - possibly not TPD or the others. But there are other sort of difficulties, as I said, in terms of exclusions that apply for your condition or related conditions. But there's also problems when it comes to making a claim against your insurance where you weren't unwell, you became unwell. You try to claim against that. People with mental health conditions experience far greater difficulties when it comes to the claims process than people with other types of conditions. So, I think there is a number of improvements...and when they take disputes about that, either back to the insurance company or to the regulators, again there are often delays, complications of seeing multiple people to prove your case, big stress and you're already pretty fragile and vulnerable.

**AMANDA SMITH:** Well Nick Kirwan, given that many of us, I think in the course of our lives, are expected to have problems with mental health or to seek treatment for mental health issues, the exclusions are actually likely to apply to a very significant percentage of the population aren't they?

**NICK KIRWAN:** Well as you said earlier, life insurance is individually assessed and one thing that's worth saying is that people can apply to have any exclusion on their policy removed if they find they have had a period where they're sticking to a treatment plan and it's being effective and it's been working for a number of years. And insurance companies are always happy to look at this because they know if they don't and the person could get cover with someone else, then they're going to lose that customer. So we would encourage people to stick to their treatment plans and if they are being effective after a while there's nothing to stop them coming back to their insurance

company and saying 'look, this has been effective. Now, I'd like you to look at this exclusion again for me'.

**AMANDA SMITH:** Well Nick, the recently announced Royal Commission into the banking and finance sector is going to touch on insurance. So this issue is not going to go away. Is the sector prepared for the increased attention it's going to get inevitably with this issue with the Royal Commission?

**NICK KIRWAN:** We absolutely welcome it. I hope that this does a lot to clear the air. I mean, mental illness is something that's a global phenomenon. We've seen almost a tsunami of increases in mental illness in every Western country. And it's something that insurers are getting better at. It's something that employers are dealing with. It's something that the whole of society is dealing with and getting better at, but in terms of the Royal Commission we absolutely welcome it. We hope it will clear the air and we're looking forward to getting a clean bill of health.

**AMANDA SMITH:** Alright, let's hope so. Well, Nick Kirwan is an insurance policy consultant for the Financial Services Council and Stephen Carbone is clinical adviser and former head of policy at *beyondblue* and in a previous life, he was a GP. We also heard from Brad Aleckson who was recently knocked back for life and income and TPD insurance, and Sarah who had problems with a travel insurance claim. And if you've had any problems too getting insurance cover or making a claim because of a mental health condition or treatment that you've had in the past and acknowledged, there's Facebook. Direct message if you like. This is Life Matters.