



MEDIA STATEMENT

Thursday 27 February 2020

FSC RESPONDS TO HERALD SUN OPINION PIECE

I write in response to an opinion piece in The Herald Sun (Feb 27, 2020) *Black heart of life insurance industry*. From the outset, to say life insurers are discriminatory, devoid of empathy, with a black heart is highly offensive, derogatory and doesn't appropriately reflect the positive work life insurers continue to do in the mental health space.

Unfortunately, the writer has missed the underlying principles of what purpose life insurance aims to serve. We have outlined in plain English key life insurance facts that we believe readers need to know:

Fact one: Most importantly, unexpected health events whether mental or physical, can happen to anyone, at any time and can change lives forever. Life Insurance is a safety net, it can provide the money you need, when you need it the most. I urge everyone reading this, if you don't know what life insurance cover you have, get in touch with your adviser, life insurer or super fund to find out. Don't wait until your health changes.

Fact two: There are no new health conditions, either physical or mental, which would affect an existing life insurance policy. You don't have to disclose anything that would affect your existing life insurance policy.

Fact three: You can only buy insurance (whether it's life insurance or any other type of insurance) to cover an event that might happen in the future. You can't take out insurance to cover something that has already happened. There is no difference between physical health conditions or mental health conditions in this respect.

Fact four: The life insurance industry paid out \$707 million to 8345 claimants in 2018 for mental health conditions alone. After accidents, mental health conditions are the second most common cause of claim. What's more, life insurers are the second largest contributor of funding for mental health conditions after the Federal Government.

Fact five: Life insurers are held to account by the Disability Discrimination Act. This means that, if an insurer refuses to cover a person, that insurer must have reliable data to show that the refusal is justified. This is the law in Australia.

Fact six: Every person is different and that's why life insurers ask questions to ensure that they can consider your application based on your individual circumstances. There is no one size fits all policy for life insurance and nor should there be.

Fact seven: We are in the process of updating the Life Insurance Code of Practice, the next iteration is due next year, this will treat people with a mental health condition as vulnerable customers on each occasion, which means they get extra help if they need to make a claim.

Fact eight: Following consultation with the mental health community, the next iteration of The Code will also tell people that they can have any exclusions reviewed. They already can, but the Code will make this clear. So, if someone has a mental health exclusion and they have had no recurrence for a while, they can always ask their life insurer to review it.

Fact nine: If people are not happy about their life insurance quote, then shop around, you don't have to accept the first offer you get. Life insurance companies want customers, like any other business.

Fact ten: If you think you have been unfairly treated, you can then make a complaint directly to the insurer which then has to go through a regulated process. After that, if you are still not happy, you can take your complaint to the independent complaints authority, AFCA, which is a free service for consumers. If you're still not happy you can take the matter to court.

Nick Kirwan is the Senior Policy Manager for Life Insurance at the Financial Services Council.

Contact: Esther Jago on 0421 102 944 or ejago@fsc.org.au

About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.