

Financial Service Council

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Mental Health Australia hereby formally submits comments on the draft FSC Life Insurance Code of Practice that were provided verbally at the FSC teleconference on 10 December 2018. In doing so, we recognise that consultation closed at the end of January 2019.

We have two broad observations to make about the draft code.

1. In various submissions to Parliamentary inquiries, life insurers express a strong interest in meeting the cost of early intervention services for policy holders who are likely to claim, yet their inquiries at application time regard help seeking and early intervention as (perhaps negatively) material to their decisions to insure.
2. The Code is meant to regulate insurers, but it mostly talks about the obligations of potential policy holders, and puts hardly any commitment on insurers.

Specifically, Example 10 and Example 11 in the draft Code are at odds with each other – having a few days off work when someone is dealing with a stressful life or work situation should be regarded as reasonable. Whereas Example 11 intimates a need to consult a doctor to rule out a diagnosis. The Code should be more explicit about what is reasonable to be disclosed about help seeking activities, particularly given the temporary nature of mental health conditions, and that people do seek well recognised supports, such as Employee Assistance Programs, to help them deal with stressful situations.

Para 5.3A (a) should read “... we expect you to have a reasonable understanding of your health history, your current health, lifestyle and financial situation.” Requiring people to understand their “health” is too broad. It is reasonable that they understand their health history and their current health status.

Example 10 should be changed to reflect time off work with a medical certificate for a diagnosed mental health condition. That would align with the second example of taking prescription medication. The main point would be that disclosure should be related to “medical confirmation” e.g. medical certificate or clinical diagnosis, and not when someone takes a few days off work to help manage stress related to a difficult situation without consulting a medical practitioner.

Para 5.3D should include the insurer taking into account duration of the mental health condition. And it should include that the insurer will take into account actuarial or statistical data about the condition – to pick up on Section 46 of the Disability Discrimination Act.

**14 March 2019**

