

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS INSURANCE SECTOR

AIA Australia

- AIA09QW:**
- (a) Do you have any life insurance coverage exclusions or increased premiums in relation to mental health conditions?
 - (i) If so, what data have you used to determine the linkages between specific mental health conditions and related insurance claims?
 - (b) Do your life insurance policies have exemptions relating to suicide?
 - (i) Are there any special considerations with regard to how these exemptions are applied (e.g. the length of time a person has been insured)?
 - (ii) How did you determine these considerations?
 - (c) Do you have any special claims handling processes in place in relation to suicide?
 - (i) In the event that a claim is denied, do you offer any support to the listed beneficiary?
 - (d) There have been some suggestions, including recently by the Productivity Commission's draft report into mental health, that the insurance industry's voluntary code of conduct may not be sufficient and that insurance practices in relation to mental health and suicide continue to vary widely. Can you illustrate how practices are continuing to improve in light of the current code?

Answer:

- (a) We apply exclusions and premium loadings on individual policies, depending on an individual's circumstances and any mental health conditions that are disclosed. Underwriters conduct a personalised risk assessment in order to obtain a comprehensive understanding of the applicant's mental health conditions, taking into account their medical history, and the severity and types of condition disclosed. We rely on reinsurance manuals which are research-based, utilising and referencing medical journals and statistical research papers.

AIA and CMLA have each developed in-depth client and medical practitioner questionnaires to ensure that we can gather as much information as possible

to put us in a position to make a well-informed assessment of the risk based on available evidence.

AIA's reinsurer, Hannover Life Re, has spent two years reviewing the most common causes of mental illness-associated disability (namely anxiety disorders, mood disorders – in particular depressive disorders – and substance abuse disorders). This has resulted in the development of a bespoke Mental Health Calculator that addresses these commonly disclosed risks, which AIA has implemented as part of formal underwriting guidelines, from October 2019.

The Calculator represents a paradigm shift in the underwriting of mental health disorders, which aims to move away from a biomedical risk assessment (where the main focus is on diagnosis and treatment) towards a biopsychosocial model, which holistically evaluates psychological and social factors that have been shown to influence these risks and acknowledges the influence of a range of non-medical factors on wellbeing and the risk of future disability.

The intention is to ensure that there is symmetry between three fundamental pillars:

- the clinical and therapeutic provision of psychiatric management for patients with a mental health condition;
- the expectations of the applicant and the industry; and
- the mental health resources and services available to individuals on a preventative basis, without inadvertent insurance discrimination.

This new approach has allowed AIA to better insure “lower risk” cases of anxiety and depressive disorders, by offering disability cover at standard rates or with a loading, without having to impose a mental health exclusion clause. To date this has resulted in a better outcome for 33% of applicants who would previously have been offered an exclusion clause. 27% of these were offered standard rates and 73% a loading of +50%.

For higher risk applicants, exclusions continue to be preferred over loadings, in order to ensure products remain affordable.

(b)

The life products that we currently offer through the retail and direct channels only have exclusions for death by suicide for the first 12 or 13 months of someone taking out, reinstating or increasing their cover – noting that for the latter, the exclusion only applies to the increased amount.

The AIA direct income protection product, which is designed to replace someone's income while they cannot work due to serious illness or injury, has an additional benefit that will pay out if someone dies while they are on claim. This limited benefit is the equivalent of three months of claim payments, and it does not apply in the case of suicide.

Our standard group insurance offering to employers or corporate superannuation funds does not contain an exclusion for death by suicide for insurance provided automatically to members who join within the eligibility window for the cover.

Superannuation funds and employers generally negotiate the terms on which they contract with an insurer to provide insurance for their members. These terms can in some cases include a suicide exclusion period that is longer than 12 or 13 months, which will be disclosed to members of the group in the policy terms.

We also offer some limited Accidental Death products, which exclude suicide for the life of the policy; this is because the product is designed to only cover death as a result of an accident.

As noted above, the majority of exclusions are in place for only the first 12 or 13 months of a customer taking out, reinstating or increasing their life cover, or joining a fund.

Within the group insurance channel, most exclusions apply only if a member does not meet an 'At Work' test and/or they join the fund outside a required eligibility timeframe; so for someone who is working as normal when their insurance cover commences and they joined the fund within the eligibility period, the suicide exclusion would never be applied.

Suicide exclusions are used to minimise the risk of moral hazard; that is, someone taking out an insurance policy with a view to making a claim in the short term. This is why suicide exclusions are usually applied for the first 12 or 13 months of a policy.

Trustees and insurers seek to manage risk and the affordability of premiums by limiting the possibility of someone taking up insurance with the intention of making a claim in the short term. This is of particular importance in group insurance provided automatically, given the lack of any medical underwriting.

(c)

All death claims are managed as per our Claims Philosophy – helping people when they need it most. Claims are handled in a respectful, empathetic and professional manner. Where there is an opportunity to pay either a full or partial payment, the claim will progress immediately to payment. An advanced payment of a portion of the death benefit can be made available to the beneficiaries at the time the claim is lodged, where the claim is straightforward and there are no additional inquiries that need to take place.

In the limited circumstances in which there is a suicide exclusion in place, the claims assessor confirms the circumstances of death, to determine whether it may have been accidental. For any declines related to a suicide exclusion, a second person with appropriate authority must review the claim and approve the claim decision. For complex claims, there are procedures in place to escalate claims for senior consideration and recommendations.

We may also receive a suicide threat from someone currently on claim; for example, someone with an ongoing income protection claim. We have strict protocols in place to manage these, which are documented within a Suicide Risk Guideline. The guideline details the steps that a staff member should follow in the event that a caller threatens suicide or self-harm (which can be explicit or implicit) or where there is concern about someone's welfare during a telephone call or from a written communication. The guidance enables staff to manage situations involving the personal safety of a customer or others and includes:

- identifying high-risk behaviours or red flags
- prompts for appropriate probing questions
- guidance in deciding if, or when, to escalate to Emergency Services or the treating doctor
- details of telephone support services (e.g. Lifeline) to provide to customers.

Suicide threats are escalated under the AIA/CMLA Stakeholder Escalation Process to ensure appropriate actions are undertaken and other stakeholders are notified where required (such as their superannuation fund if they are a group insurance member).

Where staff consider that a claims decision or the provision of requested information may negatively impact an at-risk customer (for example where the customer has threatened suicide), a senior Medical Officer specialising in mental health can be consulted to determine the best way in which the decision should be communicated or information disclosed. This may include liaison with a treating doctor, who can discuss the information with their patient in a supportive environment.

We recognise that each mental health condition is different in its prevalence and prognosis and each individual experience is different. As such, staff are

equipped with the necessary guidelines and training to understand how mental health conditions can manifest and impact individuals in different ways. These include:

- Compulsory suicide prevention training
- Mental health training that provides a summary description of common mental health conditions and guidance on:
 - communication and engagement
 - assisting with information requirements
 - assisting customers who are in hospital
 - engaging treating doctors appropriately in communications to claimants
 - understanding treatment plans
 - dealing with potential or real suicide threats
- Annual Mental Health Awareness Training which complies with the Financial Services Council (FSC) industry standard.

Additional training is provided on an ad hoc basis and includes management of mental health claims delivered by clinical psychologists. Across the claims teams there is access to numerous health professionals and resources to support effective management of mental health claims including suicide and attempted or threatened suicide, such as:

- Registered Nurses specialised in mental health
- Rehabilitation Consultants with qualifications in psychology
- Medical Consultants, including psychiatric specialists
- Allied health professionals
- Information about the various community and government support services for people with a mental health condition

In the event that a suicide claim is denied due to an exclusion, we handle the communications with the beneficiaries with utmost empathy and care. Where we identify a beneficiary may require additional support, we take steps to assist them, in line with our requirements under the Life Insurance Code of Practice. This may include referring them to government and community services and resources that may be of assistance. CMLA has developed a Community Connect Tool, which allows staff to search by region and support need, to easily access local community-based, free supports for recovery and wellbeing. There are resources for life challenges like financial hardship as well as disability-specific and mental health resources.

(d)

AIA and CMLA practices in relation to mental health and suicide continue to improve, as knowledge of best-practice communication and intervention develops. We are committed to ensuring that staff are equipped with up-to-date knowledge, specialised resources, refined processes and tools to deliver on our promise to help people when they need it most. We understand the need to tailor customer processes and the assessment of claims related to mental health, and we focus on staff up-skilling to ensure customers receive service that is respectful, empathetic and professional. We have in-house and external rehabilitation resources specialising in mental health to assist customers and staff to manage claims and assist with return to work where appropriate.

As we integrate the AIA and CMLA businesses, we are assessing the current practices of each to determine how we can apply a “best of the best” approach into the future. Some recent improvements across AIA and CMLA are noted below, and we are working towards a future state in which we operate with a single set of industry-leading practices.

The commitment to continuous improvement in our practices is a fundamental part of our company purpose of Making a Difference in people’s lives, and aligns with our operating principles: Doing the Right Thing, in the Right Way, at the Right Time, with the Right People.

Research improvements

We are dedicated to learning from world-leading data and research. In 2019, we partnered with Quantum, a globally recognised leader in the development of data-driven insights, to create an algorithm that calculates the risk of developing depression, based on circumstances and choices. This work has involved undertaking the world’s largest and richest study of the link between depression, demographics, health, lifestyle and circumstance.

The Quantum research can be used to understand what changes in behaviour or circumstances would make the most difference to depression risk, and therefore help prioritise investment and policy into improving mental health; and incentivise behaviour that supports mental wellbeing. The algorithm developed has identified that lifestyle choices represent around a quarter of the depression impact, which can be incentivised for improvement. AIA intends to use the Quantum algorithm to enhance our AIA Vitality health and wellbeing program, to further help customers understand their mental health and to incentivise improvements in behaviour around sleep, exercise and diet to support improved mental health outcomes.

Training improvements

The Suicide Risk Guideline, updated in January 2020, which provides a process for handling suicide threats, has been rolled out to all customer-facing teams across CMLA and AIA including claims teams, call centres, administrators, customer complaints teams and underwriters.

The CMLA rehabilitation team has developed comprehensive training for managing suicide risk in vulnerable customers. This training has been provided to all claims and call centre staff and has been updated to reflect implementation in a work from home environment in the context of COVID-19. This is separate to the Suicide Risk Guideline, and provides more detailed and in-depth training.

Within AIA, a program of work has commenced to have claims assessors trained in Mental Health First Aid. To date, a number of staff in the Retail Claims Team have undertaken the course, and this is hoped to be extended to the broader team.

Underwriters are continually assessed on their level of competency and compliance in line with the industry Mental Health Education Program and Training standards, along with the Life Insurance Code of Practice and relevant legislation. As part of annual mandatory online training, CMLA conducts online e-learning to ensure understanding and competency. In addition, face-to-face training sessions on specific mental health conditions are provided.

AIA is currently taking part in an industry-led program of work with the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) to develop professional standards for life insurance employees, in the fields of underwriting, product design, claims and distribution. This will ensure high standards of conduct and service, and assist to build confidence in the industry, in line with community expectations.

Resource and process improvements

CMLA has a dedicated team of specialised case managers working on mental health claims, supported by a mental health nurse providing rehabilitation and wellness assistance. This team has reduced portfolio sizes enabling them to provide more meaningful support and communication with customers.

AIA has developed a claim form specific to mental health claims, in order to obtain more meaningful information from the outset with questions that provide the customer and their treating doctor the opportunity to share information that will enable an understanding of how the customer is being impacted psychologically and physically.

Within CMLA, ongoing coaching in customer communication has ensured a reduction in requests for medical information and monthly progress claim forms. Information is now primarily obtained via wellness calls to the customer, assisting us to better understand their circumstance in its entirety to allow us to offer tailored support for recovery. The CMLA Back to Wellness Program eliminates the need for ongoing paperwork in almost every instance, with rehabilitation professionals providing detailed recovery information.

We have implemented telephone case conferencing with treating health providers, claims case managers and rehabilitation consultants in order to ensure a thorough understanding of diagnosis, recovery pathways and support needs. Increased recognition of the important role exercise plays in improving mental health has resulted in increased referrals to Exercise Physiologists for supervised exercise programs.

AIA and CMLA subscribe and provide access to all claims staff to online databases containing information on medical conditions, access to best-practice literature, evidence-based treatment guidelines and return-to-work recommendations. These assist assessors to understand disability durations, treatment and return-to-work guidelines, with mental health conditions captured. A Psychotropic Medication Listing has also been developed to assist assessors to understand differing medications and dosages.

Given the sensitive nature of claims related to mental illness, if a customer does not have legal or authorised third-party representation, it is now AIA practice to send any correspondence about a preliminary decline decision to their treating doctor so that they can assist in the delivery of the information in a sensitive nature, in line with their understanding of their patient's condition.

Pandemic Claims Guidelines have been developed in response to COVID-19, which have been in place since March 2020. These guidelines and escalation protocols have been developed to support vulnerable people who may be at increased risk, including those with serious mental health conditions, and to ensure we do not unintentionally expose a customer to additional risks. Assessors have been given a framework to provide flexible and practical solutions to customers, to help alleviate any unnecessary burden during the pandemic.

Rehabilitation improvements

The AIA and CMLA rehabilitation teams continue to create tools and programs that can be accessed by customers and by staff. Our rehabilitation teams keep claims teams updated on developments in treatment and recovery resources for mental illness and Medicare funding changes to improve access to treatment, including tele-health options.

The AIA RESTORE™ suite of services is designed to assist customers who have a primary diagnosis of mental health with wellness, work readiness and return to work (where suitable).

Following recent crisis events – the 2019/2020 bushfires and the COVID-19 pandemic – the rehabilitation teams put in place crisis support for impacted customers and facilitated access to external resources and social work services to assist with recovery and to prevent secondary mental health conditions.

In response to COVID-19, customers involved in rehabilitation programs are now receiving treatment and support via tele-health. We are providing additional rehabilitation support to our customers who are going through challenging times including loss of employment and increased anxiety and depression. New programs have been developed to assist customers either with mental health conditions or to prevent secondary mental health conditions developing. To assist customers to improve their mental health during COVID-19 and beyond, we have developed a Wellbeing and Self Care program, which will be delivered by a rehabilitation provider with additional qualifications in wellness.

At the beginning of May, AIA launched a partnership with Medix, which provides Personal Medical Case Management services to AIA Retail Life and Health customers who are diagnosed with a serious mental health condition. This provides global medical expertise, to review and provide guidance on the customer's diagnosis and treatment plan, and support the customer through treatment.

We have also recently partnered with New Zealand-based mental health organisation Mentemia, to launch its mental wellbeing app and digital platform into Australia, and to provide this for free to all Australians for six months from mid-May. We believe that Mentemia can play a fundamental role in assisting Australians with their resilience and managing their anxiety, in a time of crisis.

Underwriting improvements

We undertake regular reviews of our underwriting guidelines to ensure that we are not relying on any out of date or irrelevant sources of information. As part of reviewing our internal underwriting approach, we take into account our claims experience to help understand the risk characteristics of mental health claims.

Our reinsurers, whose materials we rely upon for our underwriting decisions, conduct comprehensive reviews of common mental health conditions, to ensure that our risk assessments are accurate and valid.

We know that there can be complexities in assessing applications with disclosed mental health conditions, so underwriters have access to medical risk specialists for expert medical opinions.

We have also made improvements in our communications to customers of our underwriting decisions, so that they can better understand the reasons for the decision. Where we believe our underwriting decision can be re-evaluated in the future, we will ensure the applicant is aware of the review criteria and understands when they can apply for a review of our underwriting decision.