

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

ClearView

CLV02QON:

Dr LEIGH: Can I ask you about the TPD insurance issue. You're probably aware of ASIC's report 663, Holes in the safety net. They talk in particular about concerns with the activities of daily living test and the strikingly high denial rates for the industry—around 60 per cent of claims under the ADL test. Does that apply to your product and, if so, do you know your denial rate under the activities of daily living test?

Mr Swanson: I will try and answer those three questions. Firstly, ClearView doesn't do group life, so we're not exposed to the TPD complexity inside superannuation, inside industry funds and the like. With respect to our own activities of daily living, they are actually quite simply defined: 'dressing' is 'putting on and taking off clothing'; 'toileting' is 'using the toilet and managing bladder and bowel function'; 'mobilising' is 'getting in and out of bed and a chair'; 'bathing' is 'washing in a bath or a shower'; and 'feeding' is 'getting food from a plate into the mouth'. You only have to meet two of those tests and you are eligible to go on claim. The point I'd make about this is that, in advised life insurance, the chances of having arguments at claim time are far less than when you have high acceptance limits. So our view in underwriting is that we underwrite to pay the claim. We want to make sure many of the things you have alluded to are actually taken out at the start of the process so that, when something unfortunate happens to one of our customers, we can quickly pay the claim. With respect to your third question, which is around our own claim denial rates, can I take that on notice and respond?

Dr LEIGH: You may. Are you able to tell me in broad terms whether you are above or below the industry average of 60 per cent?

Mr Swanson: Far below the industry average—I know that for a fact—and that's across all claim types.

Dr LEIGH: Specifically, you don't have a denial rate for activities of daily living test claims that is 60 per cent or more?

Mr Swanson: Correct.

Answer:

In the last year, ClearView did not deny any claims for this test under its TPD cover.