

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

MLC Life Insurance

MLC01QW:

(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) Do you have any life insurance coverage exclusions or increased premiums in relation to mental health conditions?

Yes. MLC Life Insurance does apply premium loadings on life and critical illness benefits for moderate and severe mental health conditions. We may also apply an exclusion on applications for disability benefits for mild to moderately severe-mental health conditions.

When assessing an applicant who has a history of suffering from poor mental health, MLC Life Insurance has regard to its reinsurer underwriting guidelines, our own underwriting guidelines and the applicant's particular circumstances. The latter includes:

- the particular mental health condition(s) they have suffered;

- the nature and severity of the symptoms suffered;
- when they last suffered symptoms and for how long they suffered symptoms;
- the functional impact of their condition(s);
- their compliance and response to treatment;
- their current state of health;
- the impact their condition has had on their employment or ability to secure employment;
- their current social functioning;
- their use of non-prescribed drugs;
- whether there are any continuing stress factors.

This is a non-exhaustive list, as everyone's situation is different and we consider the factors relevant to the individual's circumstance.

(i) If so, what data have you used to determine the linkages between specific mental health conditions and related insurance claims?

MLC Life Insurance engages a specialised international reinsurer to support our underwriting process.

The reinsurer's guidelines are developed and prepared by a panel of international medical experts, supported by peer-reviewed population and clinical studies, systematic reviews and meta-analyses published in major medical journals.

The guidelines are regularly reviewed, through a rolling program of updating existing guidelines, as well as developing new guidelines where needed. Medical conditions which are most frequently encountered by insurers globally are given priority in this process. Priority is also given to updating information in relation to conditions which have been the subject of medical developments

MLC Life Insurance also has its own guidelines which are developed in conjunction with our reinsurer and are based on the same medical research and statistical data.

(b) Do your life insurance policies have exemptions relating to suicide?

MLC Life Insurance does have suicide exclusions on some of its policies, but the exclusion period differs between products.

- MLC Life Insurance issued individual insurance policies have a 12 or 13 month exclusion for benefits due to death by suicide. Generally, exclusions are effective from the commencement of the policy, any reinstatement of cover, or on the amount of any increased cover, for the first 12 or 13 months of that proportion of the cover.
- MLC Life Insurance issued group insurance policies vary in how exclusions are applied on benefits for death by suicide. Some policies do not have any exclusion at all. Where a

product has an exclusion for suicide, the exclusion only applies for a limited time, ranging from 12 to 24 months.

(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)?

Where a customer takes out individual cover with MLC Life Insurance, in replacement of cover they have held for 12 months or more with another insurer, then MLC Life Insurance will not apply the suicide exclusion. Where the cover was held with the other insurer for less than 12 months, then MLC reduces the exclusion period proportionate to that. This is consistent with industry practice.

(ii) How did you determine these considerations?

Exclusions on individual insurance policies issued by MLC Life Insurance are applied in order to avoid creating a financial incentive for someone to take their own life. Our practice of recognising prior cover and qualifying time with another insurer is based on the understanding that no additional incentive to commit suicide is likely to be created for the customer in this circumstance.

(c) Do you have any special claims handling processes in place in relation to suicide?

MLC Life Insurance acknowledges the sensitive nature of claims where death was by suicide, including claims made by a person who may be at risk of suicide or self-harm. Special processes in place for suicide risk are detailed below.

Special processes for claiming customers at risk of suicide

In accordance with sections 7.1 and 7.2 of the Life Insurance Code of Practice (the Code), MLC Life Insurance has dedicated processes in place to provide additional support to people on claim who we are informed of or, suspect are at risk of suicide and self-harm. These are:

- A Harm and Suicide Prevention Protocol for all customer-interacting staff in MLC Life Insurance claims. The Protocol outlines the steps to be taken by claims consultants and their leaders when engaging with identified people on claim at risks. This includes understanding the actual risk of suicide or self-harm and whether any risk is imminent, notifying the person on claims treating doctor and taking any necessary steps to refer these customers for appropriate additional support depending upon the level of determined risk. All identified cases must be referred to MLC Life Insurance's Security Command Centre, who will also notify emergency services when necessary. Further, all claims consultants have access to Safeguard Wardens who possess expertise in managing harm and suicide incidents, including assistance with conversations with at risk customers.
- Training on the Harm and Suicide Prevention Protocol, including regular refresher training, is mandatory for all new and existing MLC Life Insurance claims staff, who interact with customers.
- Our Claims Guiding Principles provide specific guidance to our staff on how we can provide additional support and care to customers who fall within this category. For example, we

must communicate all adverse claim decisions for customers at risk of suicide via their treating doctors.

- We allocate any claims made by customers who we have previously identified as at risk of suicide, to our most experienced claim consultants. In addition to providing an update on claims assessment to these customers prior to making a decision on their claim, in accordance with section 8.4 of the Code, our internal processes make it mandatory to conduct monthly welfare contacts with these customers after having made a decision on their claim.

Processes for the payment of claims for death by suicide

Claims administration for death by suicide where the date of death falls outside of the exclusion period are straightforward in assessment. Prior to the completion of any claim assessment, suicide as the cause of death needs to be confirmed by the appropriate formally documented official source such as; a police or coroner's report and the certified death certificate

As with any other death claim, the claim is processed and payment of the benefit is processed as follows:

- Where the policy owner is a trustee, the benefit is distributed by the trustee in accordance with the Trust Deed or at the trustee's discretion if there is no valid nominated beneficiary.
- Where the policy owner is not a trustee, the benefit is paid to the policy owner or to the nominated beneficiary. Where there is no policy owner or nominated beneficiary, the benefit is paid to the deceased's estate, the deceased's legal representative, a direct relative of the deceased or a person who has satisfied MLC Life Insurance that they are entitled to the property of the deceased person.

Written correspondence is sent to the recipient of the benefit to confirm acceptance which includes the capacity in which payment is made to them.

When a cause of death is a result of suicide, and this is confirmed by the appropriate and formal evidence obtained and, the date of death falls within an exclusion period, the claim is declined. In accordance with section 8.19 of the Code, written correspondence and on occasion a telephone call is sent/made to the person who would have otherwise been entitled to receive the benefit, to inform them of the decline decision and the reasons for decision.

(i) In the event that a claim is denied, do you offer any support to the listed beneficiary?

We do not currently offer any support services or alike outside of MLCL's usual customer service to the listed beneficiary. Further, where the claim is for made via a superannuation trustee, we have no direct contact with the end recipient of the death benefit.

(d) There have been some suggestions, including recently by the Productivity Commission's draft report, 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?

The Code creates a common standard across all insurers and ensures that we meet our obligations to all customers who have a mental health diagnosis/condition or another illness/condition in an honest, fair, respectful, transparent and timely manner.

At MLC Life Insurance compliance with the technical standards of the Code is treated seriously and is embedded in our compliance and governance internal processes. We track compliance with the Code and any breach is dealt with in accordance with our standard breach review process. Accordingly, we have dedicated processes in place to train our staff to identify and engage appropriately with customers with mental health conditions. When we identify a person who needs additional support we provide it in accordance with sections 7.1 and 7.2 of the Code. We have outlined above the special claims handling processes we have in place in relation to customers who are at risk of suicide.

Just as important as the technical aspects of the Code is the philosophy underpinning it, which aims to see customers treated openly, fairly and honestly. This philosophy is consistent with MLC Life Insurance's approach to claims. Together, the Code and our approach support us to manage and continuously improve our own standards.

In respect of mental health, our strategy for continuous improvement is focused on ongoing enhancement and refinement of our already-extensive mental health claims management capability, and ensuring it is applied consistently to all relevant claims and customers. On a day to day basis this sees us:

- developing our claims team's awareness, confidence and capability in matters of mental health,
- ensuring the customer remains at the centre of everything we do,
- assisting our customers on their journey to recovery by designing health solutions tailored to their specific needs.

We understand the importance of continuously improving how we deliver claims handling services to customers suffering from a mental health condition. This is achieved through the delivery of a multifaceted, holistic and collaborative case management approach to mental health claims that evolves in response to our customers' specific needs, as set out below:

- A dedicated mental health team that brings together claim consultants with advanced skills and experience in managing mental health claims. The team incorporates claims consultants with allied health professional backgrounds, each of whom have access to expertise from clinical psychologists, psychiatrists and recovery specialists.
- During a claim, each customer has a dedicated claims consultant. Where possible, the ongoing management of the claim is by telephone and is intended to be as unobtrusive and efficient as possible. Our aim is to allow our customer with mental health concerns the time

and the space to recover from their condition whilst feeling supported and validated. When they are ready we assist them to return to life and work.

- Our teams work in collaboration with the customer's treating practitioners (psychologists, psychiatrists or GPs) to assist their patient and our customer return to wellness. When the customer is ready, we also work with the doctor and the employer to develop a safe and sustainable return to work programme.
- All claims consultants receive at minimum yearly refresher training on how best to support our customers suffering from a Mental Health condition, in line with our dedicated Guiding Principles on supporting our customers and mental health case management.
- We offer our customers access to Mindset4Life, a rehabilitation program to coach them to engage in positive physical and cognitive activities that enhance their lifestyles for the long term. This coaching is delivered by psychologists, rehabilitation counsellors and occupational therapists with training and experience in mental health.
- We also offer our customers and their families access to the Mental Health Navigator program run by our partner, Best Doctors. Mental Health Navigator supports people with a mental health condition to navigate the complex healthcare system, and to find the right diagnosis and treatment, by providing quick and virtual access to a psychologist or psychiatrist and a network of expert clinicians.
- We provide support to our customers beyond when a customer's claim has ceased through the MLC Assist program run together with our partner, Pinnacle Rehab. This program includes various initiatives such as community engagement and social services to help our customers to identify and access ongoing support, with the guidance of a social worker.

We note the Productivity Commission's draft report into mental health recommends permitting life insurers to fund mental health treatments for income protection customers on a discretionary basis. MLC Life Insurance supports this draft recommendation, which would allow us to assist more customers access health care support.