

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

TAL Life

Answers to questions in writing:

TAL05QW: (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) There are generally two different types of mental health condition exclusions that may be applied in the life insurance industry – general policy exclusions and customer specific policy exclusions. None of our products in Group or Retail have general product exclusions; however, general product exclusions do apply to a small number of our Direct disability products. Where a customer is individually underwritten, a customer specific mental health policy exclusion may be applied on an individual customer based on their specific and individual circumstances.

For some mental health conditions, a premium loading may be applied rather than a policy exclusion.

(i) TAL relies on global reinsurance underwriting manuals to inform our underwriting determinations and in order to determine if a premium loading or exclusion needs to be applied on a particular insurance benefit. These underwriting manuals are governed by global reinsurers who constantly update the guidelines based on the latest clinical protocols, published data as well as claims data from their various life insurance providers around the world. Local reinsurers then further support these processes by applying any further adjustments consistent with local data and clinical practices. The process applied for mental health conditions is the same process that is applied for any other medical condition.

(b)

(i) For individually underwritten death benefits, there is a 13 month suicide exclusion period from the start of the insurance cover.

TAL's group insurance policies generally do not contain suicide exclusions in respect of default death benefits.

(ii) In the case of the 13 month suicide exclusion period for individually underwritten death benefits, this period is consistent with standard industry practice. This industry approach reflects that life insurers wish to avoid providing any financial encouragement, in the unfortunate situation where any members of the community may be having suicidal thoughts. This approach also reflects that TAL and the industry will provide cover for suicide for customers beyond the initial 13 month exclusion period.

(c) TAL does support special claims handling processes in relation to suicide. In addition to TAL's own training, this is aligned to SuperFriend's Best Practice Framework for the management of Psychological Claims. TAL has a dedicated Head of Mental Health role which is part of our Health Services team and works across the business, and particularly in support of our claims team. TAL's Head of Mental Health has developed guidance and provides targeted empathy training to all TAL's claims managers to ensure these situations and our customers are treated with care and compassion. All of TAL's claims managers (and other frontline TAL customer care staff) have also been trained by the Head of Mental Health in dealing with customer's potential suicide situations. We also provide additional support to our staff who are dealing with these

matters with specific support including our Employee Assistance Program and additional targeted counselling support where necessary.

- (i) TAL offers grief support to all customers and their families making claims (free of charge), including those claims which TAL has accepted and those we may decline. We are also able to connect families of those customers who have passed away as a result of suicide with relevant support groups in their area.

(d) TAL is a signatory to the Financial Services Council (FSC) Life Insurance Code of Practice. This Code of Practice is mandatory for all members of the FSC. In addition, TAL is actively involved in all working groups for the development of the next iteration of the Code of Practice which will have further specific guidance for life insurers in managing and supporting customers with mental health conditions.

In addition to the industry Code of Practice, TAL has an active enterprise-wide approach to mental health and mental health conditions which covers all products and areas of the business.

Since 2016, TAL has put in place a number of measures to improve the way we support our customers with mental health conditions.

- These measures include:
 - Appointment of a General Manager - Health Services in April 2016, which was followed by the appointment of a Head of Mental Health in July 2017.
 - The General Manager - Health Services formulates TAL's customer health proposition and manages TAL's Health Services team, which provides advice on medical practices, health and wellness initiatives, recovery and prevention expertise that supports our product design, underwriting and claims capabilities.
 - The Head of Mental Health drives TAL's dedicated mental health strategy internally and externally, which supports:
 - product design and underwriting;
 - prevention strategies;
 - customer advocacy and external partnerships; and
 - mental health condition support.
- Training for all Case Managers by the Head of Mental Health to reinforce the importance of empathy in the consideration of claims and communication with customers.
- Introduction of policies and guidelines to ensure and enable the handling of all claims with empathy, sensitivity and in a timely manner – supported by regular training of the claims team to improve communications skills in this area.

- Introduction of guidelines for requesting medical information in a structured, targeted and consistent manner.
- Introduction of optional and voluntary individual support programs for customers with depression and anxiety through the Remedy Mindstep program.

TAL's Head of Mental Health also leads a Mental Health Action Group which consists of external mental health advocates, clinicians, those with lived experience as well as relevant TAL people. This group is focused on reviewing life insurance practices relating to mental health conditions. For example, in 2019 this group reviewed the policy application wording for mental health conditions as well as the mental health questionnaires that customers may complete as part of their policy application. The Head of Mental Health also provides mental health wellbeing and support for TAL staff and TAL partners including a recent mental health presentation dealing with pandemic concerns.

TAL also recently made a submission to the Productivity Commission on Mental Health and highlighted a number of areas where we believe the life insurance industry can make a difference for customers with mental health conditions.

TAL is also an active member of the FSC Mental Health Working Group and we participate in the FSC Mental Health Roundtable, which is a forum consisting of mental health advocates and life insurance companies.

In 2019, 17% of all claims paid by TAL, totalling \$405 million, were for mental health conditions. Mental health conditions were the second largest cause for claims paid in 2019.