

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
INSURANCE SECTOR**
Zurich Australia

ZUR05QW	Answers
(a) Do you have any life insurance coverage exclusions or increased premiums in relation to mental health conditions?	<p>At the time of underwriting, there may be an individual mental health exclusion or loading applied for retail policies depending on the medical history provided.</p> <p>A standard mental health exclusion is applied to direct insurance policies for pre-existing conditions providing income protection (IP).</p> <p>In terms of impact to premiums, the condition is reflected in standard actuarially determined base premium ratings which include general inclusions for mental health related claims.</p> <p>For group policies, plans are priced based on their own claims experience so claims for mental health related conditions are factored into the premiums on a group basis along with claims for non-mental health related conditions.</p>
(i) If so, what data have you used to determine the linkages between specific mental health conditions and related insurance claims?	<p>Zurich relies on four layers of data as follows:</p> <ul style="list-style-type: none"> • Data sourced by reinsurers based on global research and intelligence; • Australian research data and information; • Data sourced from the expertise of mental health specialists; and • Data sourced from our own experience.
(b) Do your life insurance policies have exemptions relating to suicide?	<p>Yes</p> <p>Suicide exclusions apply to retail and direct life insurance products. In limited circumstances, suicide exclusions may also apply in group contracts.</p>
(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)?	<p>Yes</p> <p>Suicide exclusions included in insurance contracts generally only apply only for a period of 13 months.</p>

<p>(ii) How did you determine these considerations?</p>	<p>We consider our 13 month exclusion for suicide appropriate for the following reasons:</p> <ul style="list-style-type: none"> • Given the inherent moral hazard in providing cover for suicide, the 13 month exclusion mitigates some of the risk that the insurance benefit could provide an incentive for the insured to attempt suicide. • It is a common industry practice for death claims relating to suicide to be excluded for the first 13 months.
<p>(c) Do you have any special claims handling processes in place in relation to suicide?</p>	<p>The following are embedded into our claims handling process in relation to suicide:</p> <ul style="list-style-type: none"> • Bereavement booklet for family members to support them in dealing with the loss and grief as well as managing change after a loss of a loved one – Zurich proposition. • There is a training program for our staff to equip them with the skills they need to deal with challenging interactions e.g. with Policy Owners and beneficiaries including family members. • We comply with the FSC Standard No. 21 Mental Health Education Program and Training, which requires a clearly articulated process of escalation where there is a risk of suicide in our frontline interactions with impacted customers and callers. • We provide mental health and wellbeing webinars to financial advisers on tips to supporting their vulnerable clients.
<p>(i) In the event that a claim is denied, do you offer any support to the listed beneficiary?</p>	<p>Claims declines relating to suicide are very rare inside the 13 month exclusion period. A decline is communicated to the beneficiary or estate in writing:</p> <ol style="list-style-type: none"> a) Explaining the reasons for the decline; b) Setting out our contact details should they wish to speak to the claims assessor; and c) With detail for the complaints process. That is, both internal and external dispute resolution arrangements which are available

	free of charge.
<p>(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?</p>	<p>Zurich continues to evolve and develop its insurance practices in relation to mental health and suicide including:</p> <ol style="list-style-type: none"> 1) We have a dedicated mental health claims team that provide claims services for retail customers who lodge an IP or TPD claim. 2) When a customer notifies us of a mental health claim, support is offered to assist them to complete the claim form either in person or by phone. 3) Mental health coaching is available for claimants. 4) Zurich partners with community and specialist groups like SuperFriend, Mr. Perfect, Mates in Construction, that provide us and our clients with tools, resources and information to support our customers, people and networks. 5) Zurich enhances training and support for frontline staff to ensure they are equipped with the skills they need to support vulnerable customers including customers with mental ill-health. 6) We have simplified our underwriting questions for better disclosure and underwriting outcomes by using plain English, common layman medical terms, reflexive questions and for mental health disclosures seeking more information on work absence relating to previous illness. 7) We offer support to customers in their wellness journey through apps like LiveWell and OnePath Rewards. 8) In claims handling, we also offer support programs to customers who have been diagnosed with cancer. Our rehabilitation approach is holistic to ensure return to work and health is supported and all stakeholders are appropriately engaged and in agreement with the plan.