

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

4 – 6 June 2013

Question: BET 84

Topic: Mental Health and Insurance Working Group

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Senator WRIGHT asked:

Senator WRIGHT: I have some questions in relation to the Mental Health and Insurance Working Group. Are the right people sitting there now?

Mr Murphy: Just give us a minute. That is a working group that is set up with the Insurance Council by Mr Butler.

Senator WRIGHT: That is right—the insurance reform advisory council.

Mr Murphy: Yes. There are various working groups that Minister Shorten has set up with the Insurance Council of Australia to address what are seen as inequities in insurance. There is a mental health one, but there are also working groups on aged persons, disability and various areas where it is felt that existing practices in the insurance industry may be seen as discriminatory.

Senator WRIGHT: Yes. If I may interrupt—because I may be able to short-circuit this a little—my specific questions were in relation to the Mental Health and Insurance Working Group under the insurance reform advisory council. Should I go ahead with those?

Mr Murphy: I do not know if we have much more—

Senator WRIGHT: I have a particular question about the information that was going to be provided to Treasury but apparently has not been provided. That is what I wanted to ask questions about. I understood this was the right session to ask those questions in.

Mr Murphy: What is your question, Senator? We will see if we can help.

Senator WRIGHT: All right. I understand that on 27 October 2011 representatives of the insurance industry agreed to provide the Treasury with 'data outlining the key risks associated with mental health conditions and the way that this is reflected in underwriting and premiums'. I understand that to date, over 18 months later, the non-industry members of the working group, including representatives of the mental health sector, have not seen that data. So my question, first of all, is about whether Treasury can confirm that the insurance industry representatives have not met that commitment to the working group to provide the data.

Mr Murphy: I cannot answer that. I will take it on notice as to whether we have received the data. But all I would say is that the government and Treasury have a very good working relationship with the Insurance Council. I will just check whether the data has come in or not. If it has not, the reason would be along the lines of the information just being difficult to gather.'

Senator WRIGHT: With respect, Mr Murphy, I am wondering if you can assume that is why. What I would be interested to know is whether the data has indeed been received by Treasury, because my understanding is that that was an undertaking that was given by the insurance representatives. So, first of all, has it been received? If it has, will it be—

Mr Murphy: I cannot answer that.

Senator WRIGHT: I understand. I am asking you to take these on notice. I need to go on to the next part of my question, so I will give you the background if you do not mind. Has it been received? If it has, has it been provided to the non-industry representatives on the Mental Health and Insurance Working Group, particularly members of the mental health sector, who are particularly interested in

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knowing the data? It is an issue that has been ventilated, discussed and raised before. If it has not been received, have any reasons been given to Treasury as to why the data has not been provided? If it has not, what options are there available to follow that up given that I understand that it was an undertaking that was given and people have been waiting for it? Is there any means of either requiring or encouraging compliance with that undertaking?

Mr Murphy: We will follow that up for you. As I said, we have a good working relationship with the Insurance Council and I expect that that information will be provided, if it has not already been provided. I have not got anyone here who would be working on it at the moment.

Senator WRIGHT: I understand that that is your difficulty. The assumption that it will be provided does not really assist me because, if it is 18 months and it has not been provided, I am not sure what that assumption is based on and how long we would be reasonably expected to wait for that. I am interested in the process.

Answer:

Participation in IRAG and its working groups is voluntary and any commitments that may be made by participants are voluntary.

Following the 27 October 2011 meeting of the Mental Health and Insurance Working Group, a further meeting of the Working Group was held on 1 December 2011.

A detailed presentation of the underwriting and risk management processes employed by one life insurance company in respect of mental illness was provided to the Working Group at the 1 December meeting. A similar presentation was also provided by a travel insurer.

These presentations included references to sources of data outlining the risks associated with mental health conditions and the way that this is reflected in underwriting and premiums.