

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Commonwealth Bank of Australia

CBA68QW:

Deloitte found that 1.8% of its sample of declined Group Total & Permanent Disability (TPD claims) were incorrectly rejected, with a further 2.3% being reassessed (table 2.5). Deloitte's sample only looked at 10% of declined Group TPD claims since May 2011. This suggests that, if this sample were reflective of all declined Group TPD claims since that date, there would be at least another 35 cases out there where Group TPD claims were incorrectly denied (and potentially up to 80 cases in total when the percentage being reassessed are taken into account) . Has Comminsure found those customers and paid any outstanding claims?

Answer:

The purpose of the Deloitte Claims Review (Lump Sum and Claims Handling Review) was to:

- identify whether there were any systemic issues in how the claims handling processes historically declined life insurance claims; and
- identify whether the current claims handling processes are designed in a way which could systemically deliver poor customer outcomes, either financially because a claim is incorrectly declined or through a poor customer experience in how a claim is managed.

Based on their work, Deloitte did not identify any systemic issues relating to historically declined claims.

Where we can identify a cohort of customers who we believe may have been disadvantaged we will do so and put it right.

For example, in March 2016, we accelerated a planned update to our heart attack definition and backdated the definition to May 2014. As a result, as of February 2017 we had paid \$2.5 million to 17 eligible customers based on the changed heart attack definition. We have recently indicated that we will now extend this backdating to October 2012.

Any customers with concerns about the outcome of their claims assessment are encouraged to contact CommInsure. Depending on the nature of their concern, customers may also have access to external dispute resolution through the Financial Ombudsman Service or the Superannuation Complaints Tribunal.