

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

#### Commonwealth Bank of Australia

##### CBA83QW:

*The report notes that 69 claims that commenced as terminal illness were settled as death claims because the claimant died waiting for their claim to be resolved.*

- a. What was the average wait time for those individuals, for the claim to be resolved?*
- b. What is the average wait time for terminal illness claims to be resolved?*
- c. How many total terminal illness claims have become death claims because they weren't resolved before the person died?*

##### Answer:

- a. When a customer makes a terminal illness claim we aim to ensure that the process is compassionate and straightforward. Understandably, for some customers in these circumstances, progressing an insurance claim may not be their main focus.

This is reflected in the 69 claims over five years noted in the Deloitte report as not resolved prior to the customer passing away. Deloitte confirmed that our decision in all of these cases was appropriate. However, Deloitte did identify that in one case the experience was poor because of an unreasonable delay in assessing the claim caused by our procedural errors.

It is not possible to provide an average for all 69 claims as a number of customers did not formally lodge a terminal illness claim, however they did contact us to initiate a claim. In relation to 26 claims, customers notified us that they intended to make a claim but did not proceed. Our records indicate that we attempted to contact these customers to support them in completing their claim but, unfortunately, our next contact was when we were informed of their passing.

In 30 claims, our records indicate that the customers lodged their terminal illness claim forms with us no more than a month before they passed away.

For 12 customers, we were assessing their claims when they passed away, including obtaining information from parties such as employers, advisors, medical practitioners, lawyers and the customers themselves. In seven cases, the customers passed away within three months of notifying us and, in the other five cases, the customers passed away within six months.

On review, one claim was incorrectly recorded as a terminal illness claim when it should have been recorded as a death claim, which was resolved within three weeks of notification.

- b. For the period 1 May 2011 to 30 April 2016, a review of our records has indicated that the approximate average time between a terminal illness claim being lodged and a decision being finalised was 43 days. The median time for making decisions about these claims was around 19 days.

- c. At this time, we are unable to provide further data on total terminal illness claims that have become death claims but would note that Deloitte's observation (on page 24 of their report) that,

*"There were 69 claims that commenced as TI claims but were settled as Death claims (as the claimant passed away whilst the TI claim was considered). In such instances, the claims were included within the scope of the Claims Review, with the focus of our review being on the timeliness of consideration of the TI claim by CMLA. One of these claims took an undue length of time (around four months) to complete the claims assessment as a result of a lack of follow up by CMLA of the external Administrator. This was an isolated incident.*

*We have not identified any systemic delays in considering claims by CMLA."*