

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Allianz Australia

ALZ07QW: (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?

Answer: Allianz Australia (**Allianz**) manages a small life insurance portfolio on behalf of Allianz Australia Life Insurance Limited (**Allianz Life**), with a market share of less than 0.3%. Allianz currently has one life insurance product open for new business and underwrites each application for insurance based on an individual customer's health and lifestyle. The open life insurance product has options for Life cover, Permanently Unable to Work cover (also known as TPD) and Critical Illness cover (also known as Trauma insurance).

For Life cover, Permanently Unable to Work cover and Critical Illness cover, there are no policy wide exclusions specifically for mental health conditions. However, Critical Illness and Permanently Unable to Work cover do not pay a benefit where the condition is intentionally self-inflicted, and also note the response to Question (b) below with regards to suicide in the first 13 months on Life cover. These are policy wide exclusions applying to all customers with those covers.

Depending on the type and severity of the mental health condition disclosed during the application, Allianz may offer each cover with a premium increase. Where there is a premium increase it is communicated prior to purchase to allow the customer to decide whether to proceed with their application. Additionally, for Permanently Unable to Work cover, Allianz may offer cover with an exclusion for a mental health condition, again depending on the type and severity of the condition disclosed. This would also be communicated to the customer prior to their decision to purchase cover.

Allianz's life insurance underwriting questions were developed using a reinsurance underwriting guide as a reference to determine which condition may need to be rated. The reinsurance underwriting guide uses research data, medical opinion or both to form the basis of the rating.

(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?

Answer: The Life cover benefit is not payable if an insured commits suicide within the first 13 months of the commencement of the cover, any increase in cover (but only in respect of the increase), or where Allianz have agreed to reinstate the policy after it has lapsed.

A time limited exclusion for claims related to suicide is a standard industry practice to prevent adverse selection within an insurance portfolio.

(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?

Answer: Allianz has in place claims handling processes to ensure we engage appropriately with customers experiencing vulnerability. All claims handling staff are required to undertake empathy training and staff handling life insurance claims are required to complete an appropriate level of education and training in relation to mental health awareness. We are making further enhancements to our claims handling processes by setting up High Care Teams which will have specialist training to support customers with a mental health condition and have greater flexibility in assisting customers.

In the event that a claim is denied, we ensure that all of our communications are appropriate and respectful. All formal communications regarding declined claims are peer reviewed.

(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: Allianz is committed to industry standards that reflect changes to customer and community needs and expectations over time. The Life Insurance Code of Practice is currently being reviewed, which provides an opportunity to consider the recommendations of the Productivity Commission.

Allianz is committed to making continual improvements in the way in which we service and engage with customers with a mental health condition. In 2019, the Allianz Board endorsed an enterprise-wide mental health strategy. The strategy recognises the important role Allianz can play in contributing to the national strategy to promote the rights of people with a disability to participate in the economy and society.

The strategy has already resulted in the removal of policy wide mental health exclusions across our entire portfolio in 2019. We are currently implementing a comprehensive training program for frontline employees to recognise mental health conditions and how to respectfully communicate with vulnerable customers. We are also establishing High Care Teams which will have specialist training to support customers with a mental health condition and have greater flexibility in assisting customers.

Allianz also looks for opportunities to assist our customers in other ways, for example, we offered counselling to over 1,000 customers impacted by the 2019/2020 bushfire crisis. In addition, Allianz authored a thought leadership paper in 2019, "Awareness in Action" which provides employers with data and tools to support mentally healthy workplaces and is a founding member of the City Mental Health Alliance, a collaboration of organisations established in Australia in 2019 with a shared vision of mentally healthy workplaces.