



7 May 2018

Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
Canberra ACT 2600

Online submission

Dear Committee Secretary

Re: Options for greater involvement by private sector life insurers in worker rehabilitation

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) welcomes the opportunity to respond to the Parliamentary Joint Committee on Corporations and Financial Services inquiry into 'Options for greater involvement by private sector life insurers in worker rehabilitation'.

The RANZCP is the principal organisation representing the medical speciality of psychiatry in Australia and New Zealand and is responsible for training, educating and representing psychiatrists on policy issues. The RANZCP represents more than 6000 members, including more than 4000 qualified psychiatrists, and is guided by a range of expert committees.

The RANZCP has consistently advocated for reform of the insurance industry with regard to the treatment of people living with mental illness. This inquiry, to review greater involvement by private sector life insurers in worker rehabilitation, including support after return to work, provides an opportunity to improve the system and create incentives for people to seek timely treatment, rather than waiting long periods for claims to be processed.

Given the RANZCP's concerns about the insurance industry more broadly, and the need for greater accountability and transparency by insurers and clearer information for consumers, the RANZCP recommends caution with regard to expanding the scope for life insurers. The RANZCP notes the Joint Committee's report into the life insurance industry (released March 2018), which recommended:

- The proposed Banking Executive Accountability Regime (BEAR), financial product design and distribution obligations, and financial product intervention powers for ASIC, should apply to life insurance and life insurers
- The industry develop a mandatory and enforceable Code of Practice for its members in relation to mental health life insurance claims and related issues.

RANZCP positions related to insurance and compensation schemes have been outlined in previous submissions and position statements, including:

- [Position Statement 91: Private health insurance policies for psychiatric care in Australia](#) (May 2017)
- [Position Statement 94: Public insurance schemes: advocating for mental injury claimants](#) (November 2017)
- [Submission to the Australia Senate inquiry into the value and affordability of private health insurance and out-of-pocket medical costs](#) (July 2017)
- [Submission to the Australian Parliamentary inquiry into life insurance](#) (November 2016).

It is RANZCP's view that most compensation schemes operate reasonably well for less serious claims, but claimants with more severe mental health conditions face additional challenges in trying to obtain due compensation for work-related injury.

Mental health injuries are frequently made worse by the prolonged contest to obtain compensation. Barriers exist as people with mental illness are caught up in disputes and have to engage in complaints processes. These can be complicated, adversarial and daunting for consumers, and the process may seriously impact recovery.

The use of covert surveillance by insurance agents is also a concern for the RANZCP. While surveillance may help to establish whether a claimant has accurately reported their limitations, it rarely aids diagnosis and often exacerbates mental injury and paranoia.

The RANZCP believes that the compensation system needs to be understood as part of the health care system to ensure that people receive proper treatment during the claims process and the process does not undermine recovery.

If you would like to discuss any of the issues raised in this submission, please contact Rosie Forster, Executive Manager, Practice, Policy and Partnerships via rosie.forster@ranzcp.edu.au or by phone on 02 9594 6000

Yours faithfully

Dr Kym Jenkins
President

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