

**Parliamentary Committee on Corporations and Financial Services**  
**Committee Hearing:18 August 2017**  
**Additional Comments**

**Life Insurance Code of Practice - one code for all consumers**

AMP is a strong supporter of the value of insurance provided to Australians through their group superannuation arrangements. While there are a number of issues that need to be addressed, this does not detract from the importance and value of group insurance.

AMP agrees that there are instances where insurance may not be appropriate for some people. However we consider that group insurance provides a valuable safety net for all working Australians. The simple reality is that young people are at risk of becoming sick, injured or unable to work. Individuals should be able to opt-out of the group arrangement if it does not meet their circumstances. In these circumstances, AMP believes that customers should be reminded of what it is that they are giving up.

AMP supports the FSC Life Insurance Code of Practice which commenced on 1 July 2017. It is an important first step in setting out standards that consumers should expect of life insurance companies that go above the requirements of the law.

AMP understands the PJC's concern that the Code does not apply consistently to insurance within superannuation.

We would like to advise the Committee that AMP, as a trustee, intends to sign up to the FSC Code of Practice. We believe that customers should have the same experience and outcomes regardless of whether their insurance is stand-alone or in a group arrangement.

We acknowledge that work is needed to ensure that the Code applies sensibly and practically to the trustee. In this context, AMP will provide a draft to the FSC to implement our intention in the next few weeks. We look forward to working with other trustees to achieve this intended outcome.

There are many other important issues that the industry must address along with other stakeholders, including unwanted multiple accounts. AMP has a commitment to continue to participate in the implementation of measures which are designed to address these issues.

**Medical History - tighter protocols**

AMP agrees that there is a lack of consistent practice by insurers, GPs and specialists in the request for, and provision of, customer medical history.

Importantly, AMP believes that life insurance companies should only access relevant information to help decision making, at the time of application or claim.

AMP wants to work closely with medical stakeholders and the industry to develop a tighter protocol for GPs and specialists along with the industry to ensure that we only access the information we need.

We believe that this is an issue that should be addressed as soon as possible and we have discussed this with a number of medical stakeholders. We believe that this will go a long way to restoring trust and confidence within the community regarding the way we access medical information.

### **Mental Health Conditions**

Mental illness, which has many sub-categories, is one of the leading causes of claims on life insurance. It is a major social issue. Research indicates that 46% of people will have a mental illness event in their life and 20% of the workforce will experience an episode at any one time.

AMP does not want people to be afraid of seeking medical or community assistance because they are concerned about insurance implications. Individuals need assistance as soon as possible to try to help them recover, or prevent them from progressing further into the mental disorder spectrum.

AMP considers that one way forward may be for an education program funded by various stakeholders, including Government and industry, to assist in raising awareness that customers who seek help for mental illness will not be excluded from obtaining insurance. The knowledge and treatment of mental illness is advancing rapidly and many customers will receive insurance, eg where it is being well managed under a Mental Healthcare Plan.

We believe that education about mental health prevention and care should be targeted at the general community as well as community groups and GPs facing these issues on a daily basis. Insurance is only one part of the messaging but we believe that together, we can work to dispel some myths and obtain better outcomes for customers, their families and the general community.

### **Genetic testing**

Genetic testing is a complex area that the government, medical experts and insurance community is trying to understand.

Given the pace of medical research it is likely that new developments are likely to occur very quickly, along with our more common diagnostic techniques such as blood tests and medical imaging. Genetic testing is not being used commonly in the industry at the moment and we believe there needs to be a deeper analysis of how and when it is used with a view to how it will be used as Australians can access the testing at an increasingly lower cost. One of the major issues regarding this trend is that there will be a need for many more genetic counsellors to assist customers in interpreting what the test results mean for them and their families.

It is important to note that at the moment, genetic testing - with a few exceptions - does not provide a determinative result. AMP has raised these issues with a number of leading genetics experts and we consider that further dialogue is required to work through the complex policy issues that arise.

While we understand that there are calls for a moratorium on the use of genetic testing for insurance purposes, we do not believe that we have had a full discussion as to whether this is appropriate for the Australian industry and consumers. There are pros and cons to a moratorium and we believe we must more fully explore these before deciding whether we should follow the UK or other international jurisdictions.

We would therefore appreciate a dialogue with stakeholders to explore these issues more fully.

### **Next Steps**

AMP considers that these issues are all important and complex.

We will continue to raise them with relevant stakeholders and hope to take a leadership role on behalf of consumers in advancing these discussions. We will keep the Committee informed of developments in these areas.