
Dr Patrick Hodder
A/G Committee Secretary

Thank you for the opportunity to comment on these additional questions.

Question:

1. Noting the issues raised in your submission, do you have any different views on life insurers having greater involvement in rehabilitation in the following two situations:
 - a. Where an injury illness occurs at or due to work and people have access to relevant workers compensation and other support mechanisms; or
 - b. Where an injury or illness is unrelated to work?

Answer:

1a and 1b) – Working from the assumption that 1) an individual's involvement in the proposed "Worker Rehabilitation" program is optional (with no penalties for declining the offer) and 2) it is an additional support mechanism to (but does not replace) any existing government or private sector medical or insurance services, then I fully support the proposal to allow life insurers to have greater involvement. In fact my assessment of the hearing that took place, was that all witnesses agreed they supported the concept that was being tabled, however their reservations had a core issue of trust with the Life Insurance Companies culture and processes. My area of personal experience is Mental Illness and to be frank, the battle to better treat mental illnesses and to reduce the rates of suicide is a battle we are losing. Mental Illnesses are very rarely covered by workers compensation schemes anyway, as it is difficult to prove a condition is work related. More to the point, irrespective of what support framework we have now nationally, it's not working by a long way ! If any party does not recognise this fact, then their expertise and knowledge has to be questioned.

2. Do you support greater involvement by private sector life insurers in worker rehabilitation before the life insurance industry has completed actioning the recommendations of the committee's Report?

Answer:

I am a strong supporter of the proposal to allow greater involvement of Life Insurers in worker rehabilitation. I am an even bigger supporter of the PJC recommendations report in March. The failure of the FSC self-regulation of Life Insurers has resulted in the monumental Trust Deficit with the community. The PJC report seeks to address this issue. Despite that a small number of FSC members, refuse to support the FSC implementing the substantial changes that are required to better protect consumers. Hence it is unfortunate that I can only

support the proposal with additional & comprehensive claimant protection laws which need to be implemented in combination with the PJC March 2018 Life Insurance Industry report.

This means

1. A substantially enhanced code of practice registered with ASIC - It is unthinkable that steps are underway which could make a huge problem even worse. We currently operate in an environment in which the FSC doesn't have financial penalties for Life Insurers breaching its own Insurance Claims Code of Practice, nor does it provide financial compensation to consumers who the FSC agrees have been unfairly disadvantaged
2. A Mental Health code of practice with Penalties - How could the inquiry support the worker rehabilitation proposal to help the mentally ill, without a deep understanding of the life insurance industry's ethical & policy position ?
3. Banning of insurance surveillance on the mentally ill. The fear of surveillance is a significant barrier to the mentally ill following this recovery strategy. The FSC argument that surveillance is rarely used is completely irrelevant, because someone who is mentally ill doesn't live in a world of logical thinking. They can easily become paranoid that they are **that person** who will be targeted. Simply put, the fear of surveillance, is felt by all. It is so significant it has been raised with the insurance industry by numerous mental health organisations & medical associations. How can we ever remove the stigma around mental health issues, when covert operations that invade of privacy of the mentally ill, are allowed to continue. The path to recovery for the mentally ill is a long trek, prone to multiple failures, many false dawns and with no guarantee of success. The longer the journey, the lower the chance of a positive outcome. The proposal before you for **Early Intervention** into a individuals mental health claim, with financial & medical support, is a massive game changer. However the physical and mental world in which a person undertakes **this recovery journey**, must be free from any avoidable and counter-productive impediments to recovery. It must be a place of safety, peace and comfort and ideally one in which they feel loved, valued & respected. That optimal place will never exist in a world where the fear of surveillance is present. Considering the purpose of this inquiry, is to explore ways to help people get back to work and a better quality of life quicker, I would ask that the elimination of all types of surveillance be a core part of your recommendations.

My suggestions for these 3 areas encompasses the original PJC findings **and some gap areas**.

HOWEVER:

It should not be forgotten that the Worker Rehabilitation proposal has been proposed by the industry and will be funded by the Life Insurer's themselves. I support the statement by Damien Mu - CEO of AIA and the separate FSC statements that it will not lead to an increase in premiums and may well support a premium reduction overtime. It is easy to look to the past actions of this industry to find countless reasons to overlook this proposal and see it as being ill-timed by the FSC, I find it hard to argue differently. However to do that also penalises the

thousands of individuals who are currently in need of dire help at a time of disability or illness. This proposal is in essence a chance of last resort for many people who have been unable to win their personal physical and or mental battles. To push the proposal further into the future brutally impacts thousands of Australians whose quality of life would be improved immediately by the help this proposal will provide. Even the basic ability for the Life Insurers to meet “gap” payments not covered by medicare & private health, would see thousands of individuals able to recommence treatment that they are unable to currently afford tomorrow.

If people can't afford the gap payment, they simply cant afford the treatment, so they don't get treated and they don't get better ! For Mental Health patients, not getting better leads to Suicide. Its that simple.

In no way am I now reducing the regulatory framework that needs to be implemented to reform all sectors of the Life Insurance industry. However I do support the position that the implementation of the Worker Rehabilitation proposal will begin to improve the trust and credibility of the Life Insurance industry, through helping those in the most need. **So if a plan could be developed to show a staged (fast track) timeline of implementation of the industry reforms, then I would consider that to be an acceptable situation.** I would then support the worker rehabilitation proposal's implementation in line with the industry reform timeline. As with any reform process, many of the recommendations are easier to implement than others, and each has its own level of impact on consumers. I also support the concept of a pilot program, that may operate in a smaller area of workers rehabilitation like mental illness in retail insurance policies, to evaluate the merits further.

I would be delighted to assist with any working groups that may be formed to push these solutions ahead. We can push a solution ahead now, if the final outcome and steps are agreed to by all parties now.

Please feel free to contact me if you wish to discuss this matter further.

Patrick O'Connor