

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2015 - 2016

Department/Agency: ACCC

Question: SBT 106-108

Topic: Private Health Insurance

Reference: written - 30 October 2015

Senator: Xenophon, Nick

Question:

106. I refer to an article published in the SMH on the 20th of October reporting that the Australian Competition and Consumer Commission said insurers were at risk of breaking the law when they varied a customer's policy terms, conditions and exclusions, even if the contract allowed it.

Peak body Private Healthcare Australia said if the ACCC believed there was a breach, it should have taken action against those companies.

- a) What is the ACCC doing about this?
- b) Is the ACCC taking action against its claims?

107. Is the ACCC going to look at travel insurance? Many of my constituents have contacted my office with complaints about travel insurance following injuries and even deaths of loved ones overseas.

108. Does the ACCC consider that the complexity is driving more people to go without health insurance altogether, putting further pressure on our public health system?

Answer:

106. a) The ACCC's recent Private Health Insurance Senate Report (the Senate Report), aligns with its 2015 *Compliance and Enforcement Policy* identifying competition and consumer issues in the health and medical sectors as a priority. As such, the ACCC is reviewing several practices in the private health insurance industry. Page 3 of the Senate Report identifies the current practices being considered in this industry.

b) The ACCC is investigating a number of matters in relation to the representations concerning the policies of private health insurers. However, the ACCC's usual policy is that it does not comment on the substance or status of any investigation.

107. Travel insurance falls within the jurisdiction of ASIC.

108. The ACCC's research and evidence gathered in preparing the Senate Report indicated that complexity and other factors, such as the price of policies and the increasing number of policy exclusions, may affect consumer decision-making about private health insurance and result in some consumers relying on the public health system for cover, rather than their private health insurance. This information is outlined in the Senate Report and has also been drawn to the attention of the relevant policy agencies.

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While the ACCC has an overarching consumer protection role that encompasses the private health insurance sector it does not have policy responsibility for many of the issues raised in the Senate Report.