

27 September 2021

Ms Sally Loane  
Chief Executive Officer  
Financial Services Council  
Level 5, 16 Spring Street  
Sydney NSW 2000

By email: [policy@fsc.org.au](mailto:policy@fsc.org.au)

Dear Ms Loane,

### **Life Insurance Code of Practice Consultation Draft**

The Royal Australian College of General Practitioners (RACGP) welcomes the opportunity to provide feedback to the Financial Services Council (FSC) on the draft Life Insurance Code of Practice (the Code).

The RACGP is Australia's largest general practice organisation, representing over 41,000 members working in or towards a career in general practice. General practitioners (GPs) are at the frontline of Australia's healthcare system. Each year, GPs provide more than 160 million general practice services to more than 22 million Australians, with almost nine in 10 people consulting a GP.<sup>1</sup>

The regulatory, legal and policy context relating to insurance provision, the conduct of insurance providers and consumer protections is complex and can be challenging to navigate. The RACGP acknowledges the important role of the Code in providing clear obligations and standards to protect customers in the life insurance sector.

We appreciate the work undertaken by the FSC to address concerns raised by GPs around consent processes for accessing patient health information, and your recent support in developing the [FAQ for patients and GPs on changes to consent and release of patient information](#). Clauses 4.16 and 4.17 in the Code adequately reflect the requirement for insurers to ask customers for consent to access health information and inform customers every time this occurs. However, we recommend that a link be included directly to FSC [Standard No. 26: Consent for accessing health information](#) in Clause 4.16 of the Code for ease of access, rather than just a link to the FSC website.

As has been acknowledged by a range of inquiries in recent years, concerns remain around stigma and poor understanding of mental illness within the insurance sector.<sup>2,3</sup> Ensuring adequate protections exist for customers with mental illness is particularly important due to the COVID-19 pandemic. Psychological issues, including depression, anxiety and sleep disturbance, remain the most commonly seen presentations in general practice, with 64% of GPs reporting it in their three most common reasons for patient presentations.<sup>4</sup> The health and insurance sectors will almost certainly see an increase in people presenting with mental health issues during and after the pandemic.

As such, requiring insurers to acknowledge the challenges faced by individuals experiencing mental ill-health, including as they interact with the industry, is welcome, as are the nominated policies and practices within the Code to ensure appropriate support is provided. The RACGP particularly supports the inclusion of Appendix B, which sets out parts of the Code that are relevant to customers experiencing mental-ill health, and Clause 4.22, which requires underwriters to have appropriate skills and training, including for mental health where applicable.

To improve the clarity of the draft Code:

- Note that transparency in life insurance decision-making is critical, particularly for applicants with mental illness that are refused coverage. While Clause 4.29 does require life insurers to provide plain language reasons for a refusal, the RACGP would recommend that a reference be added that this must be in line with the relevant legislation, including the *Disability Discrimination Act*.
- Provide clarity around Clause 5.38 of the Code which states that surveillance of customers will be stopped if an insurer receives evidence from a doctor or psychologist that it is negatively affecting the health of the customer. Further detail is needed around the types of evidence and degree of impact that is required to stop surveillance to ensure there is consistency across the sector. Additionally, it is unclear if this evidence can then be utilised in the evaluation of a claim by an insurer (at that time or a later time), and what privacy protections exist for this information. This should be clarified in the draft Code or accompanying documents.
- Provide greater detail in Clause 6.7 on how people who need support can access assistance according to their requirements. This should include specific supports targeted towards culturally and linguistically diverse individuals, Aboriginal and Torres Strait Islander peoples and those with health literacy issues.

The RACGP recommends that the FSC also consider including further content in the draft Code, or the development of suitable accompanying documents, on the following:

- Best practice principles for the transfer, storage, linkage and disposal of health data.
- Requirements for representatives and brokers to disclose the products they are selling or profiting from, so purchasers are fully informed when they are recommended a product.
- Measures to increase clarity around medical definitions in policies and in correspondence sent to GPs, particularly regarding disability and permanent impairment (for example, requiring insurers to include a disability table when asking GPs to undertake assessments).
- The regulation that prevents insurers from stating a fixed rate for a GP consultation to support a life insurance claim or purchase.
- Guidance that insurance pay-outs should reflect the impact of events in the specific circumstances of each individual.

The RACGP will continue to support efforts to provide clarity to patients, GPs and other health providers with regard to the life insurance sector. We also look forward to continuing to provide input via the Mental Health & Life Insurance Roundtable and our direct engagement with your organisation.

Please contact Leonie Scott, National Manager – Policy and Advocacy, on (03) 8699 0031 or via [leonie.scott@racgp.org.au](mailto:leonie.scott@racgp.org.au) if you have any questions or comments regarding our feedback.

Yours sincerely



**Dr Karen Price**  
President



# RACGP

Royal Australian College of General Practitioners

Healthy Profession.  
Healthy Australia.

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<sup>1</sup> Department of Health. Annual Medicare statistics: Financial year 1984–85 to 2019–20. Canberra: DoH, 2020.

<sup>2</sup> Productivity Commission. Inquiry Report. Mental Health. Canberra: PC, 2020. Available at:

<https://www.pc.gov.au/inquiries/completed/mental-health/report>

<sup>3</sup> Parliamentary Joint Committee on Corporations and Financial Services. Committee Report. Life Insurance Industry. Canberra: Commonwealth of Australia, 2018. Available at:

[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Corporations\\_and\\_Financial\\_Services/LifeInsurance/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/LifeInsurance/Report)

<sup>4</sup> RACGP. Health of the Nation 2020. Melbourne: RACGP, 2020. Available at: <https://www.racgp.org.au/health-of-the-nation/health-of-the-nation>