

Case study 4:

Following the spirit of the Code, not just the letter

The following is a case study based on a matter considered by the Life Code Compliance Committee (Life CCC). The matter was self-reported to the Life CCC and was assessed under its Acknowledgement pathway. No formal Determination was issued. In order to share the learnings with all subscribers, the Life CCC has converted the matter into a case study on a de-identified basis.

The Code requirement

Under Code section 5.14, when a subscriber declines to offer insurance cover to a consumer, or offers coverage on different terms, it must provide specified information about the reason for this.

The matter

A subscriber self-reported that it would not be compliant with this requirement until it could update its template letters in an IT system. The subscriber then updated the template letters to comply with the letter of the Code. However, the Committee believes that the subscriber could have done more to ensure the letters communicated meaningfully about why coverage was declined.

For example, one letter stated that cover was declined for a 'medical' reason, without specifying the relevant medical condition. Without more specific information, a consumer would not know exactly why cover was declined and could have difficulty appealing the decision.

The Committee's expectation

Subscribers should aim to comply with the spirit – not just the letter – of the Code, considering the intent of each obligation, and communicating with consumers in plain language rather than industry jargon.

The Life Code Compliance Committee

The Life CCC is the independent body responsible for the administration and enforcement of the Life Insurance Code of Practice (the Code). It acts in accordance with the Life CCC Charter, which sets out the powers, duties, functions and responsibilities of the Committee, subject to any provisions in the Code.