

Notice of Determination

by the Life Code Compliance Committee (Life CCC) on alleged non-compliance with the Life Insurance Code of Practice by a subscriber

Reference:	CX7753	Date:	22 April 2022
Code sections:	8.4, 8.5 & 8.24		
Investigation:	A consumer-reported alleged Code breach		

The alleged Code breach:

The Consumer is a member of a superannuation fund. As part of that membership, the Consumer obtained life insurance with a Total and Permanent Disability (TPD) benefit. The life insurance policy was issued by a subscriber (the Subscriber) and is a Group Policy owned by the superannuation fund trustee (the Trustee).

The Consumer made a TPD claim on 26 April 2021.

On 14 May 2021, the Subscriber informed the Consumer that the claim was still under review. The Consumer subsequently referred to thoughts of self-harm and indicated that he was unhappy with the progress.

Due to delays in the assessment of the TPD claim, the Consumer lodged a Code breach allegation with the Life CCC on 8 June 2021.

On 11 June 2021, the Subscriber contacted the Consumer to advise him that it was about to send a procedural fairness (PF) letter. The Consumer again referred to thoughts of self-harm and terminated the call.

On 16 June 2021, the Consumer's legal representatives (CLR) contacted the Subscriber, advising that they were representing the Consumer and requested a copy of the PF letter and documentation. The Subscriber re-sent the PF letter to CLR and granted an extension to 6 August 2021 to allow review and response.

On 2 August 2021, the Subscriber sent the decline letter to the Trustee. The Trustee subsequently forwarded the letter to the Consumer and CLR on 6 August 2021 via email.

The Consumer alleged that Subscriber was disrespectful towards him and did not provide him with timely updates, negatively impacting his mental health. Further, the Consumer alleged that he was misled about medical information that was requested from his treating medical practitioners. As a result, the Life CCC investigated the Subscriber's compliance with sections 8.4, 8.5 and 8.24 of the Code.

Findings in accordance with Charter clause 7.4(b)(iii)¹:

The Life CCC determined that the Subscriber was not in breach of sections 8.4, 8.5 and 8.24 of the Code and that the allegations were unfounded.

The Life CCC findings and conclusion:

Section 8.4

Section 8.4 requires a subscriber to keep consumers informed about the progress of their claim at least every 20 business days unless otherwise agreed. In addition, subscribers should respond to consumer requests for information within 10 business days.

The Consumer alleges that he did not receive any communication or response to his requests for information.

The Subscriber says it maintained regular contact with the Consumer via phone and email through the claim assessment process, with all contact made in line with the requirements under section 8.4 of the Code.

The Subscriber provided a detailed breakdown of the timeline of the correspondence between the parties. This timeline demonstrated that the Subscriber kept the Consumer updated about the progress of the claim at least every 20 business days. Moreover, the Subscriber responded to the Consumer's requests for an update within 10 business days.

As a result, the Life CCC determined that the Subscriber was not in breach of section 8.4 of the Code and that the allegation was unfounded.

Section 8.5

Section 8.5 requires a subscriber to only ask for and rely on information and assessments that are relevant to the claim, and to explain the reasons for requesting information.

The Consumer alleges the Subscriber lied to him about waiting for documents. The Consumer claimed that he spoke to two medical practices, one which said that they had not received a request from the Subscriber and the other which noted that they had already provided the information requested by the Subscriber.

The Subscriber provided the dates on which the requests were sent and received.

The Subscriber asserted that it only requested and relied upon information that was necessary and relevant to assess the Consumer's claim. In the response dated 2 September 2021, the Subscriber outlined the requested information and the relevance of the information pertaining to the claim.

Upon review, there was insufficient evidence to suggest the Subscriber requested the same information twice or failed to request relevant information in the first instance, as the Consumer alleged.

Based on the information available, the Subscriber requested medical information, employment information and education and training information. These documents were relevant to the claim and can be considered as reasonable requests under section 8.5 of the Code.

¹ The Life CCC is bound by its Charter to use the terminology 'the reported allegation was proven in whole or in part or was unfounded.' This in essence requires the Life CCC to state if it determined there was a breach or not. The Life CCC will explain its determination in plain language in the body of the Determination.

As a result, the Life CCC determined that the Subscriber was not in breach of section 8.5 of the Code and that the allegation was unfounded.

Section 8.24

Section 8.24 requires subscribers to treat consumers with compassion, respect and empathy.

The Consumer alleged that the Subscriber did not treat him with respect during their interactions and its conduct towards him had a negative impact on his mental health. Specifically, the Consumer alleges that the Subscriber laughed at him when he asked if he required a lawyer to assist him with the claims process.

The Subscriber has noted that it treated the Consumer with respect and compassion throughout the claims assessment process. Moreover, the Subscriber says it took all reasonable steps to ensure the Consumer's safety when he mentioned self-harm.

The Subscriber provided the Life CCC with a timeline of all correspondence between the two parties. The Subscriber did note that the Consumer enquired about the need for legal representation during their initial interaction. The Subscriber says it advised the Consumer that legal representation was not required to lodge the claim, but that he may engage legal representation if he wished.

The timeline of communication highlights several phone conversations where the Consumer was dissatisfied with the Subscriber's response and consequently mentioned self-harm.

Based on the information available, the Subscriber took reasonable steps to ensure the Consumer's safety during each of these self-harm threats. This includes calling the treating psychiatrist and emergency services. The Life CCC notes that the Subscriber did not show a lack of compassion or respect during these interactions.

Likewise, there is no evidence to suggest the Subscriber laughed at the Consumer during any of their phone calls and the email interactions between the Subscriber and Consumer are also respectful.

Given that the Subscriber handled this claim in a professional manner with no sign of disrespect or a lack of empathy, the Life CCC determined that the Subscriber was not in breach of section 8.24 of the Code and that the allegation was unfounded.

Key learnings

As evidenced in this matter, the claims process can be a very stressful experience for consumers. A consumer expressing a desire to perform self-harm due to a poor experience with a subscriber is a very serious situation and poses particular challenges for subscribers in managing such scenarios with dignity and respect for consumers and regard for their safety and wellbeing. Subscribers should treat all customers with due respect and care, while ensuring the process is timely and efficient.

While the Subscriber did not breach the Code in this instance, the Consumer was clearly dissatisfied with his claims experience. In such cases subscribers should always endeavour to prioritise a positive customer experience and help consumers feel at ease. Subscribers should also ensure that all public facing staff are provided with adequate training to be able to handle such situations.

Relevant Code Sections

Section 8.4

Prior to making a decision on **your** claim, **we** will keep **you** informed about the progress of **your** claim at least every 20 **business days** unless otherwise agreed with **you** or the **Group Policy-owner**. **We** will respond to **your** requests for information about **your** claim within ten **business days**.

Section 8.5

We will only ask for and rely on information and assessments that are relevant to **your** claim and policy, and **we** will explain why **we** are requesting these. This can include, for example, financial, occupational and medical information. If **you** disagree with the relevance of any information, **we** will review the request, and if **you** are not satisfied with **our** review **we** will tell **you** how **you** can make a **Complaint**.

Section 8.24

We acknowledge that claims time is difficult for **our** customers, and that empathy is required in **our** claims management. **We** will treat **you** with compassion and respect.

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. This Determination is issued in accordance with clause 7.4 of the Life CCC's Charter in order to facilitate agreement between the Life CCC and the Subscriber on corrective measures and the relevant timeframes for their implementation.