Patrick O'Connor

MENTAL HEALTH ADVOCATE

➢ *Submission on Insurance Claims Handling: Taking action on recommendation 4.8 of the Banking, Superannuation and Financial Services Royal Commission*

Patrick O'Connor | Personal Submission | 28/03/2019

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INTRODUCTION

Thank you for the opportunity to provide my submission in response to the Insurance Claims Handling Consultation Paper. This document provides a unique perspective from my life experiences as an Insurance Adviser, Insurance Executive, insurance claimant, mental health advocate and clinically diagnosed mental illness survivor.

I spent the first part of my career as specialist Insurance Adviser, providing retail insurance advice for individuals and business. I have sat at the kitchen table, office desk and boardrooms of hundreds of individuals, providing specialist Life Insurance, Total and Permanent Disability (TPD), Trauma and Income Protection advice and support. I have also been there at claim time for these individuals, ensuring the insurance cover I originally implemented was seamlessly activated to provide the promised financial support. I then took the opportunity to move into a corporate insurance career.

As a believer of the importance that life insurance has for Australians, I wanted to do my part to further promote, enhance and deliver life insurance benefits to the community, from an executive level. This part of my life has given me a very detailed level of knowledge of the internal workings of the life insurance industry, encompassing product design, claims processes, staff roles, insurance application systems, distribution networks, vertically aligned and non-aligned advice networks, board expectations, internal culture, reinsurance partnerships, comparisons with international markets, including the successes and the systemic problems that exists in all of these areas.

In November 2012 I was diagnosed with a severe mental illness and I have battled every day since then to survive. Living with a mental illness that is categorised as "treatment resistant" (no benefits from pharmaceutical treatment) is to live with the knowledge that death by suicide is a constant threat. I am under the care of a treating psychiatrist and receive support from a Medicare funded mental health care plan, my private health insurance cover and my disability insurer.

My life has been literally in the hands of the Australian Medicare and health care system. My financial support has been in the hands of my insurance provider, as a claimant for TPD and Income Protection. Both support systems have for long periods hopelessly failed to deliver on the promised support I needed. Whilst I am well supported by both now, the need to speak out to drive improvements to both areas is now my life goal. I regularly feature in the media as an advocate in the reform of the entire health insurance claims process.

I know what it is like to be at the lowest point a person can experience, one that is normally followed by a final act in life. I make no apologies for the deep negative feelings I have for the systems and individuals who drove me to that point.

1. ARE THERE ADDITIONAL ISSUES THAT HAVE NOT BEEN IDENTIFIED? IF SO, ARE THERE POTENTIAL OPTIONS FOR ADDRESSING THEM WITHIN THE PROPOSAL

INCLUDING REINSURERS IN LEGISLATION

The least understood area of Life Insurance is the role of the reinsurance companies. Definition: It is a process whereby one entity (the Reinsurer) takes on all or part of the risk covered under a policy issued by an insurance company, in consideration of a premium payment. In other words, it is a form of an insurance cover for insurance companies.

However, the involvement of the Reinsurers in the Australian market goes far deeper than this simplified explanation. In short, **they are the market for Disability Insurance**. Whilst there are over 200 global reinsurers, around only 7 operate with any size in Australia. This reflects the poor profitability of the market, mainly the Disability Insurance area. They are all financially enormous, global organisations, with the parent company in the USA or Europe.

Around **30%** of the new business written each year is reinsured. Some Life Insurance companies reinsure as much as **90%** of the sum assured. The maximum amount of risk (dollar amount of insurance cover) retained by an insurer per life is called 'retention'. Beyond that, the insurer passes the excess risk to a Reinsurer. The point beyond which the insurer passes the risk to the Reinsurer is called 'retention limit' and that risk amount is referred to as the 'reinsured amount'.

For example, the major Life Insurers will set a retention limit for Life Insurance at $1 million. If an individual applied for $1.5 million of cover, the additional $500,000 would be reinsured. The retention limits for different insurance products will also differ. They are higher on profitable products like Life Insurance, meaning they retain more of the risk (and the profit) however they are much lower for Disability Insurance which has been a product that has sustained significant losses over the last decade.

This means that the Reinsurers are the entity holding most of the risk for Disability Insurance in Australia. Simply put, as the organisations writing the cheques, they are the ones making the final product/underwriting/claims decisions.

REINSURANCE TREATIES

The term 'Treaty' is used to describe the contract between the Insurer and the Reinsurer. The Reinsurer agrees to provide support, training and expertise. Apart from the financial obligations of each party, the Treaty will also document the product and operational obligations. Any product, including the features and definitions, requires 'Reinsurance Approval'. The same goes for pricing, with the Reinsurance actuarial team heavily involved with the Life Insurers actuaries. Any changes after the product launch, requires this sign off process to be re-undertaken.

At the commencement, the Reinsurer will provide training and manuals to the underwriting staff. These manuals outline the process and rules for underwriting decisions. It will include ratings for occupations, health conditions and pastimes. It will also cover the areas that will be excluded or declined. It is here that the Reinsurers will outline their rules for acceptance, loading, or exclusion for high risk areas like back injuries, heart conditions, high blood pressure and Mental Health.

Critically these standards affect the pricing of the insurance product. The more generous the product definitions and the more liberal the underwriting standards, the higher the price to consumers of the cover. Insurance products that have blanket exclusions for 'Mental Health claims' in the policy wording, are designed that way to offer consumers a low-cost alternative to full cover 'Retail Insurance'. Group products that have reduced cover for Mental Health are generally designed that way by the superannuation fund to reduce the premium.

REINSURANCE CLAIM DELAYS

Any application that exceeds the retention limit will be forwarded to the Reinsurance Underwriting Team for assessment. The Reinsurer may well require additional information to be obtained like medical, financial or a questionnaire.

The situation is the same with the claims process. These claims manuals outline the process and rules for claims decisions. Any claim that exceeds the retention limit will be forwarded to the Reinsurance Claims Team for assessment. Reinsurers do not have the staff resources of an Insurer. As such the process times are a substantial period of the overall claim assessment timeframe.

The claim file is normally only forwarded to the Reinsurance Team once the Life Insurance Team has obtained all the reports and information required and has made its decision/recommendation**. It is not uncommon for the Reinsurance Claims Team to then request additional information, essentially starting the process again.**

We know from ASIC, that Mental Health claims obtain the most amount of information for assessment and take the longest time to finalise the decision. Primarily this is due to the large amount of information requested by the Life Insurer. However, it is almost inevitable that if the file is referred to the Reinsurer, that they too will require additional information.

It is possible that a Life Insurer can still pay a claim for a policy holder, if the Reinsurer declines to accept the 'Claim liability'. That is rare and tends to occur only if an error has occurred in the underwriting process. It can also occur to preserve commercial relationships with advisers. In those circumstances the 100% of the claim funds come directly from the Life Insurer. The loss made on the claim to the amount that the Reinsurer would have covered comes for the Life Insurer's profits. It will not have been reserved from a capital perspective. Trust me, it's a very rare occurrence.

Hence, in practice if a claim has a component that is reinsured, then Life Insurers refuse to accept liability and make claims payments until they have the Reinsurance sign off. For the insured, this creates the absurd situation in which they require the sign off from two parties before they can receive their claims benefits. This situation occurs not only with lump sum benefits like TPD, but also with ongoing monthly payments like Income Protection.

RECOMMENDATIONS

The Royal Commission highlighted the systemic problem that exists in the area of claims handling. The changes to legislation to remove the exemption of claims handling from the definition of a financial service, are long overdue and much needed to protect consumers. However, based on the nature of reinsurance arrangements that exists in the Australian market, **extreme care must be taken to ensure that third party reinsurance contracts also form part of the new legislative scope.**

The Financial Services Council (FSC) have sought to maintain this through excluding Reinsurers from the standards required under the Life Insurance Code of Practice. For example, any time period that the assessment of claim is handled by the Reinsurer, is specifically excluded from the timeframe for decision making. They have provided a nice carve-out provision, to allow for further offloading of areas that Treasury have proposed be regulated by ASIC.

Reinsurers are a large and critical part of the Life Insurance industry, they must not fall outside the customer service standards. The same must apply to third party service providers like claims handling and rehabilitation services. In an effort to repair operational standards, organisations like EML https://www.eml.com.au/ contract from the Life Insurers and Reinsurers claims handling functions. The concerns around the operating activities as they relate to the mentally ill have been highlighted by case studies at The Royal Commission.

2. ARE THERE OTHER APPROACHES THAT CAN BE TAKEN IN DESIGNING THE LEGISLATIVE AMENDMENTS THAT WOULD FURTHER IMPROVE CONSUMER OUTCOMES?

3.ARE THERE ANY OBLIGATIONS, BESIDES THE EXISTING AFS LICENSING OBLIGATIONS, THAT WOULD PROVIDE FURTHER USEFUL CONSUMER PROTECTIONS IN RESPECT TO CLAIMS HANDLING ACTIVITIES AND SO SHOULD ALSO APPLY TO THEM?

My answer to these two questions can be articulated as follows. The ability of the Claimant or their beneficiaries, to receive assistance from their Insurance Adviser is simply the most important service the industry can provide.

The issues raised in relation to the providing of advice in the claims handling process, can be largely reduced by requiring the claimant's insurance adviser to assist them. They are the ones authorised to provide advice and they are the ones who are remunerated to do so. **All legislation should be worded to reflect that financial and insurance advisers, must give the claimant support during the claims process.** The client can elect to not utilise this service, and the remuneration for this service should be on a fee-paying basis, in the absence of a trail commission arrangement.

LEGISLATION

Despite all the regulatory focus on conflicts, vertical integration, disclosure, remuneration, audits, compliance, reviews and education, **there is no legal requirement to ensure that advised insurance clients receive adviser support at the most important part of the process, the claim**.

Direct and non-advised sales are not models that offer personalised advice, however it is difficult to imagine that advised insurance clients do not expect the same level of support at claim time as at initial advice time.

How has the industry been allowed to evolve to a situation that all the focus is on the "Implementation" of insurance advice, however there is virtually no focus on the "Execution" of the advice (claim time).

Can any definition of consumers "Best Interests" really fail to include the legal requirement for insurance advisers to provide support to clients when they are at their most vulnerable?

FEE FOR NO SERVICE

As with financial planning, it is the role of ASIC to ensure that clients receive the advice and support they pay for. Whilst it is not a mandatory requirement to assist their clients at the time of claim, it is a regulatory requirement on advisers, if this support is part of the 'Ongoing Service Agreement' that the client is paying for.

If the adviser has included in the FSG, SOA, or Ongoing Service Agreement, that support at claim time is part of the services they will provide, then it is required by law to be provided.

In my professional career, I have had contacted over 2000 different insurance advice professionals. With a high degree of certainty, I can state that at least 40-50% of these individuals actively (and proudly) include claims support as a core part of their service offering. That is to say that they operate as if it was a mandatory requirement under Financial Services Legislation.

However, I am not aware of ASIC or a large Tier 1 AFSL:

- Asking their authorised representatives if claims support is included in FSG, SOA, or Ongoing Service Agreement.
- Ever auditing their authorised representatives on the provision of claims support.
- Acting against an adviser who didn't provide support to their clients at claim time.
- Taking action against an adviser who could not produce file notes providing evidence that claims support has been provided.

I am unable to reference in any legislation any definition or explanation of the service an Insurance Adviser should provide at claim time, if they have stated it will be delivered.

The profession of insurance advice is in part necessitated due to the highly complex financial services and life insurance products available to retail consumers. Detailed Product Disclosure Statements, Financial Services Guides and Statements of Advice, leave consumers overwhelmed with information. The trust placed in their advisers is in part necessitated by the information overload they experience.

Yet at claim time, the amount of information provided to consumers has no industry standard for consistency, content or disclosure. It is brief, generic and lacking real assistance to claimants.

So how do we ignore the failure to require insurance advisers to deliver any support or provide information to assist with the process of managing it alone?

RECOMMENDATIONS

All legislation should be worded to reflect that financial and insurance advisers, must give the claimant support during the claims process. The client can elect to not utilise this service, and the remuneration for this service should be on a fee-paying basis, in the absence of a trail commission arrangement.

As with financial planning, it is the role of ASIC to ensure that clients receive the advice and support they pay for. Insurance Advisers should provide claims support as a core part of their service offering and it **should be mandatory that regular audits are carried out on authorised representatives and that action is taken against an adviser who does not provide support to their clients at claim time.**

A Life Insurance Claims Code of Practice - disclosure statement, needs to be developed and delivered to each person who submits a claim. It will outline the standards as required by ASIC, the claims process steps, the role of the insurance adviser, the rights of the claimant, how to obtain information on the progress of the claim and the complaints resolution process.

5. WHAT PENALTIES SHOULD APPLY TO INSURERS BREACHING THE GENERAL OBLIGATIONS OF THE S912A IN THE SPECIFIC INSTANCE OF INSURANCE CLAIMS HANDLING? SHOULD THE PENALTIES ATTACHING TO INSURANCE CLAIMS HANDLING, BE THE SAME THAT ATTACH TO THE OTHER FINANCIAL SERVICES?

The Royal Commission highlighted multiple breaches by Life Insurers, some of which are now the matter for the DPP to explore criminal charges. Several case studies detailed extreme personal distress that was inflicted on the claimants and their families. In fact, Commissioner Hayne commented on the obvious question as to what extent the failure to provide a duty of care to the mentally ill, has in fact exacerbated their mental illnesses.

Suicide is the leading cause of death for Australians, and 80% of suicides relate to Mental Illnesses (ABS 2017 Cause of Death Data). The failure of a Life Insurance company to meets its legal obligations in the instance of claims handling, should be viewed considering the impact it has on the claimant's health. In the same way that the failure to ensure motor vehicles meet safety standards to avoid accidents and death, life insurers must have the same exposure to criminal penalties if a claims process contributes negatively to a claimant's health.

Despite the findings in relation to its members at The Royal Commission, especially in the area of Mental Health the FSC has not:

- **Taken any action against FSC members found in breach of the Code of Conduct during The Royal Commission 2018 hearing.**

- **Sought to make a single change to its existing self-regulatory Code of Practice. Instead of delivering on its commitment to reform the industry, vulnerable people still are just that, with no change in the life insurance claims handling code.**

Please take a moment to reflect on the case studies from The Royal Commission, and the breaches that are now being investigated. With that in mind, please review the timeline of statements from Sally Leone the FSC CEO. It should leave you with a clear understanding, that this industry has not demonstrated a single action to deliver on the support the community expects from Life Insurers.

It is the ultimate absurdity that the FSC and stakeholders are now delaying the updates to the draft code update, as it is allegedly not prepared in plain English. If that doesn't leave you with a strong desire to implement strong criminal penalties, then I fear the safety for the thousands of vulnerable Australians who rely on them for their financial support. This industry has been a law unto themselves for decades, they resist reform and never give an inch unless legislated. **This is finally the time to give the community the protection they deserve and the oversight that ASIC needs.**

FSC TIMELINE ON MENTAL HEALTH REGULATION SINCE 2003

FINANCIAL SERVICES COUNCIL FOR MENTAL HEALTH CONDITIONS September 2003 FSC Guidance Note No. 14

"CLAIMS GUIDELINES"

https://www.fsc.org.au/resources/guidance-notes/14gn_claims-guidelines_0309-updated.pdf

NO UPDATE HAS OCCURRED SINCE THIS DATE

6 March 2016 Press Release, Sally Loane (FSC)

"The FSC also recognises the rising number of claims for mental health related conditions. In July 2014 we introduced a new Mental Health Training Standard which requires our members to provide training for all front-line staff to ensure they have a suitable understanding about mental health conditions to support them with their work in underwriting and claims processes. This is a very complex area that will require considerable work to arrive at an outcome that creates positive change for those with a mental illness while ensuring the overall sustainability of the life insurance industry."

16 March 2016 Press Release, Sally Loane (FSC)

"We are developing this (Life Insurance Code of Practice) to show how serious we are about improving our industry for the benefit of customers and consumers. We want to re-build trust. We want Australians to understand that life insurance can and does measurably improve lives."

"We are looking at the sort of additional support that vulnerable consumers may need if they are having difficulty with the process of buying insurance **or making a claim**. This could include identifying and supporting people suffering from **mental illness…"** "Through self-regulation, the Code gives the industry the ability **to update standards quickly** to deal with changing conditions,"

8 April 2016 Press Release, Sally Loane (FSC)

"A Royal Commission would be unnecessary and an ill-considered use of time and resources at a time when business, particularly the financial services sector, is looking for greater growth as Australia transitions from a resources economy to a services driven economy."

11 October 2016 Press Release

The Financial Services Council (FSC) is pleased to launch the life insurance industry's first-ever industry-led consumer Code of Practice.

"The Code is built on some fundamental principles - honesty, transparency, fairness and timeliness."

The Code goes beyond the existing law in many areas, and fills in detail where the law is silent in relation to customer service, such as detailed plain-English disclosure, a requirement to review and update medical definitions, detail around how sales must be conducted and monitored, remedies for mis-selling, a clear process for claims handling, and standards for claims investigations, including interviews and surveillance.

Mental-health specific standards - The next iteration of the code will seek to increase obligations on insurers when interacting with consumers suffering mental health issues. The FSC will work with groups like Beyond Blue, Lifeline, Mental Health Australia and the Public Interest Advocacy Centre to determine how to better serve those consumers with mental health issues.

23 November 2016 Parliamentary Joint Committee on Corporations and Financial Services - Inquiry into the Life Insurance Industry

The claims process is fundamental to the customer experience and often experienced when people are at their most vulnerable. The Code demonstrates insurers' commitment to treat claimants with compassion and respect and make decisions on claims in a timely fashion.

31 March 2017 Press Release

"Far from ignoring calls to address community concerns about the treatment of mental illness by life insurance companies, our members are united in prioritising this issue and the FSC is engaged with leading mental health and consumer advocacy groups". Sally Loane, CEO, Financial Services Council

26 May 2017 - FSC Supplementary Submission to the Parliamentary Joint Committee on Corporations and Financial Services - Inquiry into the Life Insurance Industry

"The FSC is also continuing to improve our code of practice by working on the next iteration, **which will contain further measures relating to customers facing mental health conditions**. We are bringing together mental health stakeholders with the life insurance industry to better understand the issues affecting people with mental health conditions and to improve our wealth protection offerings, and better explore and take the opportunities arising to improve the mental conditions of Australians."

Furthermore, insurers will discontinue surveillance where there is evidence that it negatively impacts the recovery of the claimant.

30 June 2017 Press Release

"As part of the second iteration of the Life Insurance Code of Practice we are **committed to considering ASIC registration."**

4 September 2017 Press Release, Sally Loane (FSC)

"…life insurers wish to make targeted rehabilitation payments for medical treatment or therapy that they determine to be relevant, appropriate and necessary to return the claimant to work."

"Providing flexibility around circumstances in which life insurers may pay medical and other such treatment costs in disability insurance claims would enable life insurers to better facilitate early claims intervention. This would allow payment of medical treatment in circumstances where treatment supports and aids the early return to work."

4 December 2017 Sally Loane (FSC)

The FSC last year released its first code of conduct for the life sector, with Ms Loane saying "version 2.0" will **require insurers to ask more specific questions regarding mental health but said there would be no specific chapter on mental health. "I think we can actually have a code that makes sure that issues of mental health are through every part of that code for consumers to consider,"** she said.

March 2018 FSC Conference

FSC Chief Executive, Sally Loane said version two of the code would come into force next year and the FSC was meeting with ASIC with the intention of having the Code approved by the regulator.

"Although the first version of the Code has only been in place for nine months, work is well underway on the second version of the FSC Life Code of Practice," Loane said, addressing attendees at the recent FSC Life Insurance Conference.

"We're looking to get Code 2.0 out for public consultation later this year with it coming into force by 1 July 2019. One key question is about getting ASIC approval of the Code. We're meeting with ASIC regularly to discuss this," Loane added.

A panel session at the conference heard the second version of the Code would include more details around how insurers should handle mental health issues, and improvements to rules around claims handling.

3 April 2018 Sally Loane (FSC)

The FSC has already responded with a statement that the **updated Code of Practice plus Mental Health Code, is due late in 2018 with implementation in 2019.**

> FSC CEO Sally Loane said: "Self-regulation can be implemented much faster than costly and time-consuming legislation. The Code has the capacity to evolve and change with consumer needs, and will deliver consumer benefits in a much more efficient and timely way than waiting for complex legislation.

18 March 2019 Press Release, The Australian Financial Review, Sally Loane

Financial Services Council CEO Sally Loane. Stakeholders say the new FSC rules are not comprehensible. PHOTO: JESSICA HROMAS

Write it in English, insurers told as industry code of conduct put on ice

"The Financial Services Council has dropped plans to launch its new life insurance code of conduct on July 1, after stakeholders complained it was not written in comprehensible English and ASIC warned the process to be rushed".

"The code, to apply to FSC members but which would not have had legal or regulatory status, was to update the existing code to upgrade customer protections in areas such as funeral insurance, mental health claims and pressure selling, particularly to vulnerable customers."

SUMMARY OF THE FSC CONDUCT

The FSC has failed to include any meaningful support for mental illness claimants in Version 1 of the Code of Practice. Version 2.0 of the Code of Practice and the Mental Health Code has continued to be pushed further and further out into the horizon. This is a clear failure of the FSC and the industry to address the urgent and critical improvements that are required in the area of mental health claims standards.

EXAMPLES

NOVEMBER 20 2016 - 9:00PM

PTSD sufferer speaks out about damage of intrusive surveillance | poll

Lisa Allan Local News

Mrs Modderman has made a conscious decision to ignore in a bid to smash the stigma associated with PTSD. "A lot of people aren't getting better because they're hiding away, because they're afraid about what will be used against them," she said. "PTSD is a mental health condition. I am medicated to treat and help control my symptoms. Some days are good, even great. Other days are not. I can face certain 'triggers' and my symptoms relapse." "If I am 'caught' smiling, laughing, enjoying lunch with my husband, watching (daughters) Ella ride in a comp, watching Madi perform in a play or I am at the beach playing with Laura – how could I have PTSD? Trying to live 'normally' can be easily used against me."

"You become paranoid then. You become paranoid about every single little thing. "Then you think 'I might just stay inside' and then a vicious cycle begins. "You get confidence to go out and then you're faced with this. You may as well stay inside and become a zombie. "There's no chance of recovery if they are constantly being obstructive in your treatment."

Attempting to live a "normal" life is a key part of PTSD recovery, according to Belmont psychiatrist Russell Hinton. "Getting back to as near a normal life as possible is very important," Dr Hinton said. "I ask all my patients with PTSD to try to maintain all their pre-illness activities such as exercise, hobbies, and spending time with friends and family.

"One of the problems is that when people become unwell, they tend to give up a lot of the things that helped in keeping them well and this serves only to make them more unwell and slow their recovery." He has joined legal professionals in questioning the usefulness of surveillance and criticising its impact on sufferers. "Some insurers appear to think that (every day) activities are inconsistent with someone suffering with PTSD," Dr Hinton said. "I actively encourage my patients to do these activities because it's in their best interests."

ABC NEWS

Insurers accused of making PTSD worse by placing former cops under surveillance

Four Corners By Tom Allard, Quentin McDermott and Jaya Balendra

Updated 1 Aug 2016, 11:24am

"I was drinking heavily, I was heavily medicated. I was hyper-vigilant, very aware that I was being watched, yet couldn't understand why this surveillance was continuing." In November 2013, Mr Bullock attempted suicide, his depression exacerbated by the surveillance and news that MetLife would no longer handle his claim and another insurer, TAL, would take over. He was found comatose by his wife and daughters.

Disability insurance claims often more stressful than original injury

The Sydney Morning Herald

"These people brought me to the brink," says 37-year-old single mother, Susan Ames*. Ames had already suffered considerably, having been forced as a young woman to flee a violent family, move interstate and change her name. She was insured with TAL (formerly known as Tower Australia) as part of her super. But rather than help her, she said TAL made her life "unbearable" by stringing out her IP and TPD claims for 15 months.

Despite being diagnosed with PTSD and a major depressive disorder by both her and TAL's doctors, Ames was subject to covert surveillance, more than a year of activity diaries and forensic examination of her medical and financial records. TAL recommended she undergo alternative treatments, and bombarded her with daily phone calls, even after her doctor warned the insurer that such contact was "aggravating [her] condition". TAL eventually paid the claim.

Actuaries Institute **Mental Health and Insurance** GREEN PAPER OCTOBER 2017

"In circumstances of mental health conditions, the level of unease about surveillance is exacerbated because of how it could further harm the person's mental condition, and the effectiveness is also often lower because symptoms cannot be physically observed and because people have good and bad days" -

FSC CODE OF PRACTICE – INSURANCE SURVEILLANCE

"…surveillance will not be conducted in any court or other judicial facility, in any medical or health facility, in any bathroom, change room, lactation room or inside your house. We will discontinue surveillance where there is evidence from an independent medical examiner that it is negatively impacting your recovery".

SURVEILLANCE OF THE MENTALLY ILL MUST BE BANNED

- There is overwhelming medical support, **that surveillance is an available tool to insurance companies, and has a negative impact on the recovery of mentally ill claimants**. In fact, it has been proven to provide a large barrier to the steps that can assist with improving the claimant's quality of life.

- **The FSC has been unable to demonstrate the need for surveillance on any financial level**. They are unable to demonstrate that systemic fraud exists, that offsets the proven negative impact on genuine mental health claimants.

- The FSC is unable to provide the basis for which the independent medical examiner can make any medical diagnosis OR deterioration of health, based on a surveillance video, especially regarding a mental illness and not a physical one.

- **The mentally ill are the most vulnerable members of society and need to be protected from such practices. The FSC agrees that there is a risk that surveillance can result in claimants committing suicide, yet the practice is still allowed.**

BEDDOES INSTITUTE – 2017 DR REBECCA SHEILS

"There is a need for advisers and insurers to clarify their respective roles in relation to keeping the policyholder informed, coordinating third parties and managing the policy application. Not all insurers and advisers will agree on where the line should be drawn but if these roles and responsibilities are not clarified for large groups of policyholders and claimants, room for misunderstanding and disappointment will continue to exist."

"Once roles are agreed, the expectations of policyholders and claimants can be aligned with these through education and communication in order to optimise their satisfaction and streamline the claims process for all involved. Dr Rebecca Sheils - Director and Co-founder of the Beddoes Institute. Source: Riskinfo Magazine 30 (2017)"

RECOMMENDATIONS

Life Insurers hold a position of trust and good faith within the community, failure to meet these standards when consumers are at their most vulnerable is not a victimless crime. If we are to restore the trust deficit that exists now towards the sector after a decade of heinous and systemic targeting of vulnerable claimants, **it must start with a criminal penalty system** that reflects the impact of these crimes. **They may be contractual breaches, but they have proven to have a physical and potentially deadly impact on claimants.** To do anything other than that, simply supports the position that financial penalties are an acceptable cost for operational processes that discourage claimants from claiming.

ABOUT PATRICK O'CONNOR

Patrick O'Connor is a former executive in the Life Insurance industry. He suffers from PTSD, MDD and severe anxiety, which ended his executive career. He now spends most of his time researching advancements in the treatment of mental health conditions from around the globe. He travels to the USA regularly for treatment at a leading mental health facility in Florida and plans to film a documentary on this is 2019.

Patrick is a highly experienced, professional and skilled financial services executive. The breadth of his experience stems from senior roles in both small business and large institutional organisations. He has extensive experience both as a Financial Adviser providing full advice to consumers, and as an Executive for financial services product manufacturers. He has also served as a Director of an institutionally owned AFSL dealership. This has provided him with a well-rounded, balanced, and detailed level of industry expertise.

His family has been in the Life Insurance industry for over 120 years. In fact, Patrick went with his father, who was an Insurance Adviser, to personally deliver a life insurance cheque to a widow when he was 13. He is a proud financial supporter of several mental health charities and shares his experiences at awareness events. Patrick has featured regularly in the media in order to raise awareness on the need to reform the entire mental health insurance claims process.