

INDUSTRY NEWS

Parliamentary Committee rejects Industry's submissions to offer rehab

The industry's proposal that life insurers should be permitted to have greater involvement in rehabilitation processes, so that sick and injured claimants can get back to work sooner was the subject of a report from the Parliamentary Joint Committee on Corporations and Financial Services on 20 September 2018.

The Committee received over twenty submissions from interested parties including a body representing the private healthcare industry, the ATCU, individual unions and plaintiff law firms who opposed the move.

The Committee rejected the proposal and recommended that ASIC undertake a thorough investigation of the use of in-house rehabilitation services in the life insurance industry. The object of that inquiry will be to determine whether all concerns, (including inappropriate financial incentives) have been resolved for the current non-medical rehabilitation services.

The Committee also recommended that the life insurance industry be required to disclose all of its discretionary, off-contract arrangements to ASIC and that these arrangements be examined.

The details of the report and the submissions are available [here](#).

ASIC Report - Mandatory claims and disputes reporting - commissions set to stay a little longer

Life insurers are now required to report on claims and disputes data to APRA with the release of new compulsory standards.

The requirements for claims include measured variables such as insurance type, on-sale status, advice type, cover type, product type, and various sub-categories for specific products or cover types. The reporting form includes 3 additional claims data sheets that provide totals or sub-totals.

The compulsory collection of a more comprehensive range of industry statistics is a key recommendation of a series of Parliamentary and regulatory enquiries, and has many potential benefits for the industry in reinforcing the support it provides to customers and the community more generally.

Both APRA and ASIC have been involved in extensive data gathering in relation to life insurance claims and disputes in recent years, through voluntary participation by the industry, but with the release of Life Insurance Reporting Standard LRS750.0 in October 2018, both regulators consider they have achieved a new critical milestone in delivering accountability and transparency.

Claims professionals can become more familiar with the requirements on the APRA [website](#).

In other regulatory news, ASIC in a submission to the Banking Royal Commission while continuing to express its ongoing reservations about the effects of commission based remuneration, said it is willing to allow the LIF implementation process to run its course and would not be seeking the removal of commission based remuneration before 2021.