

## **Statement from the Insurance Council of Australia to Background Briefing (the ICA is the representative body of the general insurance industry in Australia).**

"The Insurance Council of Australia (ICA) and its members recognise the severity and complexity of mental illness, and the devastating impact it can have on sufferers and their families.

The provision of travel insurance for financial losses related to mental health is challenging due to differences in how mental health conditions are diagnosed, categorised and treated.

Under section 46 of the Federal Disability Discrimination Act, insurers are legally entitled to discriminate on the basis of data or, in a case where no such actuarial or statistical data is available and cannot reasonably be obtained, the discrimination is reasonable having regard to any other relevant factors.

As the Australian Human Rights Commission notes: "Discrimination does not have to be based on actuarial and statistical data to be covered by the section 46 exemption. If no actuarial or statistical data is available, or no data that it is reasonable to rely on, and no such data can reasonably be obtained, an insurer or superannuation provider can seek to show that the discrimination is reasonable having regard to other relevant factors."

It is therefore both legal and entirely appropriate for insurers to rely on factors in addition to statistical and actuarial data when assessing individual mental health related claims or imposing blanket exclusions on mental illness claims in their policies.

The other relevant factors relied on when assessing claims or forming policy on mental health cover vary from insurer to insurer. The ABC should contact individual insurers for more detail on how they comply with federal laws.

In September this year, the ICA's General Manager of Policy and Regulation, John Anning, spoke on this issue during a breakout session of the Financial Ombudsman Service National Conference in Melbourne.

In this speech, Mr Anning observed that the significant amount of data on mental health held by governments is often unsuitable for underwriting purposes. He spoke of the industry's support for a proposal by Mental Health Australia for the Australian Government

Actuary do an assessment of the data available, and how it could be made more suitable for underwriting. The comments underscore insurers' commitment to secure updated data to improve their ability to quantify the risks associated with a range of mental health conditions. The latest Australian Bureau of Statistics figures on mental health date from 2007. Publication of more recent official data by the Federal Government would help improve understanding of mental health among both insurers and the broader community.

Several travel insurance companies do provide cover for mental health-related claims. Further, travellers with mental illness will generally be covered by their travel insurance policy for claims such as theft, cancellation and loss of luggage provided their claim is not related to a mental health condition.

The ICA would welcome renewed discussions with mental health advocates, governments and the medical profession on mental health issues. This should be part of a national debate about the increasing impact and incidence of mental illness in Australia and its implications for the community.

Policyholders who believe their claims have been unfairly declined are already able to challenge those decisions through insurers' internal dispute resolution processes, and then externally through the free and independent Financial Ombudsman Service."