



ASIC

Australian Securities & Investments Commission

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Our Ref: 17126/16

24 May 2016

Mr Phillip Sweeney

By email: foi+request-1901-68a4dfdb@righttoknow.org.au

Dear Mr Sweeney

**Request Under the Freedom of Information Act 1982
For Access to Documents**

I refer to your request under the *Freedom of Information Act* 1982 (FOI Act) received by this office on 29 April 2016 in which you sought access to the following document:

The Deputy Chairman of ASIC, Peter Kell, stated: "The first is that we have written to all insurers asking them to undertake a review of their own claims management practices, their own claims handling in life insurance going bank [sic] at least five years to determine if there have been any problematic practices".

The document I seek is a copy of the body of this letter or email.

The name and address of any specific insurer or superannuation fund can be redacted.

Only a copy of the one document is required not a copy of every document sent to every insurer or superannuation fund.

I am the authorised decision-maker for the purposes of section 23 of the Act.

I have identified the 1 document that comes within the terms of your request.

Decision

I have decided to release the document that comes within the terms of your request, a copy of which is attached.

The document found to fall within your request is the template of the letter sent to all relevant insurers.

I note that your request does not seek access to the names and addresses of any specific insurer or superannuation fund contacted as part of the review referred to in your request.

As the document found to fall within your request is a template letter there was no information contained in the document which identified the names and addresses of the intended recipients.

I further note that your request is limited to *a copy of the body of this letter or email*. I have therefore excluded from your request as irrelevant, the closing sentence of the letter naming the ASIC contacts, their telephone numbers and the signature line of the letter. These deletions are applied on the basis of s22 of the FOI Act as outlined below.

Section 22

Section 22 of the FOI Act provides that where an agency or Minister decides not to grant access to a document on the grounds that it is an exempt document or that to give access to a document would disclose information that would reasonably be regarded as irrelevant to the request for access, and;

- It is possible for the agency or Minister to make a copy of the document with such deletions that the copy would not contain irrelevant matter or be an exempt document; and
- It is reasonably practicable for the agency or Minister, having regard to the nature and extent of the work involved in deciding on and making those deletions and resources available for that work, to make such a copy,

the agency or Minister shall, unless it is apparent from the request or as a result of consultation by the agency or Minister with the applicant, that the applicant would not wish to have access to such a copy, make, and grant access to, such a copy.

As stated above, I have found that it is possible to release the document falling within your request subject to deletions such that the document would no longer contain irrelevant matter and have applied those deletions accordingly.

Assessment of Charges

The FOI Act provides that charges may be assessed for time spent processing a request. I have decided that there are no charges applicable to the processing of your request in this instance.

Review Rights

I provide you with the following information as required by section 26 of the FOI Act.

In the event that you are dissatisfied with the decision:

1. You may, within 30 days after the day on which you have been notified of this decision, apply in writing to ASIC for a review of my decision by another ASIC officer under section 54B of the FOI Act. This request should be addressed to me or to the Senior Manager, Administrative Law GPO Box 9827 SYDNEY or by email to foirequest@asic.gov.au
2. You may apply in writing to the Australian Information Commissioner for a review of my decision under section 54N of the FOI Act. Correspondence should be addressed to the Office of the Australian Information Commissioner at GPO Box 2999 Canberra ACT 2601 OR GPO Box 5218 Sydney NSW 2001.
3. You may lodge a complaint to the Commonwealth Ombudsman in respect to the conduct of ASIC in the handling of this request. To do so, you can contact the Ombudsman's office either: by e-mail to ombudsman@ombudsman.gov.au, by letter to GPO Box 442 Canberra ACT 2601, or by fax to (02) 6276 0123.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Evelyn Ong', written in a cursive style.

Evelyn Ong
(Authorised decision-maker under subsection 23(1) of the FOI Act)
for the Australian Securities and Investments Commission

18 April 2016

Dear,

Life insurance industry review

As you would be aware, the Australian Securities and Investments Commission (ASIC) is conducting an industry-wide review of life insurance claims practices. As part of this review, we are seeking commitments from insurers that you will undertake an assessment of your claims management system.

Background

The recent airing of concerns in relation to a large life insurer prompted the Government to ask ASIC to conduct this industry-wide review, to assess whether there are systemic issues that require further consideration or regulatory action.

In conducting this review, ASIC will have regard to information and data from a range of sources, such as:

- the Financial Ombudsman Service (FOS) and the Superannuation Complaints Tribunal (SCT);
- insurers;
- industry benchmarking services or data providers; and
- industry experts and relevant stakeholders.

We will write to you separately to seek some information about your products and how they have performed from a claims perspective.

The outcome of this work will be an initial report to Government within approximately three months. We expect this initial report will inform whether there should be further potential avenues of inquiry.

Claims handling reviews by insurers

As part of this exercise, ASIC is seeking information from insurers about any work you have done, or intend to undertake, to establish that your consumer claims management practices and procedures are satisfactory, that there have not been inappropriately denied claims, and that your claims management does not exhibit any systemic problems.

We understand that some life insurers have recently initiated a review of their policy definitions and/or their claims handling practices, and some insurers have also publicly announced reviews of these matters, typically with a level of independent oversight built into the review.

In addition to those insurers who have already publicly announced their intention to conduct a review, ASIC has engaged with several other insurers who have also agreed that a review would be appropriate. Again, there has been agreement that independent assurance around such a review is desirable.

We consider that there is an important role for such reviews to promote confidence in the life insurance industry, and we will be reporting on the extent of these exercises across the industry as part of our wider review.

As one of the largest life insurers in Australia, we are seeking your commitment to conduct a review of life insurance claims handling. To ensure a degree of consistency across insurers, we expect any such review to include the following elements:

- An independent (third party) reviewer with relevant experience in providing assurance to be incorporated into the review model. We are not seeking to prescribe in detail how independent assurance is built into your review, but consider that independence is an essential component;
- A review of the integrity of your claims handling system, including policies and procedures, remuneration practices as they relate to claims handling and key performance indicators;
- A review of product design processes, including the currency of policy definitions;
- A risk-based review of denied or withdrawn claims, going back at least five years, to ensure that consumers have not been inappropriately denied claims; and
- An appropriate mechanism to have FOS review claims where there is an unresolved dispute about a denied claim.

We would be prepared to discuss any aspect of these elements with you.

We understand that the Australian Prudential Regulation Authority may also be writing to you in relation to similar matters.

We seek your initial response to this letter by Friday 29 April 2016. In the meantime, we would be happy to further discuss our broader industry review, or the scope and form of any proposed independent review of claims handling.