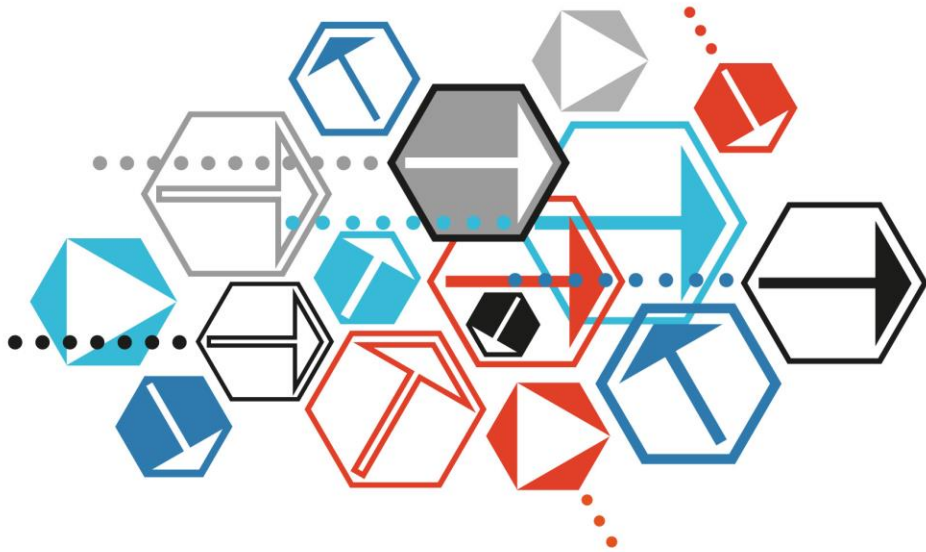


INSPIRING CHANGE

Young Actuaries Conference



Tuesday 29 May 2018 • Actuaries Institute • Sydney





Mental Health & Insurance

Geoff Atkins

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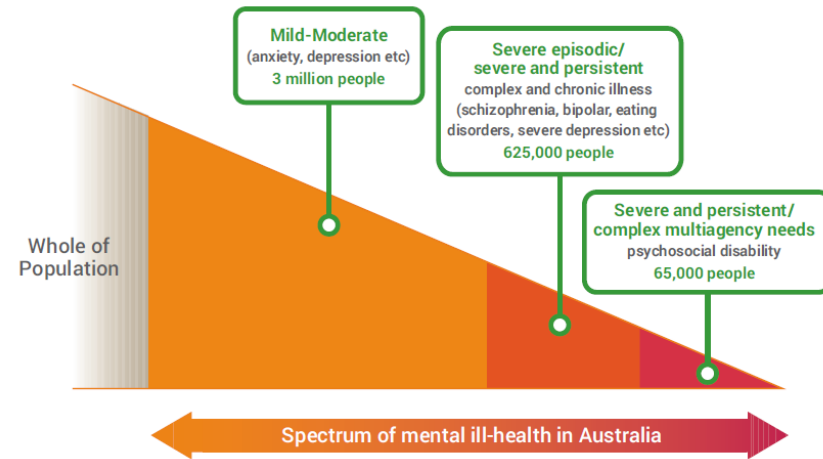
Actuaries Institute Green Paper

- Finity Consulting was commissioned by AI to produce a Green Paper on Mental Health in Insurance.
- Aims of the paper:
 - “explore the issues of mental health as they interact with the insurance and superannuation industries”*
 - contribute to public policy,
 - help promote the profession
 - help educate our membership and other stakeholders.



Background to Mental Health Conditions

- 1 in 5 Australian's will be affected by a Mental Health Condition in any year.
- The prognosis and impact of the condition depend on the individual.
- For insurance, the effect on the individual is more important than any diagnosis.
- Mental Health is having a material impact on the health of Australia and globally



Frictions can arise at any stage in the insurance process

Product Design & Definition:

- Exclusions
- Outdated, unclear or inconsistent definitions
- Perverse incentives

Buying or Entering the product:

- Unable to get cover
- Unaffordable premiums

Making a Claim:

- Assessments & claim denials
- Long delays

Product	Indicative Proportion of Adult Population Covered *	① Product design and definitions	② Buying or entering the product	③ Making a claim
Group Insurance				
TPD	40%	✘	✔	✘
IP	20%	✘	✔	✘
Individual Insurance				
TPD	10%	✘	✘	✘
IP	15%	✘	✘	✘
Workers Compensation	60%	✘	✔	✘
Motor Accident Insurance	100%	✘	✔	✘
Travel Insurance	40%	✘	✘	✘
Private Health Insurance	50%	✘	✔	✔
+ Individuals aged over 15+ Basis of the indicative proportions are given in the Further Readings				
✘ = issues encountered by those with mental health conditions; ✔ = no issues encountered				

Why does the insurance sector find it difficult?

Lack of relevant and appropriately collated data

Diagnosis relies on subjective information and may not relate to the prognosis or impact

Reliance on self-reporting of symptoms and difficulty in validation

Severity and prospects of recovery are hard to understand and influence

High prevalence of co-morbidities

Prospects of financial compensation can influence behaviour and health outcomes

Claims process can lead to 'secondary mental harm'

Ineffective regulatory framework, decision making and dispute resolution

How can improvements be made?

Product
Definitions

Product
Design

Underwriting
Guidelines

Early
Treatment

Review of
Laws

Data

Specialised
Claims
Management

Expert Neutral
Evaluation

Education &
Collaboration

Learnings from the Green Paper

- Writing an industry representative paper is not easy!
 - Consulted with over a dozen individuals
 - Review process took 2 months
 - First Draft had almost 150 pieces of feedback (not including general grammar!)
- Key challenge was maintaining a balanced view
- Actuaries can make a difference to an intensely difficult problem
 - Understand the views of various stakeholders
 - Listen to other disciplines
 - Play our small part in the solutions