

Regarding CHOICE's submission/feedback, mental health exclusions are also a problem in the personal insurance industry, specifically in their application on Total and Permanent Disability(TPD) and Income Protection policies. Right now, insurers may treat any disclosure of even a non-serious mental health issue with a blanket exclusion. On behalf of clients/consumers I've dealt with and argued against my fair share of these in the past few years. It's quite common for a consumer to disclose that they had an episode of anxiety (what person doesn't feel anxious at some point in time). There may be a specific cause/trigger or it may be generalised but insurers will place an extremely wide mental health exclusion on a policy. The standard mental health exclusion reads similar to this:

"No benefit shall be payable under this Policy if the claim is directly or indirectly related to a mental disorder, including but not limited to any form of anxiety, stress, depression, psychosis, neurosis or complications and treatment thereof."

They will of course, request the client sign these "non-standard" terms to enter into the contract, therefore fulfilling their obligation. As an adviser who specialises in personal insurance, I have little or no power to argue against these exclusions. One disclosure of stress at work, and potentially no cover for mental health. One disclosure of anxiety post a trigger event and no cover for mental health. Part of our review process includes asking insurers to review and remove exclusions depending on our clients medical history over time and I acknowledge most insurers are willing to do so, provided the client doesn't have re-occurrence of symptoms. This doesn't change the fact that I believe mental health exclusions are unfair. It's shows a clear lack of the insurance industry to try and better understand mental health. As a comparison, if a consumer has injured their back we can have the "non-standard term" limited to the specific area of the back and I've had success at even obtaining specific vertebrae exclusions. If they treated a back injury like mental health the exclusion would read along the lines of "no benefit shall be payable under this Policy if the claim is directly or indirectly related to the spine, supporting nerves, musculature etc". While not directly related to consumer law, the treatment of mental health by life insurers contributes to the negative stigma of the various illnesses.

While it may be perfectly legal for insurers to place exclusions that reflect underwriting risk, I feel the application of broad mental health exclusions to policies remove far more risk than what is fair.