

RESPONSE BY THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY (APRA)

**Parliamentary Joint Committee on Corporations and Financial Services
Options for greater involvement by private sector life insurers in worker rehabilitation**

27 July 2018

The Parliamentary Joint Committee on Corporations and Financial Services (the committee) has asked the Australian Prudential Regulation Authority (APRA) to respond to the following questions on notice by **27 July 2018**.

1. Noting the issues raised in your submission, do you have any different views on life insurers having greater involvement in rehabilitation in the following two situations:
 - a. Where an injury illness occurs at or due to work and people have access to relevant workers compensation and other support mechanisms; or
 - b. Where an injury or illness is unrelated to work?

Answer:

APRA is of the view that there are benefits in life insurers having greater involvement in rehabilitation regardless of how the injury or illness occurs. Given the complexity of some rehabilitation cases and potential for gaps or overlap to emerge in relation to insurance or other support, there is however a need to ensure the regulatory framework maintains a coordinated approach between life insurers, insurers providing workers compensation insurance and private health insurers. How these insurers ultimately interact in rehabilitation cases will play out somewhat differently depending on the specific nature of the situation.

2. Do you support greater involvement by private sector life insurers in worker rehabilitation before the life insurance industry has completed actioning the recommendations of the committee's Report?

Answer:

The recommendations contained in the committee's report into the life insurance industry are important and APRA has strongly encouraged industry to act upon them. APRA believes however that there are important benefits for policyholders through sensible reform of the current regulatory framework that could be unlocked and which are not dependent on actioning the committee's recommendations. On this basis, APRA does not believe it is necessary to delay reform on this issue.