

26 July 2018

Dr Patrick Hodder
Acting Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services

By email: corporations.joint@aph.gov.au

Dear Acting Committee Secretary,

Options for greater involvement by private sector life insurers in worker rehabilitation

We refer to the above inquiry and to the Committee's further questions on notice received 18 July 2018. The ACTU's response to these questions are as follows.

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?

Response:

No, we are opposed to life insurers having a greater role in rehabilitation in either scenario. Most of our concerns set out in our prior communications apply in either scenario, including in relation to:

- Conflict of interest;
- Universal access to social protections; and

- The life insurance industry's poor track record and unresolved issues resulting in a lack of public confidence in the industry's ability to perform its existing function ethically and satisfactorily.

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?

Response:

No. It would be unconscionable for the Committee to recommend life insurers be given a greater role in worker rehabilitation before the industry has fully actioned the recommendations of the Committee's previous report. Given the extent of problems in the life insurance industry, any greater involvement by private sector life insurers in worker rehabilitation should not be considered at least until after ASIC has completed its first audit of 20 per cent of the life insurance adviser population, as per Recommendation 3.7 of the Committee's report, and only in the event that the results of that audit show that the problems identified in that report have been resolved.

Yours sincerely,

Michael Borowick JP
Assistant Secretary