



# Life Insurance Code of Practice independent review

**CALI submission to the initial consultation paper**

## Table of Contents

Life Code independent review – CALI response to consultation paper .....	3
CALI's position .....	4
Next steps and further information .....	5
About the Council of Australian Life Insurers (CALI) .....	5
<b>Attachment A: CALI Positions.....</b>	<b>6</b>
Summary of key positions .....	6
<b>Attachment B: Response to Consultation Paper .....</b>	<b>7</b>
1.    Key areas for consideration .....	7
Mental health.....	7
Supporting customers experiencing vulnerability.....	14
Supporting customers experiencing financial hardship.....	18
First Nations customers.....	19
Claims handling.....	22
Medical definitions.....	27
2.    Other issues .....	31
Training .....	31
Third parties .....	33
Reinsurers .....	33
Group policies .....	34
Advertising and sales practices .....	37
Communication .....	39
Complaints.....	41
3.    Interaction with the law .....	42
Interaction with the Law .....	42
4.    Code structure, governance and enforceability .....	44
Structure of the Code .....	44
Code governance and compliance.....	46
Enforceability of the Code.....	48
Future Code reviews .....	50

15 December 2025

Mr Peter Kell  
Independent Reviewer  
Life Code Review

By email: [secretariat@lifecodereview.org.au](mailto:secretariat@lifecodereview.org.au)

Dear Peter

## Life Code independent review – CALI response to consultation paper

The Council of Australian Life Insurers (**CALI**) is pleased to make this submission on behalf of our members<sup>1</sup> in response to the 2025 independent review (**the Review**) of the Life Insurance Code of Practice (**the Life Code**).

CALI's mission is to ensure Australians view life insurance and the industry as accessible, understandable and trusted. Life insurance offers peace of mind and provides an important financial safety net if a customer can't work due to severe illness or disability. Our members provide protection to 15 million Australians every day and last year, our industry paid a combined \$13.4 billion in claims to more than 95,000 customers.<sup>2</sup>

The Life Code was created to help life insurers provide the protection that suits Australians when they need it most, in an accountable and transparent way. It establishes enforceable standards that life insurers agree to uphold to guarantee that customers can confidently purchase life insurance, knowing that their life insurer will provide assistance when needed.

The Life Code encompasses all aspects of life insurance, including how products are designed, how they are sold, timeframes to communicate decisions with customers, the claims process and how complaints are resolved.

It includes commitments made by life insurers to customers, setting higher standards than the law and has important protections for customers who are vulnerable, require financial assistance or who experience a mental health condition.

The latest edition of the Life Code began on 1 July 2023 (**2023 Code**) and includes more than 50 new and significant safeguards for Australian consumers, which are built into all the moments that customers interact with their life insurer.

---

<sup>1</sup> [Subscribers to the Life Insurance Code of Practice](#)

<sup>2</sup> [Life Insurance claims and disputes statistics, APRA, December 2024](#)

The Life Code continues to evolve to meet the changing needs and expectations of customers and the community. For example, in 2025 CALI published Best Practice Guidance (**BPG**) documents to support better support customers experiencing family and domestic violence<sup>3</sup>, and made changes to the Life Code to strengthen protections of people living with HIV and AIDS<sup>4</sup>.

Importantly, the Life Code is subject to robust and independent monitoring by the Life Code Compliance Committee (**LCCC**). The LCCC's oversight mandate spans breach investigation, enforcement of standards and public reporting making the Life Code a credible and enforceable framework for customer protection.

We welcome the role of the Review in ensuring the Life Code continues to reflect the needs of Australians, keeps pace with changing laws and regulations, and remains practical and easy to understand.

CALI and our members are committed to continuously improving the Life Code and we greatly value the continued engagement and feedback from customers, their advocates, and the broader community. We will carefully consider all of the recommendations made by the Independent Reviewer.

## CALI's position

Consistent with the terms of reference of the Review<sup>5</sup>, our members want to maintain or enhance customer protections and industry commitments in the Life Code. We make a number of recommendations to assist in clarifying and strengthening the Life Code.

It's important that the Life Code is operationally effective and commercially practical so that our members can continue to offer the important protection life insurance provides on an accessible, affordable and sustainable footing.

In a highly regulated, complex and dynamic operating environment for life insurers, the Life Code should remain principles-based and customer-focused.

Our members operate a diverse range of businesses of varying size, complexity and specialisation, and the Life Code needs to support the efficient and timely delivery of quality customer outcomes by minimising ambiguity, prescription or duplication. Operational effectiveness and customer protection are not mutually exclusive, and we remain focused on striking an appropriate balance within the Life Code.

Our positions on the key themes of the consultation paper and responses to the consultation questions are outlined in Attachments A and B, respectively.

---

<sup>3</sup> [Best Practice Guidance: Family and Domestic Violence Policies](#)

<sup>4</sup> [HIV and Life insurance: Get the facts](#)

<sup>5</sup> [Life Code review, Terms of reference, October 2025](#)

## Next steps and further information

CALI looks forward to continued engagement with the Reviewer and key stakeholders following the anticipated release of the Review's Interim Report in early 2026, and Final Report by 30 June 2026.

We welcome the opportunity to discuss this submission in further detail. Please contact Luke Hyde (General Manager, Policy) at [luke.hyde@cali.org.au](mailto:luke.hyde@cali.org.au) for further information.

Kind regards



Christine Cupitt  
Chief Executive Officer  
Council of Australian Life Insurers

## About the Council of Australian Life Insurers (CALI)

CALI is the leading voice of life insurance in Australia. We support Australians to make informed choices about their future and help them live in a healthy, confident and secure way over their lifetime.

Our members' products and services give people peace of mind when making important decisions and provide a financial safety net during life's biggest challenges.

We advocate for national policy settings that expand Australians' access to the life insurance protection that suits them when they need it most.

CALI represents all life insurers and reinsurers in Australia. The Australian life insurance industry is today a \$26.4 billion industry, employing thousands of Australians and paying billions of dollars of benefits each year.

For more information, visit [www.cali.org.au](http://www.cali.org.au)

## Attachment A: CALI Positions

### Summary of key positions

1. The Life Code has continued to evolve since its inception in 2017 to meet customer, community and regulatory expectations, and it's important that the Life Code keeps pace, and remains responsive to, changes in the operating environment.
2. The Life Code is delivering on its objectives of high standards of customer service, continuous improvement of services, plain and effective communication with customers, and increasing trust and confidence in our industry. We welcome the role of the Review in identifying areas where the Life Code could improve customer protections, become more accessible, understandable and trusted, and align with changes in the law and regulation over time.
3. Our members vary in size, complexity and specialisation, and the Life Code should remain flexible and principles-based to ensure they can continue to offer the services and products that will best meet the needs of their customers.
4. Mental health is a growing national crisis in Australia, and CALI and our members are undertaking a broad range of work to ensure life insurers can continue to provide affordable and meaningful cover for the millions of Australians we support each day. The current Life Code commitments provide essential protections but we're considering how the Life Code could deliver greater clarity and transparency in relation to blanket mental health exclusions.
5. The Life Code's commitments in relation to vulnerability and financial hardship have significantly expanded in response to evolving customer, community and regulatory expectations. We consider the current Life Code commitments to provide strong protections to all customers, especially those experiencing vulnerability and financial hardship. We believe there are opportunities to clarify these commitments and better align to the needs of customers experiencing vulnerability, who have accessibility challenges or who identify as an Aboriginal and/or Torres Strait Islander (**First Nations**) person.
6. Our commitments to First Nations customers are being met, and we're considering the LCCC's recent report to understand how the Life Code can continue to provide respectful and culturally safe support to our First Nations customers. We believe there are opportunities to clarify the Life Code commitments.
7. The Life Code's claims handling commitments have driven significant improvements in communication and decision timeframes, and seen reduced numbers of complaints and disputes. These commitments continue to support the delivery of timely outcomes for customers, and we have suggested a number of amendments to the Life Code to further clarify these commitments.

## Attachment B: Response to Consultation Paper

### 1. Key areas for consideration

#### Mental health

1.1. Mental health conditions are now the fastest-growing cause of disability insurance claims. Nearly one in two Australians will experience mental ill-health in their lifetime, and four in five working Australians worry mental health challenges could affect their ability to work and manage financial commitments.<sup>6</sup> Most alarmingly, the rate of claim for permanent disability due to mental health by people in their 30s has increased by 732% in the last 10 years.<sup>7</sup>

1.2. In addition to the protections provided through the Life Code, our members continue to:

- 1.2.1. provide essential financial support to thousands of Australians deeply affected by mental ill-health;
- 1.2.2. improve our systems, processes and products to provide customers with certainty, transparency and consistency;
- 1.2.3. align our claims assessments to contemporary workplace practices and modern medical evidence;
- 1.2.4. advocate for long term solutions to ensure our nation's safety net is strong enough to catch Australians severely impacted by mental ill health; and
- 1.2.5. invest in research to understand how to better support customers with mental health challenges, as well as looking at people's intention to claim, to better predict future claims and their impact on affordability and premium sustainability.

1.3. CALI acknowledges the impact of mental ill-health on the lives of Australians and the increasing strain this places on the life insurance industry, particularly in managing mental health-related claims. Solving Australia's mental health crisis requires a whole-of-society effort, led by government and supported by industry, academia, and the broader community. The Life Code is just one part of this response. More must be done to provide early, proactive support before people reach a point of crisis or need to make a claim. CALI and our members are actively working to strengthen the life insurance component of Australia's safety net for people experiencing mental ill-health.

---

<sup>6</sup> [Mental health in life insurance factsheet, CALI, October 2025](#)

<sup>7</sup> [Australia's Mental Health Check Up, KPMG, December 2024](#)

### Question 3.1

**Are the current commitments in the Code adequate to ensure that customers who experience mental ill-health are dealt with transparently and fairly?**

#### **Response to Question 3.1**

- 1.4. We consider the current commitments in the Life Code to provide essential protections that ensure customers who experience mental ill-health are dealt with transparently and fairly.
- 1.5. The Life Code has continued to evolve since its inception to respond to the needs of the increasing cohort of customers experiencing mental ill-health. The current version contains distinct commitments spanning sales, claims, communications, and customer support at key touchpoints. A number of these commitments, particularly regarding underwriting<sup>8</sup>, were informed by the recommendations of the Public Interest Advocacy Centre's (PIAC) Mental Health Discrimination in Insurance report.<sup>9</sup>
- 1.6. The Life Code supports customers who have, or are, experiencing mental ill-health at every stage of the life insurance customer journey. When purchasing cover, the Life Code requires clear, accessible information and fair underwriting practices<sup>10</sup>. During the life of the policy, life insurers must treat customers with empathy and respect, offering extra care and flexibility for those experiencing vulnerability. When a claim is made, the Life Code sets standards for transparent communication, timely decisions, and fair assessment processes aligned with contemporary medical evidence, ensuring customers receive the support they need without unnecessary barriers. These measures aim to provide certainty, dignity, and confidence for Australians managing mental health conditions throughout their insurance experience.

<sup>8</sup> Clause 4.12, 4.13 and 4.22

<sup>9</sup> [Mental Health Discrimination in Insurance, PIAC, October 2021](#)

<sup>10</sup> Clauses 4.12 and 4.13

## Claims case study

### Supporting customers with mental health conditions

An Income Protection (IP) claim was submitted for depression and anxiety, with a secondary condition of right knee osteoarthritis requiring a total knee replacement. The customer had ceased work three months prior due to worsening symptoms and was terminated from their employment one month prior to claim due to deteriorating health.

Upon receipt of the claim, the life insurer identified early that there was a likelihood of vulnerability due to the presence of mental health conditions and a period without work engagement. The life insurer immediately acted to take extra care and support in line with clauses 6.1, 6.2 and 6.15 of the Life Code.

A Social Work Initial Needs Assessment was conducted by the life insurer. The assessment identified significant psychological distress including suicidal ideation, financial hardship, and physical limitations. A social worker was appointed to support the customer, in line with clause 5.3, to gather required documentation, evidence and ID required for their claim and to arrange referral to specialised services including mental health helplines, financial counselling, and community-based exercise and social programs to ensure access to support services while the claim was being assessed.

Once the claim was accepted, the life insurer shifted its focus to rehabilitation and return-to-work planning, appointing a rehabilitation provider to deliver a graded work conditioning program. Recognising the customer's long-term goal of re-entering the workforce in a modified capacity, the life insurer also funded business mentoring and facilitated enrolment in a free small business course. These decisions demonstrated flexibility, and sensitivity to the customer's financial and psychological vulnerabilities.

As a result of this sustained and coordinated support, the customer improved their functional capacity, successfully completed their work conditioning program, and ultimately launched their own small business. Continued monitoring ensured their return to work remained stable and sustainable, with attention to both mental health and financial wellbeing.

This case demonstrates how structured, empathetic, and collaborative support aligned to Life Code principles delivers fair outcomes for customers with a mental health condition.

## Question 3.2

**Do you have any feedback on the practical operation of the prohibition on blanket mental health exclusions? Are there changes to the Code that could support more consistent adherence to this requirement?**

### Response to Question 3.2

- 1.7. The prohibition on blanket mental health exclusions in the Life Code<sup>11</sup> is not understood or interpreted consistently. The practical effect of the commitment is unclear and is leading to varying interpretations by our members, the LCCC, customers and the broader community. An unclear and ambiguous clause is inconsistent with the objectives of the Life Code and this should be resolved as a matter of priority.
- 1.8. The intention of clause 2.1(b) is to reinforce our members' obligations to comply with the *Disability Discrimination Act 1992* (Cth) (**DDA**), and equivalent State and/or Territory law and the drafting of this clause was updated in 2023 to reflect that intent.
- 1.9. A blanket mental health exclusion does not have a statutory definition but it is commonly used to describe either:
  - 1.9.1. a blanket exclusion of cover for someone with a history of mental ill-health; or
  - 1.9.2. product terms and conditions that exclude mental ill-health as a cause of claim.
- 1.10. In both these situations, the life insurer's conduct, and the design of product terms and conditions are prescribed by the DDA.
- 1.11. While clause 2.1(b) is concerned with product terms and conditions that exclude mental ill-health as a cause of claim in new standard form contracts, it does not apply to group life policies and does not prevent a life insurer from applying an individual mental health exclusion after underwriting, where exclusions may be applied based on reasonable actuarial or statistical data.<sup>12</sup>
- 1.12. Noting the findings of the LCCC's recent report on mental health obligations in the Life Code (**Mental Health Report**)<sup>13</sup>, and feedback received from customer advocates, CALI and our members are considering how the Life Code could better clarify the current obligations relating to product design and underwriting in respect of mental health, including the operation of clause 2.1(b).
- 1.13. This aligns with CALI's broader program of work with our members to develop a new industry action plan for mental health, aimed at supporting long-term affordability and

<sup>11</sup> Clause 2.1(b)

<sup>12</sup> Section 46 of the *Disability Discrimination Act 1992* (Cth)

<sup>13</sup> [Keeping the Promise: Mental Health and Life Insurance Commitments, LCCC, 16 September 2025](#)

industry sustainability, and delivering greater clarity, fairness, and transparency for customers experiencing mental ill-health.

- 1.14. We also intend to engage with mental health stakeholders, customer advocates and the LCCC to discuss their views and expectations on approaches to blanket mental health exclusions to inform industry action in response.
- 1.15. We also raise two issues relating to competition law, and innovation and industry sustainability in the context of blanket mental health exclusions.
- 1.16. Firstly, industry codes should not dampen safe innovation or limit customer choice in life insurance by preventing the development of a variety of differentiated products that life insurers could introduce to maintain product sustainability, premium stability and choice for customers.
- 1.17. Secondly, commitments in industry codes regarding product design, particularly commitments that competitors will or will not provide certain cover, can be regarded as an agreement between competitors that can limit supply or likely supply to consumers. In this regard, the industry is limited by competition law from agreeing product design commitments. To manage compliance with the competition law, clause 2.1(b) is deliberately expressed to align with our obligations under the DDA and equivalent State and/or Territory law and should not be interpreted more widely.
- 1.18. We welcome suggestions on how the Life Code could support a better customer understanding and experience of product design and underwriting in relation to mental ill-health, and intend to continue engaging broadly with stakeholders to inform the design of the Life Code in this respect.

### Question 3.3

**How could the Code promote compliance with the Disability Discrimination Act 1992 and best practice in mental health underwriting?**

#### **Response to Question 3.3**

- 1.19. Our members consider the DDA to provide a strong statutory framework for customer protection in product design and underwriting. Customers benefit from strong protections through the Life Code but also through the application of the DDA and equivalent State and Territory laws. Together these ensure that customers are protected against unfair or unreasonable discrimination, and any exclusions are supported by reasonable actuarial or statistical data.
- 1.20. The exemption in section 46 of the DDA (**the Exemption**) recognises the unique nature of risk-rated life insurance which provides tailored coverage for individuals with more specific needs, often through financial advice, allowing for personalised protection that reflects their

circumstances and preferences. These needs often include higher sums insured that are not available through non-underwritten default insurance in superannuation.

- 1.21. In practice, the Exemption means that life insurers can fairly and equitably assess and price risk through underwriting, and is critical to the sustainability of life insurance. Without this ability to assess and price risk through underwriting, the likely impacts to affordability, accessibility and sustainability of life insurance would be significant. Underwriting preserves equity within life insurance so that each customer pays a premium commensurate with their level of risk, and life insurance remains affordable and sustainable for all customers. Our members will only ever exclude cover where there is a legitimate underwriting basis with individual considerations taken into account.
- 1.22. CALI and our members are considering how obligations under the DDA could be best reflected in the Life Code in a way that delivers clarity and certainty for our members, customers and stakeholders.
- 1.23. We note the Attorney-General's Department's current review of the DDA and will carefully consider any recommendations made by that process.

## Underwriting Case Study

### Individual consideration of mental health conditions

A life insurance application was received in which the customer disclosed a historical diagnosis of depression, including multiple past episodes, with no symptoms reported for more than 10 years. In line with Life Code underwriting requirements for fair, evidence-based assessment, the life insurer reviewed the information against its internal underwriting guidelines.

These guidelines supported the application of a mental health exclusion due to the history of multiple episodes. However, consistent with clauses 4.12 and 4.13, which require life insurers to obtain relevant and necessary additional information to avoid blanket mental health exclusions, the underwriter sought further detail before making a final decision. The customer was therefore asked to complete a full mental health questionnaire to provide greater clarity regarding their past condition and current stability.

Initially the questionnaire was not completed by the customer and based on the information available, a mental health exclusion was applied to the policy. The customer was informed of the decision, its basis, and consistent with clause 4.14 and 4.22, their right to request a review of the exclusion at any time by providing the additional information.

The customer subsequently requested a review and completed the full mental health questionnaire. After receiving the additional details and considering all new and relevant information, the underwriters determined that the exclusion was no longer supported. The clarification provided confirmed the stability of the customer's mental health and the mental health exclusion was removed.

This case demonstrates the practical application of mental health underwriting principles ensuring transparency, enabling customer choice and review rights, and making underwriting decisions supported by relevant and proportionate evidence.

### Question 3.4

**How useful is Appendix B of the Code? Are there other ways that the Code or related guidance could set out the commitments that insurers make when dealing with customers with mental health conditions? Could this information be made available to consumers in a form that increases accessibility and understanding of how insurers support people with mental health conditions?**

### Response to Question 3.4

- 1.24. It is useful for Life Code audiences to have access to a summary of the Life Code provisions that apply to customers who have experienced, or are experiencing, mental ill-health.
- 1.25. We remain open to suggestions on how Appendix B specifically, or the Life Code generally, could better support customer accessibility and understanding of how life insurers support customers. Our aim would be to make the Life Code more accessible and avoid duplicating commitments or expressing them in different ways throughout the document.

## Supporting customers experiencing vulnerability

### Question 3.5

**Are the Code commitments in relation to vulnerability, including specific areas such as FDV, in line with community expectations? Are there areas where the commitments could be improved?**

### Response to Question 3.5

- 1.26. We consider the Life Code to be in line with customer and community expectations in relation to vulnerability. The extent to which financial services firms, including life insurers, can proactively identify vulnerability is a matter of serious discussion. We have provided our reflections on these expectations in response to question 3.8.
- 1.27. The 2023 Code introduced the concept of customer vulnerability and our members embarked on a significant program of work to ensure their businesses responded to increasing expectations, and strengthened Life Code commitments, for vulnerable customers requiring additional support. This included specific training for customer-facing staff to enable them to better identify and support vulnerable customers, and the establishment of specialist customer support teams.

1.28. Since these amendments, our members have also made significant improvements to better support customers experiencing family and domestic violence and financial abuse. CALI has developed a Family and Domestic Violence BPG which was published in February 2025. This involved extensive consultation with members and external stakeholders. We also engaged a specialist external consultant to undertake research with victim-survivors and their experience with life insurance. Our BPG provides our members with guidelines and direction that enables compassionate, flexible, and safe support for people experiencing family and domestic violence, including financial abuse and coercive control.

1.29. In response to the Worth the Risk report by InsurePride<sup>14</sup>, our members reviewed actuarial and statistical data in line with current medical advice and introduced new Life Code commitments<sup>15</sup> to improve transparency around underwriting practices for people living with HIV. Among the changes, life insurers ceased asking about an individual's sexual preferences and practices to determine their risk of contracting a sexually transmitted infection, including HIV and AIDS, during underwriting assessments.

1.30. Finally, the Life Code contains a range of provisions designed to support First Nations customers, including a specific provision relating to the cultural practice known as gratuitous concurrence.

1.31. These commitments reflect our industry's ongoing focus on continuously improving the services we offer<sup>16</sup> and we continue to engage with key stakeholders such as the LCCC and customer advocates, and the broader community, to understand how these commitments could be improved.

### Question 3.6

**Should the Code address additional areas of vulnerability? If so, should this include any additional commitments?**

### Response to Question 3.6

1.32. Our members have made significant investments in identifying and supporting vulnerable customers, including developing staff training and processes to identify vulnerability<sup>17</sup>, operational frameworks, and customer communication practices, including providing plain-language information and information on our website regarding support services<sup>18</sup>. These existing measures have improved both the identification of vulnerability and the experience of customers interacting with life insurers.

<sup>14</sup> Victorian Pride Lobby, [Worth the Risk: LGBTIQA+ experiences with insurance providers](#). (June, 2022)

<sup>15</sup> Clauses 4.17(a) to (c)

<sup>16</sup> Clause 1.1(b)

<sup>17</sup> Clause 6.15

<sup>18</sup> Clause 6.8

1.33. Our members tell us that often customers may feel uncomfortable or stigmatised by being labelled as “vulnerable”. This is consistent with ISO 22458 *Consumer vulnerability — Requirements and guidelines for the design and delivery of inclusive service (ISO 22458)* which recognises that many customers do not think of themselves as vulnerable, or they may be unwilling to share personal information.<sup>19</sup>

1.34. Our members propose amendments to the existing vulnerability clauses to better distinguish between vulnerable customers, customers with additional support needs and clauses that provide support for First Nations customers. This distinction ensures that commitments are appropriately targeted and do not unintentionally imply vulnerability or limit customer agency.

1.35. Customers will benefit from clarification that builds on these established practices rather than introducing new obligations. This ensures that our members can continue to respond to individual customer needs and circumstances in a flexible, respectful and appropriate way.

### Question 3.7

**Should the Code promote inclusive product design to better address customer vulnerability? If so, how?**

### Response to Question 3.7

1.36. CALI’s analysis of ISO 22458 suggests that best practice principles for inclusive service and product design are reflected in the current version of the Life Code. Specifically, the Life Code incorporates principles of inclusive design<sup>20</sup>, accessibility and clear information<sup>21</sup>, flexibility and choice<sup>22</sup>, fairness and transparency<sup>23</sup> and continuous improvement.<sup>24</sup>

1.37. ISO 22458 provides deeper insights on formal vulnerability mapping, consumer insight research and structured evaluation of inclusive design success. These concepts are best managed by each member to ensure flexibility, efficiency, and alignment within their organisation.

1.38. Additionally, there are strong customer protections regarding design which are enshrined in the law and overseen by the Australian Securities and Investments Commission (**ASIC**).

---

<sup>19</sup> International Standards Organisation (ISO) (2022), *ISO 2248:2022 Consumer vulnerability – Requirements and guidelines for the design and delivery of inclusive service*. Clause 7.1

<sup>20</sup> Clauses 2.1 to 2.3, clauses 2.7 to 2.9, and clauses 6.9 to 6.17

<sup>21</sup> Clauses 3.1 to 3.19, and clauses 2.29 to 2.31

<sup>22</sup> Clauses 2.4 to 2.5, and clauses 6.18 to 6.23

<sup>23</sup> Clauses 4.20 to 4.27

<sup>24</sup> Clauses 8.11 to 8.21

1.39. Design and Distribution Obligations (**DDO**)<sup>25</sup> require life insurers to clearly define an appropriate target market and ensure that products are designed and distributed with the needs, characteristics and objectives of that target market in mind. In practice, this framework is specifically intended to ensure that products are appropriately targeted, aligned with consumer needs, and do not inadvertently disadvantage vulnerable customers within the relevant market segment. These legislative obligations operate alongside the Life Code to provide strong and effective guardrails for inclusive product design.

### Question 3.8

**How could the Code encourage better and earlier identification of potential vulnerabilities rather than insurers relying on customer disclosure?**

### Response to Question 3.8

1.40. Our members want to provide better and earlier support for customers experiencing vulnerability. Often, where life insurance is sold online, through brokers or obtained through superannuation, our members have limited direct interaction with customers until a claim is made. Vulnerability may not be apparent at the point of purchase and can be temporary or situational. Members submit that the Life Code could promote greater visibility and accessibility of available support options from life insurers, to encourage self-identification by customers earlier.

1.41. Currently, the Life Code only requires information about family and domestic violence support to be publicly available<sup>26</sup>. This could be expanded to ensure that customers are informed about where to find information about available support options and where appropriate, these support options are made publicly available, for example on the life insurers' websites.

1.42. By making support options more visible and understandable, customers may be more likely to self-identify and seek assistance earlier in their engagement. This approach respects customer autonomy and avoids intrusive questioning at the point of sale or renewal, which could be perceived as personally sensitive or even stigmatising. Our members caution against introducing mandatory vulnerability screening at these stages, as it could raise privacy concerns, and may inadvertently discourage customers from accessing insurance products.

1.43. CALI and our members welcome other suggestions to encourage earlier identification of customers needing additional support.

---

<sup>25</sup> Part 7.8A, Corporations Act

<sup>26</sup> Clause 6.6

## Supporting customers experiencing financial hardship

### Question 3.9

**Do the Code commitments adequately ensure customers facing financial difficulties are obtaining suitable and appropriate assistance from insurers? If not, how can the Code be improved?**

### Response to Question 3.9

- 1.44. We consider the current Life Code commitments to provide strong protections and a robust framework for ensuring customers experiencing financial difficulties are treated fairly, and with access to assistance such as payment arrangements, premium deferrals, or policy variations. Our members have implemented these commitments through established hardship programs, customer support teams, and flexible operational processes.
- 1.45. A key challenge for our members is the limited visibility which they have into a customer's financial situation unless it is actively disclosed or becomes apparent through missed premium payments or policy lapse. There are operational and legal limits to the ability of our members to collect and monitor customer data which may offer early indicators of financial hardship, and it would therefore be practically difficult for our members to commit to proactive, targeted engagement with individual customers at various points in the life insurance customer journey to identify instances of financial hardship.
- 1.46. CALI continues to advocate for the Government to prioritise consultation on the remaining reforms in the Delivering Better Financial Outcomes (**DBFO**) package to enable our members to provide advice on their own products, when customers ask for it, at no additional cost. In addition to the existing framework of financial hardship supports, the delivery of the full DBFO package would help our members provide the advice that could make the difference between a customer giving up their cover for financial reasons and discussing suitable alternatives that may better meet their personal and financial needs while allowing them to retain some level of cover.

### Question 3.10

**Is there a need for the Code to distinguish between measures that might address short term financial hardship compared to more entrenched hardship?**

#### **Response to Question 3.10**

- 1.47. Current Life Code commitments are primarily intended to support customers experiencing short-term and temporary financial hardship. These measures, such as flexible payment arrangements and short-term relief via premium waivers, are effective in addressing immediate financial stress.
- 1.48. Longer-term affordability challenges and entrenched hardship require more structured and sustained support. As outlined at paragraph 1.44, this is normally addressed through exercising product related options depending on a customers' situation and options available under their product (for example, varying levels of cover, premium options, or benefit structures).
- 1.49. We continue to advocate for the delivery of the DBFO reforms so that our members can have more targeted, personalised discussions to deliver better customer outcomes, especially for those customers experiencing financial hardship.

#### **First Nations customers**

### Question 3.11

**How effective are the Code commitments relating to First Nations customers?**

#### **Response to Question 3.11**

- 1.50. CALI and our members consider Life Code commitments relating to First Nations customers to provide essential support for First Nations customers, recognising the importance of cultural safety, accessibility, and fairness.
- 1.51. Our members recognise that flexible identification requirements and cultural awareness are particularly important aspects of providing good customer service to First Nations customers, and are considering how their operational processes, alongside the Life Code, can improve accessibility and usability of life insurance services.
- 1.52. We have included a case study below that demonstrates how one of our members embedded practices to support First Nations customers.

1.53. The LCCC has recently published its findings in relation to Life Code commitments relating to First Nations customers<sup>27</sup>. We welcome the LCCC's conclusions that our members are currently meeting their obligations under the Life Code in relation to First Nations customers. We are considering the findings and recommendations of the report to identify opportunities to further strengthen Life Code commitments in relation to First Nations customers.

## First Nations Case Study

### **Cultural awareness and Life Code flexibility**

A claim was lodged for an Accidental Death benefit, where the beneficiaries were minors. The First Nations customer and mother of the life insured, resided in a remote First Nations community and faced significant barriers to claim including limited access to resources and language differences. The customer also participated in cultural and spiritual practices that required extended absences. These factors made it challenging to meet standard claims timeframes and requirements such as providing certified identification and guardianship documentation.

Under normal circumstances, claims are closed after unsuccessful contact. In this case, our member recognised the customer's vulnerable circumstances and applied flexibility consistent with the relevant Life Code provisions.<sup>28</sup> Specialist training for working with remote communities guided the process for making and maintaining contact with the customer and local organisations such as Catholic Care NT, the local council and children's school for assistance and support for the customer. This approach enabled our member to reconnect with the family and obtain the necessary documentation. Our member also provided practical support for the complex Letters of Administration process required for the life insurance benefit, including application forms, probate officer contact details, and third-party authority templates.

Timeframes were extended, to allow for spiritual and cultural practices to take place before making contact again. Identification requirements were adapted in line with AUSTRAC guidance to allow acceptance of expired ID, supported by statutory declarations from the school.

By adapting standard procedures and engaging with community support network the life insurer was able to ensure the Accidental Death benefit of \$50,000 was paid to the beneficiaries and their guardians.

This case demonstrates how flexibility under the Life Code and targeted training can deliver fair outcomes. The life insurer appropriately adapted to the customer's needs, where rigid application of policy would have resulted in claim closure and potential financial hardship.

<sup>27</sup> [Supporting Aboriginal and Torres Strait Islander Customers](#), LCCC, 8 December 2025

<sup>28</sup> clauses 6.14, 6.16 and 6.17

### Question 3.12

**Are there ways that insurers can adopt a more proactive and culturally safe approach to identifying First Nations customers to better meet Code obligations?**

#### **Response to Question 3.12**

- 1.54. Our members tell us that currently they do not ask customers to identify their cultural identity, a position grounded in respect for privacy, equal treatment, and to avoid any perception of discrimination or assumption that the individual is not capable of agency.
- 1.55. This position is also grounded in the relevant legislation. When setting the terms and conditions of a policy, the *Racial Discrimination Act 1977* (Cth) prevents the setting of terms or conditions based on person's race, colour or national or ethnic origin.<sup>29</sup> Racial or ethnic origin is defined as "sensitive information" under the *Privacy Act 1988* (Cth)<sup>30</sup>.
- 1.56. Australian Privacy Principle 3 prevents an organisation from collecting sensitive information about an individual unless the individual has given explicit consent; and the information is reasonably necessary for the organisation's functions and activities.<sup>31</sup>
- 1.57. We are considering what alternative approaches our members could take, consistent with the law, to support more proactive and culturally safe identification of First Nations customers.

### Question 3.13

**Is there a need for the Code to include additional commitments to address specific issues with life insurance experienced by First Nations customers, such as culturally appropriate communication practices? If so, what should they be?**

#### **Response to Question 3.13**

- 1.58. Our members remain open to suggestions on how they can support First Nations customers across the entire life insurance value chain.
- 1.59. The 2023 Code introduced new clauses<sup>32</sup> beyond simply recognising that First Nations customers may require additional support to access life insurance or make a claim,

---

<sup>29</sup> section 13

<sup>30</sup> section 6

<sup>31</sup> APP 3.3

<sup>32</sup> Clause 6.3, 6.8

including the addition of a definition for gratuitous concurrence. This enhancement was an important step in ensuring that genuine consent is obtained in a culturally appropriate and respectful manner.

## Claims handling

### Question 3.14

**Does Section 5 of the Code provide adequate protection for consumers making a claim? Are there any areas where it could be improved?**

### Response to Question 3.14

- 1.60. Section 5 of the Life Code makes 67 commitments to customers that reflect the sensitive, urgent and often traumatic circumstances associated with life insurance claims.
- 1.61. The section sets out clear obligations at every stage, from initial acknowledgment to final decision, including timeframes for communication, decision-making, procedural fairness and payment. Customers are assured of empathy and support, with life insurers required to explain the process, assist with information gathering, and provide updates at least every 20 business days.<sup>33</sup>
- 1.62. Our members suggest that section 5 could be improved by making a range of amendments to individual clauses to improve clarity for consumers, improve administrative efficiency and compliance monitoring:
  - 1.62.1. Clause 5.12 is overly complex and combines multiple obligations in one paragraph, making it hard for customers to understand, and compliance monitoring difficult because breaches cannot be easily linked to specific commitments for rectification. CALI recommends that individual commitments be split into sub-clauses to allow greater clarity and consistency without removing customer protections. In addition, the Life Code should be updated to remove overly prescriptive communication methods to allow our members to notify customers via their preferred communication method and, where practicable adapt, to emerging technology.
  - 1.62.2. Clause 5.42 should be clarified so that surveillance commitments are clear and unambiguous for customers.
  - 1.62.3. Clause 5.56 is overly prescriptive by mandating the use of different communication methods, which may not be feasible if only one method is available. Our members are supportive of retaining the two attempts requirement, however, the requirement for multiple communication

---

<sup>33</sup> Clause 5.6

methods should be removed to ensure focus is on the principle of reasonable effort.

1.63. We have provided our reflections on claims communications and suggested improvements in our response to question 3.17.

### Question 3.15

**What are the causes of delayed claim decisions? How could the Code contribute to reducing these?**

### Response to Question 3.15

1.64. Claims are assessed, admitted and paid in a timely manner<sup>34</sup>. Across all distribution channels<sup>35</sup>, the latest Australian Prudential Regulation Authority (**APRA**) data to June 2025 demonstrates a combined average admit rate for death, TPD and IP claims of 91%.<sup>36</sup>

1.65. The same data shows an average claims processing duration, combined across all distribution channels, of one month for death claims, 3.9 months for TPD claims and 1.4 months for IP claims.<sup>37</sup> This significantly outperforms the Life Code obligations to determine lump sum claims within six months and income-related claims within two months.

1.66. Life insurance claims generally involve significant insured sums and detailed medical and occupational evidence that may require specialist interpretation and diligent claims assessment. The assessment process may involve multiple layers of medical, vocational, and financial analysis, including longitudinal reviews of medical improvement or deterioration. Despite this, 89% of TPD claims and 88% of IP claims, in aggregate, are determined within two months.<sup>38</sup>

1.67. In addition, the Australian Financial Complaint Authority's (**AFCA**) Annual Report shows that complaints due to delays in claims handling have reduced year-on-year since 2022 (245 in 2022 to 2023, 231 in 2023 to 2024 and 199 in 2024 to 2025).

1.68. In that context, delayed claims represent the exception to life insurance claims handling, and not the norm. While there are variances in claims duration by distribution channel, reflecting the differences in cover types and customisation, delays in claim decisions often arise from legitimate and unavoidable factors, including:

---

<sup>34</sup> Clauses 5.48 and 5.49

<sup>35</sup> Individual Advised, Individual Non-Advised, Group Super and Group Ordinary

<sup>36</sup> [Life insurance claims and disputes statistics, June 2025, published on 14 October 2025, APRA](#)

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

- 1.68.1. the need to obtain comprehensive and accurate medical, financial or occupational documentation from third parties.
- 1.68.2. the complexity of evidence required to assess the claim against policy definitions, particularly for medical or financial loss assessments.
- 1.68.3. reliance on information provided by external experts, treating practitioners, or third parties who operate outside our member's control.
- 1.68.4. the need to resolve inconsistencies and differences in medical opinion.

1.69. Our members are obliged to consider all claims diligently to ensure they meet policy terms and conditions. This ensures that fairness and equity across the risk pool are maintained. We recognise, however, that delayed claims decisions can have a significant impact on our customers and we're open to suggestions on how the Life Code could better support timely claims decisions and claims communications.

### Question 3.16

**Are the grounds for insurers to rely on 'Circumstances Beyond our Control' reasonable? How do insurers apply these in practice? Should any changes be made to help support timely claims processing?**

### Response to Question 3.16

- 1.70. CALI and our members consider the 'Circumstances Beyond Our Control' (**CBOC**) provision to be both reasonable and necessary to preserve fairness in claims processing.
- 1.71. Our members apply the CBOC provision cautiously and transparently in practice. Our members rely on it only after making reasonable attempts to obtain outstanding information and maintain ongoing contact with the customer throughout the process. Typical examples include extended wait times for specialist medical reports, delayed provision of financial documents in business-related claims, or external investigations that must conclude before liability can be determined.
- 1.72. Approximately 79%<sup>39</sup> of all CBOC applications arise because our members have not received or have not had a reasonable time to assess reports, records, evidence, or other information reasonably requested from relevant parties such as the customer, the Group Policy Owner, independent service providers, medical practitioners, government agencies, or other entities.
- 1.73. A further proportion relates to situations where our members have not had a reasonable opportunity to complete their assessment and make a decision after issuing a "Show Cause"

---

<sup>39</sup> LCCC Annual Compliance Data Program (ACDP), 1 June 2024-30 June 2025. Received from the LCCC on 7 November 2025.

or “Procedural Fairness” letter. This reflects the reality that our members frequently depend on third parties, including medical specialists, employers, financial advisers, courts, and government agencies, to provide essential information before a claim can be properly assessed. These dependencies are outside our members’ control and often result in unavoidable but regrettable delays.

- 1.74. In practice, approximately 49% of CBOC applications relate to TPD while 42% are for IP leaving only 9% attributable to other lump sum payments such as death, trauma, funeral, accident, and Consumer Credit Insurance (**CCI**)<sup>40</sup>. Given the complexity of TPD and IP claims, many of which require detailed medical and financial analysis and involve long-tail conditions, it is difficult to make determinations based on incomplete or unreliable evidence. To do so would be inconsistent with the need to ensure fairness and equity across the entire risk pool.
- 1.75. While the grounds for utilisation of CBOC are reasonable and necessary, we recognise the important role proactive and transparent communication plays in building customer trust. We’re considering how we can better support customers if and when claims delays occur, and how we communicate the reasons for those delays.
- 1.76. Our members have provided the following case study which represents a real, anonymised claim to demonstrate a practical application which we consider representative of the circumstances in which CBOC provisions are ordinarily utilised.

### Claims case study

#### **Balancing service obligations with customer outcomes**

The customer was a 53 year old Residential Care Officer, having held that role for over 10 years. The customer suffered shoulder and back injuries in a car accident several years ago. She had several weeks off work at the time but was able to return to work, albeit with some ongoing pain. Over time the injuries deteriorated, making work more difficult. 18 months ago, the customer stopped working completely.

Her doctor prescribed several treatments to help her overcome her injuries, but they had not been successful. As a last resort, her doctors suggested surgery and she was placed on a three-month waiting list for surgery.

The customer lodged an IP claim with her super fund not long after stopping work and had been receiving regular monthly benefits since that time.

The customer subsequently lodged a TPD claim because her doctor told her it was unlikely she would ever work again unless the surgery was successful.

<sup>40</sup> Ibid

Her life insurer assessed the customer's TPD claim but advised her that it would not be able to make a decision until she had the surgery proposed by her treating doctor and her prognosis was better understood. The life insurer was able to use flexibility in the CBOC provisions in the Life Code to ensure the customer was kept up to date, and that the life insurer complied with the Life Code.

If the life insurer had been required to decide on the claim within six months, the balance of evidence available would have required it to decline the claim. At that time, there was insufficient evidence to support a claim that the customer was permanently disabled noting that her treating doctors had identified reasonable prospects of prognostic success following surgery.

Following the surgery, and after a period of stabilisation to assess prognosis, it was determined that the customer was unlikely to ever return to work and her claim for a TPD benefit was accepted on the basis of that evidence which only came into existence after the six month period in which a decision has to be made pursuant to the Life Code had elapsed.

### Question 3.17

**How effectively does the Code ensure people receive useful and timely communication about their claim? How could this be improved?**

#### Response to Question 3.17

- 1.77. The Life Code supports our members to prioritise clear and timely communication throughout the claims process, supported by dedicated claims management teams, customer portals, and regular status updates. These measures ensure customers remain informed about progress, outstanding requirements, and expected timeframes.
- 1.78. Section 5 of the Life Code establishes a strong communication framework that aligns with community expectations and operational realities. For complex claims, such as those involving disputed medical definitions, income verification, or multiple benefit components, communication should remain flexible and proportionate. Overly prescriptive obligations on frequency or content could divert resources away from decision-making and slow the process overall.
- 1.79. Our members recommend simplifying claims progress update clauses, adopting a similar approach outlined in the LCCC letter to insurers.<sup>41</sup> The LCCC noted that some Life Code clauses relating to claims progress updates share the same requirement: customers must be

<sup>41</sup> LCCC Letter to insurers, August 2025, [Clarifying breach reporting for overlapping Code obligations](#).

updated at least every 20 business days. Clause 5.6 serves as the overarching commitment for claims progress updates, and breaches only need to be reported under clause 5.6 when this 20-business-day timeframe is not met.

1.80. CALI members recommend that subclauses 5.59(b) and 5.60(c) be removed, acknowledging that the same customer commitment applies in these circumstances under clause 5.6.

## Medical definitions

1.81. The distinction between insurance medicine and clinical medicine is an important one. Clinical medicine focuses on the treatment and recovery of individuals, while insurance medicine necessarily assesses risk at the population level to ensure the long-term sustainability of products and equity across the insured pool. Preserving this distinction is essential to maintaining transparent, fair and actuarially sound underwriting practices that serve the interests of all customers, and our members suggest that providing clearer information about this distinction would be more useful for customers, customer advocates and the broader community.

1.82. Practically, this distinction means that the medical definitions utilised in life insurance products reflect product and risk appetite differentiation between life insurers. This is why CALI and our members suggest that customer and stakeholder understanding would be improved by better clarifying the scope and purpose of insurance medical definitions.

### Question 3.18

**Are the Code's requirements in relation to the review of medical definitions adequate and appropriate? If not, how could they be improved?**

### Response to Question 3.18

1.83. We consider the three-year review period to strike a reasonable balance between ensuring definitions remain current and allowing sufficient time for our members to assess and implement changes responsibly. The LCCC's 2021 Own Motion Inquiry (**OMI**) considered the three-year review period and found general compliance with the requirement.<sup>42</sup>

1.84. Our members suggest that the obligations could:

1.84.1. further clarify the scope and purpose of the medical definition reviews to improve customer and customer advocate understanding of how medical definitions operate, what their purpose is, and the scope of the reviews; and

<sup>42</sup> LCCC Own Motion Inquiry: [Obligations relating to the review of medical definitions](#), March 2021

1.84.2. make a clearer distinction between insurance medicine and clinical medicine.

### Question 3.19

**How effective are the Code commitments relating to claims where a policy has an outdated definition?**

#### Response to Question 3.19

1.85. Medical definitions embedded in the Life Code play a critical role in supporting the function of Clause 5.67, which provides a mechanism for assessing a customer's claim against both the life insurer's product definition and the Life Code definition, ensuring the best possible outcome for the customer.

1.86. This dual-assessment approach is particularly important when a customer's policy has older or superseded definitions, or when medical definitions evolve over time or contain an obsolete method of diagnosis. By maintaining a consistent baseline through the Life Code definitions, our members can ensure fairness and alignment with current medical practice, even as product definitions vary or are updated. This reinforces consumer protection and supports equitable claims outcomes across the industry.

1.87. CALI considers that the Life Code's commitments around updating medical definitions may need to be refined to reflect not only obsolete diagnostic methods or treatments, but also the impact of medical reclassification. Advances in early detection and treatment have led to some conditions being reclassified as less severe than previously understood. These shifts can significantly affect how definitions are applied in trauma claims and product design. Recognising this broader scope ensures that updates remain clinically relevant and aligned with current medical practice, ultimately supporting fairer outcomes for customers.

1.88. Our members tell us that medical definitions in their disclosure documents and product terms are regularly updated, and that the Life Code definitions (namely for heart attack, stroke and cancer) would benefit from more frequent review and updating to ensure the medical definitions keep pace with advancements in insurance medicine. It is important to note that medical definitions for heart attack, stroke or cancer do not apply to severity-based trauma.

### Question 3.20

**Is it still useful for the Code to include specific medical definitions for trauma and critical illness cover? What is the role of the Code definitions relative to definitions contained in insurers' policy terms, particularly in light of AFCA's observations? If they should remain, do the definitions need to be updated?**

### Response to Question 3.20

- 1.89. We consider medical definitions to be a useful feature of the Life Code but, as outlined in our response in this section, it would benefit our members and customers alike if the Life Code better clarified the purpose and scope of medical definitions in a life insurance context.
- 1.90. The utility of the medical definitions is supported by frequent review and updates, and we suggest an alternative approach that would better achieve this in our response to question 3.21.
- 1.91. Universal definitions reflect clinical medical practice and are therefore not appropriate for life insurance products. Insurance definitions generally require a higher severity threshold based on statistical risk, and insuring loss and life changing events. This level of product risk management is essential to maintaining product line affordability of premium for the insured pool, and industry sustainability. This helps to ensure premiums remain affordable and stable, and life insurers can meet claims obligations over decades. Clinical definitions, by contrast, focus on diagnosis and treatment.
- 1.92. The role of the Life Code definitions relative to the definitions in our members' policy terms is to provide a minimum baseline for claims assessment to ensure customers, especially those with older policies, are not disadvantaged by outdated policy wording that doesn't reflect modern medical diagnoses or classifications. In some cases, a life insurer's own definitions may be superseded, and factors can prevent them from offering a passback. Having an industry-wide minimum ensures consistency and fairness for customers across insurers.
- 1.93. Our members must retain flexibility to design products that provide coverage for conditions with varying levels of severity, tailored to different customer needs and risk profiles. Maintaining flexibility ensures that products remain competitive, responsive to medical standards, and aligned with organisational risk strategies.
- 1.94. AFCA has critically commented on the current Life Code definition of heart attack in particular<sup>43</sup> and suggested adopting the universally clinical definition as the minimum standard. Our members are not supportive of adopting the universal medical definition as minimum standard

---

<sup>43</sup> AFCA (16 October 2019), Determination: case number 607118; AFCA (28 November 2023), Determination: case number 962378; AFCA (26 April 2024) Determination: case number 989722; AFCA (26 April 2024) Determination: case number 989722.

1.95. Most critically, heart attacks affect individuals in vastly different ways with varying degrees of functional impact and economic loss. The outcome depends on personal circumstances, recovery patterns and occupational demands. Therefore, relying on a fixed clinical definition is not appropriate in a life insurance context. An approach that recognises severity and functional impact is fundamental to accurately and fairly determining a customer's eligibility for benefits.

1.96. Our members acknowledge AFCA's concerns regarding customers' lack of understanding of the differences between insurance definitions and clinical diagnoses, which can lead to confusion and disputes, and are considering how to make this distinction clearer for customers.

### Question 3.21

**Would there be benefit in having a separate guide on medical definitions that allowed for more regular updates or a greater level of detail than the Code, or is it preferable to continue to include these definitions in the Code?**

### Response to Question 3.21

1.97. CALI and our members recommend that existing commitments to update medical definitions remain within the Life Code whereas the medical definitions themselves should be in a separate guide to enable more regular review and updates. This approach would ensure that strong customer protections regarding medical definitions remain within the Life Code while enabling CALI and our members to update definitions more regularly, and outside of formal Life Code review periods. This would also ensure operational practicality in the sense that amendments to definitions could be made to reflect contemporary practice without requiring full re-publication of the Life Code.

## 2. Other issues

### Training

#### Question 4.1

**Should there be a more explicit overarching commitment that staff and authorised representatives are appropriately trained on the Code itself?**

#### Response to Question 4.1

- 2.1. CALI and our members consider the current commitments in the Life Code in relation to training staff and authorised representatives to be effective and proportionate. Our members have invested heavily in tailored training programs, including regular refresher modules, supervision structures, and specialist accreditation for complex roles such as underwriting, claims assessment, and customer support.
- 2.2. These existing arrangements ensure that staff and authorised representatives are equipped with both the technical knowledge and the customer service skills required to uphold Life Code standards. The focus should remain on principles-based guidance that allows our members to determine appropriate training content and delivery methods based on the scale and nature of their businesses.
- 2.3. In addition, our members are already subject to strong governance, compliance, and conduct oversight mechanisms that ensure their people are appropriately trained and competent. These mechanisms include Australian Financial Services Licence (**AFSL**) requirements, APRA prudential standards, internal audit functions, and industry accreditation programs.
- 2.4. Training should continue to be the responsibility of our members as part of their risk and conduct management systems, supported by clear internal accountability under existing regulatory obligations. This approach ensures efficiency, consistency, and flexibility while maintaining the integrity and credibility of the Life Code.

## Question 4.2

**Are the various Code commitments to train staff and authorised representatives in relation to particular areas of insurance or particular customers adequate?**

### Response to Question 4.2

2.5. The various Life Code commitments to train staff and authorised representatives in relation to particular areas of insurance and customer needs are considered adequate. The Life Code appropriately contains specific commitment to training across key customer interactions including:

- 2.5.1. Sales<sup>44</sup>;
- 2.5.2. Underwriting; <sup>45</sup>
- 2.5.3. Claims<sup>46</sup>;
- 2.5.4. Customer support, including vulnerable customers, First Nations customers and customers with a mental health condition.<sup>47</sup>

2.6. These references are intentionally targeted, recognising that not all staff within an organisation will have direct relevance to every aspect of the Life Code. They ensure that staff whose roles directly intersect with Life Code obligations are equipped with the knowledge and skills necessary to uphold its standards.

2.7. Our members' staff routinely undertake training beyond the scope of the Life Code. This includes professional development, regulatory compliance, and internal policy training, all of which contribute to their overall capability and ethical engagement with customers. The Life Code's role is to set clear expectations for training where it is most relevant to its provisions, not to duplicate or prescribe broader organisational learning frameworks.

2.8. Our members differ significantly in structure, operational models, and the way roles are performed within their organisations. Training is delivered in ways that reflect these differences, and it is essential that our members retain flexibility to determine the type, depth, and delivery method of training that best supports their staff and business model.

---

<sup>44</sup> Clauses 2.16, 2.18, 2.19 and 2.24

<sup>45</sup> Clause 4.18

<sup>46</sup> Clauses 5.27, 5.45 and 5.53

<sup>47</sup> Clauses 6.7, 6.15 and 6.16

## Third parties

### Question 4.3

**Are any changes required to insurers' commitments in the Code to help ensure that the conduct of third parties is consistent with Code obligations?**

#### **Response to Question 4.3**

- 2.9. Our members have strong frameworks to ensure that third parties acting on their behalf, such as service providers, assessors, and claim administrators, adhere to appropriate standards of conduct consistent with the Life Code. These expectations are typically embedded within contractual terms, service level agreements, and ongoing performance monitoring.
- 2.10. Complementary regulations such as APRA's prudential standard CPS 230 *Operational Resilience (CPS 230)* require our members to undertake further assurance and oversight for their third parties who are considered 'Material Service Providers' and who perform or support 'Critical Operations'. Claims handling is a designated Critical Operation under CPS 230. Our members have invested significantly in supplier governance, audit, and quality assurance frameworks to ensure alignment with Life Code and prudential obligations.

## Reinsurers

### Question 4.4

**Are any changes required to the Code to clarify reinsurers' obligations?**

#### **Response to Question 4.4**

- 2.11. The Life Code appropriately reflects the nature of reinsurers' engagement with both insurers and customers.
- 2.12. Reinsurers interact with the Life Code in two distinct ways:
  - 2.12.1. by supporting life insurers; and
  - 2.12.2. as direct issuers of life insurance products.
- 2.13. The Life Code accommodates both scenarios without requiring additional commitments or structural changes. Introducing differentiated obligations would add unnecessary complexity and reduce clarity for customers.

2.14. Reinsurers are generally not customer-facing and are not ordinarily parties to insurance contracts. Their obligations arise through contractual arrangements with life insurers. Imposing customer-facing obligations would be unnecessary and impractical other than in the limited circumstances in which reinsurers directly issue life insurance products to customers. This approach ensures there is no gap in consumer protections, as customers benefit fully from the protections afforded under the Life Code through their life insurer.

2.15. Clauses 1.16 and 1.17 ensure that reinsurers align with Life Code principles and support compliance. This alignment is important as reinsurers are critical commercial and risk partners who support their life insurer clients to comply with the detailed provisions of the Life Code.

2.16. The Life Code acknowledges reinsurance input in underwriting and claims<sup>48</sup> while maintaining life insurer accountability. Reinsurance cannot be used as a justification for CBOC, reinforcing timely claims resolution.

2.17. Reinsurers provide risk-sharing, underwriting guidance, and capital management but do not make policy or claims decisions. AFSL and prudential obligations already impose robust governance and oversight, protecting consumers and market stability.

2.18. Where reinsurers issue products, they operate under AFSL and APRA regulation, complying with governance, risk management, and consumer protection standards. They adopt relevant Life Code provisions for issued products, ensuring consistency without structural changes.

2.19. The LCCC recently reviewed reinsurer compliance with clause 1.16 of the Life Code.<sup>49</sup> They observed that while reinsurers have limited interactions with customers, they have appropriately integrated Life Code compliance into their internal governance, policies, and staff training. The LCCC will continue monitoring Annual Data and Compliance Programme (ADCP) responses and claim handling inquiries to ensure robust oversight.

## Group policies

### Question 4.5

**Do you have any feedback on the way in which the Code applies to group policies?**

### Response to Question 4.5

2.20. Insurance in superannuation plays an essential role in Australia's superannuation system. It steps in to meet the financial needs of people with illness or disabilities first, which helps to protect superannuation balances and enable a dignified and financially secure retirement.

<sup>48</sup> Clauses 4.20, 5.48 to 5.50

<sup>49</sup> Life Code Compliance Committee – Health Check: Reinsurers Code Compliance, 19 September 2025.

2.21. Life insurers are key partners to superannuation fund trustees and their members, providing scalable, affordable and accessible life insurance cover to approximately 8 million Australians, paying more than \$6b in benefits across death, TPD and IP claims in 2024.<sup>50</sup>

2.22. Group insurance operates under fundamentally different contracting and operational arrangements compared to individual retail policies. Uniquely, group insurance features a multi-party commercial environment in which trustees and life insurers share accountability and performance responsibility to deliver high quality life insurance cover and customer service.

2.23. The Life Code is primarily designed to support interactions for individual customers. In the group insurance environment, however, key aspects of policy servicing and member communication are undertaken by the trustee (or Group Policy Owner), not the life insurer, and are performed at a cohort level rather than for individual customers.

2.24. The current structure allows Life Code obligations to be appropriately handled by the Group Policy Owner, who also has separate legal duties, including acting in the best interests of customers under superannuation law. For example:

2.24.1. Life insurers must undertake consumer testing, define clear target markets, and demonstrate and communicate directly with the customer, how product features meet individual customer needs.<sup>51</sup> The trustee determines default life insurance arrangements that are appropriate for a cohort of members. Consumer protections are provided through the Superannuation Industry (Supervision) Act 1993 (**the SIS Act**) and APRA prudential standards SPS 250 *Insurance in Superannuation* and SPS 515 *Strategic Planning and Member Outcomes*, rather than the Life Code.

2.24.2. Life insurers have obligations under the Life Code to ensure customers receive clear and accurate information at certain points during the policy lifecycle<sup>52</sup>. In group insurance, the communication pathway differs if the trustee is responsible for communicating this information to members in accordance with the SIS Act.

2.24.3. Cooling-off rights, refund processes and cancellation mechanics operate differently for group policies, as customers cannot directly cancel the overarching group contract. The Life Code recognises this difference and excludes group policies from these specific clauses<sup>53</sup>. Again, these customers remain protected through the trustee's statutory obligations under the SIS Act, including requirements relating to communication, opt-out arrangements and changes to cover, ensuring that customers continue to receive appropriate protection.

---

<sup>50</sup> [ASFA, The success of insurance in superannuation, March 2025](#)

<sup>51</sup> Clauses 2.1 to 2.5

<sup>52</sup> Clauses 3.4, 3.5, 3.9 and 3.10

<sup>53</sup> Clauses 4.28 to 4.32

2.25. CALI notes the Government's targeted consultation on superannuation service standards (**the Standards**) and supports a framework that complements, rather than duplicates, existing obligations. CALI and our members strongly support consistent and high standards of service for customers, however, these must be provided through Standards that do not inadvertently, or by design, distort outcomes by compelling or incentivising decisions to be taken in a manner which prioritises the highest level of compliance over the highest level of service and quality of outcomes for members. Such an approach may have a distortionary effect and encourage "box-ticking" approaches to compliance.

2.26. To avoid introducing compliance-focused behaviours and service distortions, the Standards should be designed in a manner that supports material and systemic compliance while providing the flexibility needed to ensure the standards of service and claims processing meet member, community and regulatory expectations.

2.27. CALI recommended to the Commonwealth Treasury (**Treasury**) that the Standards should:

- 2.27.1. require material and systemic compliance by reference to materiality thresholds;
- 2.27.2. provide a mechanism for the reporting of genuine exceptions, and their causes, to compliance; and
- 2.27.3. support continuous improvement of processes and systems that support member interactions.

2.28. Given the scheduled public consultation in relation to the proposed Standards in early 2026, and the likely significance of them to Life Code obligations relating to group insurance, CALI strongly recommends that no significant changes be made to the current obligations until such time as the Treasury confirms the final Standards. At this time, CALI and our members will consider the final design of the Standards and how the Life Code may need to respond to their implementation.

#### Question 4.6

**Could the Code's application to group policies be clarified? If so, how?**

#### Response to Question 4.6

2.29. Our members suggest that targeted clarification may be helpful to reinforce how the Life Code operates in a group insurance context.

2.30. Life Code clause 1.11 intentionally states that the Life Code does not apply to certain parties, and where this is the case, it will be clearly indicated. This clause applies to all parties that may be excluded from certain obligations such as third-parties, reinsurers and group policies. Consistent with this scope clause, the Life Code specifies where obligations do not apply to group policies in two ways, either:

- 2.30.1. within a standalone clause such as "clause X does not apply to products which are a Group Policy", or
- 2.30.2. by including "unless your policy is a Group Policy" within a clause.

2.31. Our members are open to reviewing this approach to ensure consistency and suggest the inclusion of a visual indicator to make these exclusions clearer and easier to identify. It is important to recognise that superannuation trustees and employers have separate legal duties to act in the best interests of their fund members, and the Life Code should not attempt to duplicate or replace those obligations.

2.32. While the Life Code currently recognises that Group Policy Owners may agree to standards that are higher than the Life Code<sup>54</sup>, it should go further to recognise that these agreements are contractual arrangements, and any breach of these does not constitute a breach under the Life Code.

## Advertising and sales practices

### Question 4.7

**Does the Code provide adequate protections for consumers from poor direct sales practices, including pressure selling? Could it be improved, in particular, to address issues raised in ASIC's letter to life insurers?**

### Response to Question 4.7

2.33. The current Life Code provides strong protections for consumers against poor direct sales practices, including pressure selling. These protections are complemented by broader regulatory obligations under the *Corporations Act 2001* (Cth) (**Corporations Act**), Australian Securities and Investments Commission Act 2001 (Cth) (**ASIC Act**), and ASIC's DDO framework. Collectively, these measures ensure that sales practices are fair, transparent, and suitable for customer needs.

2.34. Our members have already implemented significant reforms following ASIC's industry reviews, including enhanced call monitoring, strengthened product governance, and improved adviser training. These initiatives have substantially reduced the risk of inappropriate selling behaviour.

2.35. ASIC's original letter in 2018 regarding the sale of direct life insurance<sup>55</sup>, highlighted several areas of concern. As acknowledged by ASIC in their follow up letter in August 2025<sup>56</sup> there have been significant improvements in industry practice.

<sup>54</sup> Clause 8.8

<sup>55</sup> [The sale of direct life insurance, ASIC, 2018](#)

<sup>56</sup> [Improving the direct sale of life insurance, ASIC, 2025](#)

2.36. Despite these improvements, our members acknowledge ASIC's findings in relation to the remaining gaps and are committed to addressing them in a timely manner. This includes work to strengthen monitoring of retention practices.

2.37. We note that enhancements to relevant remuneration frameworks including APRA's prudential standard CPS 511 *Remuneration* and ASIC's conflicted remuneration provisions in the Corporations Act, have significantly improved operational practices and customer outcomes. These frameworks ensure that pay structures do not incentivise poor consumer outcomes and require strong governance, risk alignment, and transparency.

2.38. We consider existing prudential and conduct regulation frameworks to be comprehensive and adequate, and best placed to support our members in meeting customer and community expectations relating to remuneration.

2.39. More specifically, clauses 2.27 and 2.28 of the Life Code address sales conducted in the direct channel with a focus on ensuring that consumer protections are robust and responsive to ASIC's concerns regarding consent. These provisions set clear expectations for how our members should engage with customers, establishing a high standard of conduct that avoids creating any sense of pressure during the sales process. By doing so, the clauses aim to promote informed decision-making and safeguard consumers from practices that could compromise their ability to provide genuine consent. Our members are considering ASIC's findings in relation to retention and working to meet those regulatory expectations expeditiously.

2.40. Clauses 2.32–2.36 set a clear and consistent standard for the sale of CCI products, ensuring that these transactions occur in a manner that upholds customer protections and promotes responsible practices. They also require that customers are provided with essential information about the deferred sales model, including guidance on where to access further government resources. Together, these provisions aim to enhance transparency, support informed decision-making, and safeguard customers throughout the sales process.

#### Question 4.8

**Are the commitments on the communication of funeral insurance and consumer credit insurance fulfilling their purpose? In particular, do the Code commitments on funeral insurance sufficiently deal with the issues experienced by First Nations customers?**

#### Question 4.9

**If not, how might they be amended?**

#### Response to Question 4.8 and 4.9

2.41. The current Life Code commitments on the communication of funeral insurance and CCI products are appropriate and fulfilling their purpose. These provisions, together with ASIC's

product intervention powers and DDO regime, have already addressed the principal customer risks identified in these markets.

- 2.42. For First Nations customers, industry practice has evolved to include improved cultural awareness training, plain-language materials, and the use of trusted intermediaries or community engagement specialists. These initiatives reflect life insurers' ongoing commitment to accessibility and fairness.
- 2.43. The focus should now remain on consistent implementation of these existing commitments, rather than further regulatory expansion. The Life Code's guidance should recognise that life insurers continue to refine communication practices to ensure cultural sensitivity and informed consent, without imposing duplicative or inflexible requirements.

## Communication

### Question 4.10

**How effectively do the Code commitments ensure consumers receive clear and effective communication, particularly in relation to premiums?**

### Response to Question 4.10

- 2.44. The Life Code builds on existing legislative obligations by introducing more specific, consumer-focused commitments. Section 3 in particular sets out detailed requirements for how our members and their authorised representatives communicate with customers, including obligations to provide clear information about premiums and their structures<sup>57</sup>, and for direct sales to explain how premiums may change over time.<sup>58</sup>
- 2.45. Our members must also explain premium structures and potential changes<sup>59</sup>, provide regular updates and future projections<sup>60</sup>, and ensure communications are tailored, accessible, and include explanations of premium types<sup>61</sup>. Additional provisions apply to funeral and CCI products, requiring warnings about stepped premiums and their long-term cost implications<sup>62</sup>. Collectively, these commitments aim to ensure customers are not only informed but empowered to make decisions based on a clear understanding of how their premiums work.
- 2.46. Premium setting remains a commercial decision for individual life insurers, however, the Life Code requires that communication about premium changes be clear, tailored, and responsive to the circumstances of each customer. By establishing principles rather than

<sup>57</sup> Clause 2.14(a)

<sup>58</sup> Clause 2.27(d)

<sup>59</sup> Clauses 3.5(b) and (c)

<sup>60</sup> Clauses 3.6 and 3.7

<sup>61</sup> Clause 3.10(b), (c) and (f)

<sup>62</sup> Clauses 2.29–2.36

prescribing rigid methods, the Life Code maintains flexibility for our members to deliver this information in ways that align with their organisational structure, target market, and accessibility needs. This approach ensures consistency in customer protections while allowing our members to adapt communication strategies effectively.

2.47. Since the joint APRA and ASIC letter dated 8 December 2022<sup>63</sup>, our members have undertaken work to ensure premium terminology and disclosures are meaningful and well understood by customers. Key actions include:

- 2.47.1. the development of premium labels that better reflect the nature and variability of premiums over time; and
- 2.47.2. the creation of a publicly available Premium Guide<sup>64</sup>, designed to explain premium types in plain language and support informed decision-making.

2.48. Our members suggest the Life Code should be updated to reflect the new premium terminology.

#### Question 4.11

**Are any changes required to ensure the Code reflects modern customer communication channels and preferences?**

#### Response to Question 4.11

- 2.49. The Life Code could be improved by more explicitly recognising the evolution of communication channels, including digital platforms and digital products, mobile applications, and online portals.
- 2.50. Rather than prescribing specific formats or media, the Life Code should promote flexibility to allow our members to adapt to customer preferences and technological innovation. Over-prescriptive requirements could inadvertently limit our members' ability to innovate or tailor communication strategies for different demographic and product segments.
- 2.51. Overly prescriptive requirements, such as mandating multiple communication methods or specifying "letters" for certain notices, can create operational challenges and may not align with customer preference or expectations.
- 2.52. Our members suggest that the Life Code could be improved by:
  - 2.52.1. introducing an overarching clause that recognises the range of digital options available and commits to using the customer's preferred communication method wherever practical and consistent with product terms (digital only products are contemplated by ASIC guidance on

<sup>63</sup> [Premium increases in the life insurance industry](#), Letter from ASIC and APRA, 8 December 2022

<sup>64</sup> [Life insurance premiums: key facts](#)

electronic communications, and provide for digital only communications), while complying with any legal requirements for specific formats; and

2.52.2. reviewing existing clauses to ensure they focus on outcomes, ensuring customers receive timely, clear, and secure communication, rather than prescribing specific methods.

## Complaints

### Question 4.12

**Could improvements or clarifications be made to the practical operation of Section 7 of the Code and/or enhancements be made for the benefit of consumers.**

**For example:**

- **Is the guidance around timeframes sufficient to ensure timely resolution of complaints?**
- **Is the guidance around communication with customers about complaints sufficiently clear?**

### Response to Question 4.12

2.53. Section 7 provides a strong framework for handling complaints, aligning closely with ASIC's enforceable standards on internal dispute resolution (**RG 271**). Timeframes, escalation processes, and communication standards are clearly defined, ensuring transparency and fairness for customers.

2.54. Our members consider the current framework appropriately balances consumer rights with operational efficiency. Further prescription within the Life Code is unnecessary and could create inconsistency with ASIC's enforceable obligations.

### Question 4.13

**Do the Code commitments relating to complaints need to be amended or clarified in light of ASIC's guidance on internal dispute resolution, including its imposition of enforceable standards?**

### Response to Question 4.13

2.55. The Life Code's complaints-handling provisions already complement RG 271. Our members have embedded these standards through robust training, monitoring, and reporting systems.

- 2.56. Our members would support a review of the operational efficiency and effectiveness of Section 7 (Complaints) given legislative complaints handling requirements in RG 271.
- 2.57. Our members suggest that the Life Code should continue to focus on commitments that genuinely enhance customer experience and add value beyond the legislative requirements.
- 2.58. Our members also suggest that the Life Code should retain only those elements that complement RG 271 and contribute meaningfully to customer outcomes. A simplified and more targeted approach to complaints handling in the Life Code would support operational efficiency while maintaining high standards of customer protection.
- 2.59. The Life Code should position complaints as a valuable feedback mechanism for continuous improvement (in line with ASIC feedback regarding an area for improvement), rather than solely a dispute resolution tool.

### 3. Interaction with the law

#### Interaction with the Law

##### Question 5.1

**How effectively does the Code interact with the law and how, and in what areas, could this be improved?**

#### Response to Question 5.1

- 3.1. The interaction between the Life Code and the broader legal and regulatory framework is effective. Since the development of the Life Code, however, the legislative and regulatory landscape has changed significantly, and at pace.
- 3.2. The cumulative effect of ongoing legislative change and regulatory activity has created a compliance framework of considerable complexity. Administered by numerous bodies with their own mandates, the resulting obligations are often duplicative, overlapping and contain inconsistencies that create uncertainty and which mean our members are faced with the challenge of navigating grey areas or redesigning systems and processes to respond to rapid changes in the operating environment. This complexity imposes a significant administrative load that is increasingly focused on procedural requirements rather than customer outcomes.
- 3.3. CALI and our members continue to proactively monitor the legislative and regulatory landscape to identify where the Life Code needs to adapt to keep pace with significant changes. As outlined earlier, the Government's proposed Standards are likely to have a significant impact on the Life Code, and we continue to engage with Treasury to ensure the design of the Standards reflects the important role of our members in the group insurance market.

3.4. Similarly, the recent introduction of the legislated ban on the use of adverse genetic test results in life insurance underwriting to Parliament<sup>65</sup> will require revisions to Appendix A of the Life Code, and corresponding clauses, which will be rendered obsolete.

### Question 5.2

**In which areas could the Code help insurers meet legal obligations by specifying what they will do to comply with the law?**

### Response to Question 5.2

- 3.5. The Life Code assists insurers in meeting their legal obligations by translating laws and regulations into practical service standards. Its purpose is to ensure that customers understand how life insurers comply with legislative requirements and what they can expect across interactions with their life insurer. While some overlap currently exists, for example in the Complaints section of the Life Code, this duplication is considered beneficial in ensuring the Life Code operates effectively by clarifying the practical application of the law for customers without introducing new requirements for life insurers.
- 3.6. The Life Code should avoid simply duplicating statutory obligations or introducing new obligations beyond the legislative framework, as this could create confusion and inefficiencies. Commitments that no longer contribute meaningfully should be removed, simplified, or reviewed to ensure they provide tangible benefits to customers. Maintaining proportionate Life Code obligations enables our members to focus effectively on achieving positive customer outcomes.
- 3.7. From a practical perspective, some duplication is necessary where the Life Code provides practical examples of how the law is applied. This approach is effective in areas such as complaints handling, where the Life Code mirrors legal requirements supporting consistency, clarity and better outcomes for customers.

---

<sup>65</sup>[Treasury Laws Amendment \(Genetic Testing Protections in Life Insurance and Other Measures\) Bill 2025](#)

## 4. Code structure, governance and enforceability

### Structure of the Code

#### Question 6.1

**Can the Code be improved to be more accessible to its intended audience or audiences? If so, how?**

#### Response to Question 6.1

- 4.1. The Life Code is intended to be a public-facing and plain English document. Its core purpose is to make life insurance interactions simple, transparent, and accessible for customers.
- 4.2. The intended audience for the Life Code is primarily consumers and their advocates. Others who may use and read the Life Code include subscribers, members of the public and regulators such as ASIC, AFCA and the LCCC. It's important that the Life Code remains accessible to all these groups.
- 4.3. The Life Code must remain accessible for consumers, compared to the highly complex nature of the broader suite of laws and regulatory requirements that govern the provision of financial products and services.
- 4.4. We encourage the Reviewer to have an open mind on removing duplication between the law and Life Code commitments. There are opportunities to do this, for example where the Life Code merely restates the law, without reducing consumer protection or the utility of the Life Code for our customers.
- 4.5. The potential benefits of a careful approach to removing duplication are significant and include enabling the Life Code and its monitoring functions to focus on those parts of the Life Code that introduce entirely new consumer protection or genuinely elaborate on the law.

#### Question 6.2

**Are there any areas where the Code drafting could be improved or simplified, for example to reduce uncertainty or modernise the commitments, without reducing consumer protections?**

#### Response to Question 6.2

- 4.6. As part of the evolution of the Life Code, the 2023 Code incorporates a full plain English rewrite to support better customer and stakeholder understanding of the commitments and obligations contained within. Our members have invested heavily in ensuring their

processes and systems reflect these important customer-focused evolutions to the Life Code.

- 4.7. Any significant restructuring would necessitate a fundamental 'root and branch' implementation review for both our members and the LCCC which would likely introduce unnecessary compliance costs and delays in implementing the new Life Code.
- 4.8. Our members suggest that any revisions or redrafts to the Life Code should focus on simplification and clarification within the existing Life Code structure and drafting style where possible.
- 4.9. At the same time, there is an important balance to be struck between providing constructive prescription and maintaining broad principles that allow our members to meet their obligations in a flexible, practical way that works for their organisations and responds to the individual circumstances of customers.
- 4.10. CALI and our members are open to suggestions on where the Life Code may be improved to better support this balance.

### Question 6.3

**Do you have any feedback on the sections of the Code that provide overarching ethical principles to guide life insurers in their interactions with customers?**

### Response to Question 6.3

- 4.11. The Life Code currently sets out five guiding principles, 10 service promises, and seven key principles. This structure feels fragmented and risks diluting the clarity of our commitments. It may also create confusion about what truly matters most. Consideration should be given to consolidating these statements into a meaningful streamlined framework.
- 4.12. Treating customers with 'empathy, compassion, and respect' is referred to in multiple clauses, often as standalone clauses within different contexts. This is not currently featured in any of the above overarching principles, however, it is central to how we treat customers and should be positioned as a key principle rather than repeating it throughout.

### Question 6.4

**Are there any other sections of the Code where enhancements or clarifications could improve consumer understanding, suitability, accessibility and affordability of life insurance products?**

#### Response to Question 6.4

- 4.13. The Life Code has expanded over time in response to industry and customer issues, but it is now longer and more complex than ideal for assisting customer understanding. The regulatory landscape has also become complex and far too intricate for the Life Code to restate all overlapping obligations our members must comply with. The Life Code's purpose should be to set clear service standards, not duplicate existing requirements, and updates should avoid creating unnecessary overlap.
- 4.14. The Life Code should remain the primary source of service standards and life insurer obligations. To preserve clarity and accessibility, only a minimal number of external BPGs, Guidance Notes or Fact Sheets should sit outside it, and only where necessary. Overreliance on external documents forces customers to leave the Life Code to find critical information.
- 4.15. External guidance should be used only for highly technical, specialised or frequently changing topics, where including all detail in the Life Code would make it onerous. Such material should support the Life Code, not dilute or replace its core commitments.
- 4.16. Current external materials that remain appropriate include the Fact Sheets on HIV, Premiums and Medical Consent, and the BPG on Family and Domestic Violence. Our members are of the view that supporting documents on Medical Definitions would also add value. Beyond this, no additional external documentation is recommended.

#### Code governance and compliance

### Question 6.5

**What measures could improve the governance of the Code and promote enhanced compliance with Code commitments?**

#### Response to Question 6.5

- 4.17. Compliance with the Life Code is, in part, dependent on whether Life Code provisions are being interpreted and applied in the way they were originally intended. To support effective and consistent compliance, it is important that the provisions are drafted in a clear and unambiguous way, with wording that accurately reflects the intended purpose and expected customer outcomes.

4.18. Ongoing engagement with the LCCC is important to support oversight and practical guidance that helps our members meet the Life Code obligations in line with its intent. At the same time, the LCCC's role as a Life Code monitor should emphasise compliance with Life Code commitments and avoid investigations based on best practice, rather than actual breaches. A focus on remediation is central to this approach, ensuring that where breaches occur, the emphasis is on practical corrective measures that address the issue, support compliance, and improve outcomes for customers.

4.19. Life Code obligations must balance good customer outcomes with the ability to operationalise and monitor processes. Overly prescriptive or onerous requirements can divert resources away from activities that deliver the most value to customers.

### Question 6.6

**Are the sanctions in Section 8 of the Code and the LCCC Charter a sufficient deterrent to noncompliance? Are the measures the LCCC can use to publicly identify non-compliance with the Code sufficient? Should they be strengthened? If so, how?**

### Response to Question 6.6

4.20. Our members consider the sanctions in section 8 of the Life Code and LCCC Charter to support robust Life Code oversight and strong customer protections. The Charter confers a broad oversight mandate with an appropriate sanctions toolkit that ranges in severity, permitting a proportional and principles-based approach to ensuring meaningful compliance with the Life Code.

4.21. This sanctions toolkit was significantly improved in the 2023 Code, and given that this improved range of sanctions has only been effective for less than 30 months, we consider more time is needed to assess their adequacy.

4.22. In determining if a sanction should apply, the LCCC will also consider repeated breaches, if there was misleading or deceptive conduct, customer vulnerability and the adequacy of the life insurers' controls to support compliance with the Life Code. Our members consider this to be a robust, reasonable and proportionate approach.

### Question 6.7

**Is the definition of 'significant breach' appropriate given that sanctions are only available for such breaches? Is the requirement to report significant breaches of the Code to the LCCC working effectively in the light of reporting requirements to regulators?**

### Response to Question 6.7

4.23. CALI and our members consider the definition of 'significant breach' to be appropriate, however, we recommend that the overlapping requirements to report significant breaches should be reviewed so that the LCCC receives the information it needs to discharge its functions, without requiring duplicative and inefficient reporting.

4.24. We recommend that clause 8.13 is reviewed so that it aligns with the Government and Council of Financial Regulators' objective of reducing compliance costs and streamlining reporting obligations for industry, ensuring that enforcement<sup>66</sup> remains proportionate and focused on conduct that materially impacts consumers.

## Enforceability of the Code

### Question 6.8

**Should any additional mechanisms be adopted to ensure the Code can be effectively enforced? If so, how should they be incorporated in the Code?**

### Response to Question 6.8

4.25. CALI considers the current Life Code to be a robust customer protection framework supported by independent monitoring and oversight, in addition to the requirements imposed under the twin peaks model of prudential and conduct regulation.

4.26. The LCCC's Charter<sup>67</sup> confers a broad range of enforcement, sanctions and remediation powers on the LCCC through which the Life Code is effectively enforced. This is supported by data collection and publication on a regular basis to support transparency and accountability.

4.27. Additionally, customers have significant remedies available under existing internal and external dispute resolution mechanisms, including through AFCA. This range of remedies

<sup>66</sup> ASIC [Corporate Plan 2025-26](#)

<sup>67</sup> [LCCC Charter](#)

includes avenues for financial compensation where customers suffer loss as a result of a Life Code breach.

### Question 6.9

**Should any provisions of the Code be considered for designation as Enforceable Code Provisions and what changes to the Code would be needed to support that?**

#### **Response to Question 6.9**

- 4.28. Currently there are no Enforceable Code Provisions (**ECP**) in the Life Code and we recommend that this remains the case.
- 4.29. The Life Code is subject to independent monitoring through the LCCC and enforcement by customers through AFCA. We do not believe consumer protections will be strengthened through identification of ECPs and note that industry codes have been approved by ASIC without identifying ECPs.
- 4.30. The introduction of ECP may lead to:
  - 4.30.1. operational rigidity, limiting life insurer's ability to manage complex claims in a flexible and customer focused manner, responding to individual needs;
  - 4.30.2. potential conflict with existing statutory, prudential or contractual obligations
  - 4.30.3. the creation of a two-tiered Life Code which could be challenging for customers to read and understand, especially if designated ECP are drafted more technically than other Life Code commitments to be sufficiently capable of being enforced by ASIC and objective and certain given public law sanctions of civil penalties would apply to an ECP.

## Future Code reviews

### Question 6.10

**Should the Code be reviewed every five years?**

#### Response to Question 6.10

- 4.31. We consider a five year review period to be appropriate, and consistent with customer, community and regulatory expectations.
- 4.32. A five year review period supports more meaningful impact assessment, permitting the collection of more detailed data and experience to evaluate efficacy of a code, particularly as the effects of changes may only become evident over time. It also enables our members to embed new or amended commitments into their practices, including staff training and operational adjustments and any adjustments to risk appetite or pricing.
- 4.33. Less frequent reviews reduce the risk of a continuous cycle of review and implementation, which can hinder the ability to assess the effectiveness of changes and create inconsistency for customers.
- 4.34. Our members recommend, however, retaining existing three year review periods for medical definitions, which sit outside of the Life Code.

### Question 6.11

**How should the industry deal with amendments to the Code between reviews?**

#### Response to Question 6.11

- 4.35. CALI has well-established mechanisms to support our members and the broader industry to ensure ongoing maintenance and target review and amendment of specific aspects of the Life Code, where applicable. This includes ongoing engagement with a dedicated Life Code member working group and collaboration with specialist subject matter expert working groups.
- 4.36. CALI also has ongoing engagement with external stakeholders such as AFCA, the LCCC, ASIC and APRA to ensure the Life Code remains transparent and responsive to consumer complaints and systemic issues.

4.37. As stated previously, CALI's responsiveness to industry and customer needs is evident in multiple initiatives to support out-of-cycle Life Code updates and industry BPGs in regard to:

- 4.37.1. FDV;
- 4.37.2. HIV/AIDS;
- 4.37.3. Genetic testing; and
- 4.37.4. Mental health.

4.38. These examples demonstrate CALI's commitment to not only upholding high standards but also actively evolving the Life Code in response to stakeholder feedback, regulatory developments, and community expectations