



 The State
of Australia's
Safety Net

Exploring the needs and
wellbeing of Australians in 2025



Acknowledgment of Country

The Council of Australian Life Insurers acknowledges the Traditional Owners of the many lands on which we work and recognises their ongoing connection to culture and country. Our head office sits on the land of the Gadigal people of the Eora Nation. We pay our respects to them and their Elders past and present.

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Foreword by Christine Cupitt

For nearly 200 years, life insurers have helped Australians through some of life's toughest moments. Our industry has been a steady presence in times of upheaval, offering financial security when people need it most.

That role matters now more than ever. In 2025, Australians are facing many uncertainties with rising living costs, growing mental health pressures, and changing expectations around work and life, alongside an uncertain global context.

Life insurance offers peace of mind and provides an important financial safety net if a person can't work due to severe illness or disability. Our industry wants to provide affordable, understandable insurance that meets our customers' needs.

Investing in this ongoing research helps to guide our industry's policy development, providing us a clear line of sight into the issues that matter most to Australians.

At the top of that list of issues is mental health. Life insurers are an essential provider of financial support for Australians who are unable to work due to mental ill-health.

Over the last decade alone we've seen a significant rise in mental health claims for disability insurance, with mental health now a top cause of claim.

On average, the proportion of insured working Australians who are permanently disabled due to a mental health condition has more than doubled¹, which means more Australians are leaving the workforce permanently due to mental ill health than ever before².

Most concerningly we've seen a sharp increase in claims due made by Australians in their 30s.

Addressing this requires a coordinated response, led by governments with national targets, better access to earlier treatment, and one that addresses shortages in the workforce.

Action is also required to address the persistent nation-wide gap in understanding life insurance and how to access it. Our industry strongly supports the Federal Government's *Delivering Better Financial Outcomes* reforms. We want real, practical changes that will result in more Australians receiving financial advice when and how they need it. Because as people's needs change, so must the system that's built to support them.

We have an opportunity to strengthen our part of Australia's safety net, so it continues to be there to catch as many people as possible.

As an industry that means taking action to make our products and services easier to understand, easier to access, more affordable, and to ensure they are aligned to contemporary medical evidence and the needs of modern life and workplaces.

If we get this right, life insurance can continue to do what it's always done: offer strength, support and security when it matters most.




Christine Cupitt

Council of Australian
Life Insurers — CEO

¹ Australia's Mental Health Check Up by KPMG

² Australia's Mental Health Check Up by KPMG

Researcher's reflection

In exploring the role of life insurance in the lives of working Australians, this report touches on some of the complex and escalating challenges we face as a society.

What emerges is not simply a story about insurance products, but a broader picture about how Australians experience vulnerability, whom they turn to for help, and how the credibility of information and institutions either strengthens or undermines their sense of security.

There is so much in this report but the two areas I want to highlight for readers are around trust in information and mental health. On trust in information, the report finds that while financial advisers remain the most trusted source of information about life insurance, access is limited.

Only 8% of working Australians have received professional advice, despite more than one in three considering it. Younger working Australians, who express strong interest in advice, are the least likely to receive it.

This is a striking finding. At a time when Australians are making decisions with profound consequences for their financial stability and mental wellbeing, they are often left to navigate a maze of information of variable quality.

Half of working Australians report that online sources can be trusted for financial advice, yet the risks of misinformation and misunderstanding in these unregulated spaces are high. This trend speaks to the broader societal issue of declining trust in traditional institutions, paralleled by a rise in peer-to-peer and digital information ecosystems.

On the issue of mental health, we know that it is now one of the leading causes of insurance claims in Australia. And yet fewer than one in four working Australians are aware that life insurance can provide financial support if they are unable to work due to mental health challenges.

The report's in-depth interviews with people who have lived experience of mental health conditions showed how vulnerable they can feel disclosing mental health histories, the emotional toll of repeatedly proving their condition, and the stigma that shadows their interactions with financial institutions.

Addressing this requires systemic change: redesigning products to account for the episodic nature of mental illness, ensuring claims processes are trauma-informed, and providing upfront communication that reduces rather than compounds anxiety.

It also requires partnership beyond the industry itself, with government, employers, and health systems all playing a role in building a coherent and humane safety net. Insurers have a unique role to play in this collaboration in providing financial continuity for people in distress.

From a social research standpoint, the findings underline how deeply people's attitudes toward insurance are bound up with broader questions of trust in institutions, clarity of information, and lived experience of vulnerability.

Without these elements — trust, clarity and products and services grounded in the lived experience of vulnerability - even the most generous financial provisions will fail to reach those who need them most.

With it, life insurance can play a vital role in helping Australians navigate our increasingly complex world.

Rebecca Huntley

Dr Rebecca Huntley

Director - Research
89 Degrees East



INTRODUCTION

Executive summary

This report examines key levers that are shaping the future of Australia's life insurance industry.

This includes a focus on how the industry can strengthen the nation's safety net through greater accessibility, long-term sustainability, and innovation.

It explores the regulatory, national policy settings, and industry shifts needed to reinforce the essential fabric that supports individuals, families, and communities through life insurance in times of need.

As cost-of-living pressures persist and customer expectations evolve, the report provides a forward-looking view on how the industry can adapt to ensure the safety net remains resilient, inclusive, and fit for the future.

Key findings among working Australians surveyed:



64%

believe life insurance provides peace of mind and a financial safety net for life's biggest challenges



35%

have considered or sought financial advice about life insurance, but only 8% have received it



2 in 5

want a fairer, more transparent claims process and more accessible, easy-to-understand information



58%

report holding a life insurance product. While 1 in 3 say they don't know if they have it



Twice as many

Australians insure their car, compared to those insuring their income



44%

say financial protection and a sense of security for loved ones are the main reasons for life insurance



69%

are concerned cost-of-living will impact their ability to afford or continue paying for life insurance



1 in 2

want more affordable products to improve the value of life insurance



67%

believe it's important to access life insurance through their superannuation



85%

believe it's important for life insurers to provide financial support if a mental health issue prevents you from working for an extended period of time



50%

trust online sources for financial advice. The most trusted are financial advisers at 84%



63%

report they would be more likely to have life insurance if they could access financial support in the event of a mental health challenge

About the Council of Australian Life Insurers

As the leading voice for life insurance in Australia, our mission is to ensure Australians view life insurance and the industry as accessible, understandable, and trusted.

We do this by supporting our members to deliver the protection and certainty Australians need on their best and worst days. Our shared purpose is to help Australians and their families have peace of mind about their future so they can live in the most healthy, confident, and secure way.

The Council of Australian Life Insurers (CALI) represents all life insurers and all reinsurers in Australia. We advocate for national policy settings that expand Australians' access to the life insurance protection that suits them when they need it most.

Australia's life insurance industry employs more than 11,000 people, with 15% of employees working in claims and rehabilitation roles.³

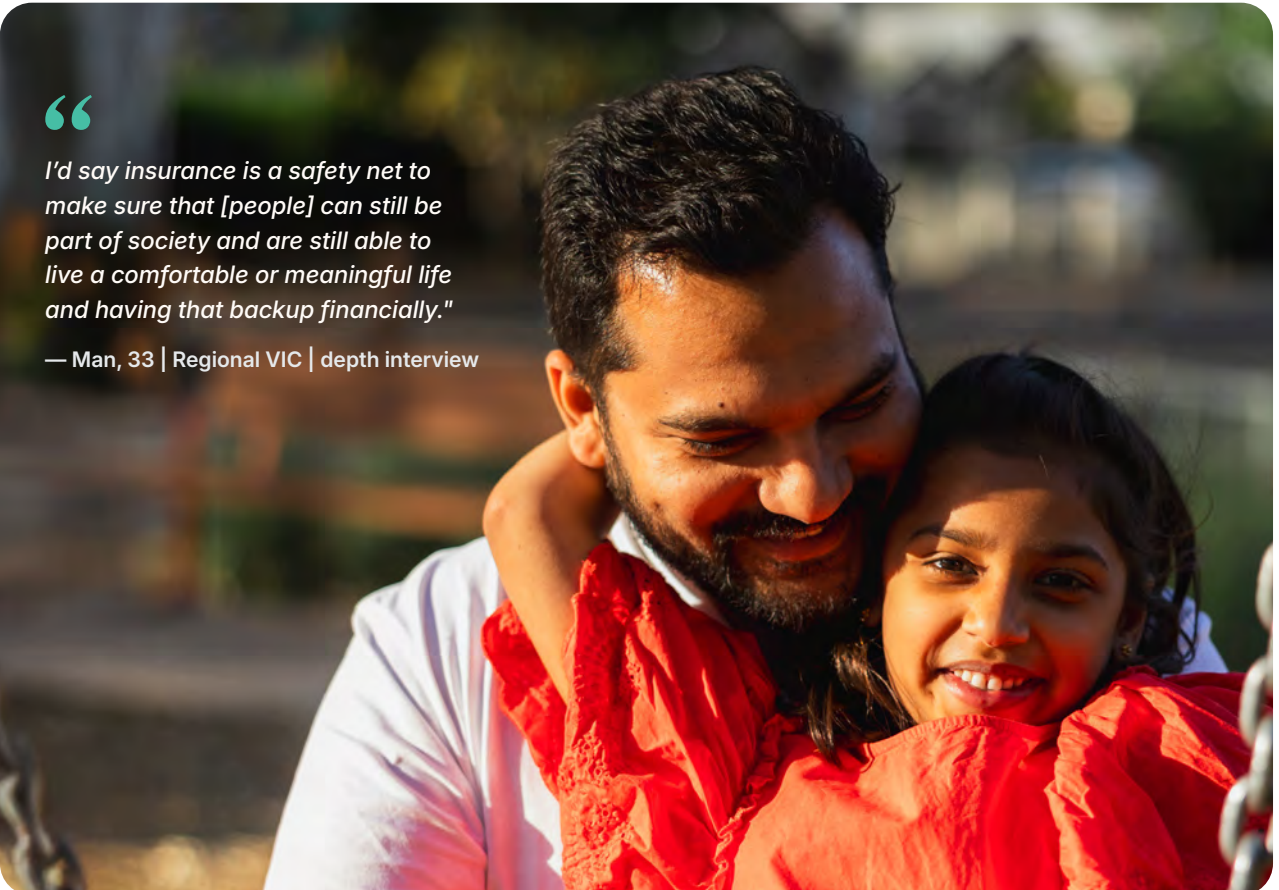
We provide protection to 15 million Australians every day and over the last year we paid \$13.4 billion in claims to more than 95,000 people.⁴

Our industry holds \$130.9 billion in assets, with \$96.8 billion of investments largely in Australian debt and equities⁵ and as long-term investors, we provide a stabilising element in the nation's financial system.

“

I'd say insurance is a safety net to make sure that [people] can still be part of society and are still able to live a comfortable or meaningful life and having that backup financially."

— Man, 33 | Regional VIC | depth interview



³ Based on data collected from 15 of CALI's 19 members 2023

⁴ APRA life insurance statistics December 2024

⁵ Adviser Ratings 2024 Australian Financial Advice Landscape Report



“

I think life insurance is to make sure that if anything uncertain happens in life, your better half or your family is taken care of."

— Woman, 29 | Metro VIC | depth interview

"I think someone should have [life insurance] pretty much as soon as possible. You just never know [when you might need it]."

— Man, 30 | Regional NSW | depth interview

Methodology

The State of Australia's Safety Net report is grounded in comprehensive, independent research to capture how Australians experience and view life insurance.

The following report identifies and explores opportunities where life insurance can further strengthen Australia's financial safety net, drawing on the past 12 months of research focused on three key themes: accessible insurance, a sustainable industry, and innovative solutions to reinforce Australia's safety net.

Combining data from four waves of the Life Insurance Sentiment Tracker - an independently conducted study of working Australians aged 18 to 65 years, conducted between July 2024 and April 2025 - we are able to capture working Australians' perceptions, attitudes, and behaviours towards life insurance. In each wave, quotas are set to ensure representation across age-groups, gender, location, and working status.

The aggregate sample of 4,124 working Australians is weighted to reflect ABS population proportions and is statistically representative of the Australian workforce.

To further explore themes surfaced in the quantitative research, 12 in-depth interviews were conducted in June 2025 with Australians who have lived experience of mental health conditions.

Applying a trauma-informed approach, these online interviews explored awareness of mental health-related life insurance claims, motivations, and barriers to claiming, and assumptions and preferences for navigating the process.

Participants came from a mix of metropolitan, regional and rural locations across Australia, and varied by age (29-53), gender, cultural identity and vocation.

Several participants had made a mental health-related claim through a life insurer; all were working except for one person who had left work following being paid a claim through their life insurance.

This research was conducted independently by 89 Degrees East and led by one of Australia's most respected social researchers, Dr Rebecca Huntley.



CHAPTER ONE

Strengthening the fabric of Australia's *safety net*



The role of life insurance *today*

Life insurance has an important role in securing Australia's financial safety net. It gives working Australians protection and stability when life takes an unexpected turn. This research highlights:

Financial security for loved ones is the top reason for taking out life insurance. This is followed by the convenience of access through superannuation and income replacement if unable to work.

However, more than one in three working Australians report not holding life insurance, with affordability cited as the main barrier.

Faced with sustained cost-of-living impacts and rising mental health challenges, working Australians are under pressure.

They're concerned about burnout, affordability, future workforce participation and inadequate retirement savings. This is driving demand for more affordable, accessible and reliable financial safety nets, yet the gaps are widening.

Key findings from the 2024/25 Life Insurance Sentiment Tracker include:

Close to three in five working Australians aged 18–65 report having at least one life insurance product.

Life or death cover is the most common, followed by TPD, income protection, and trauma insurance.

Under-insurance is most pronounced among younger working Australians (18–34 years)

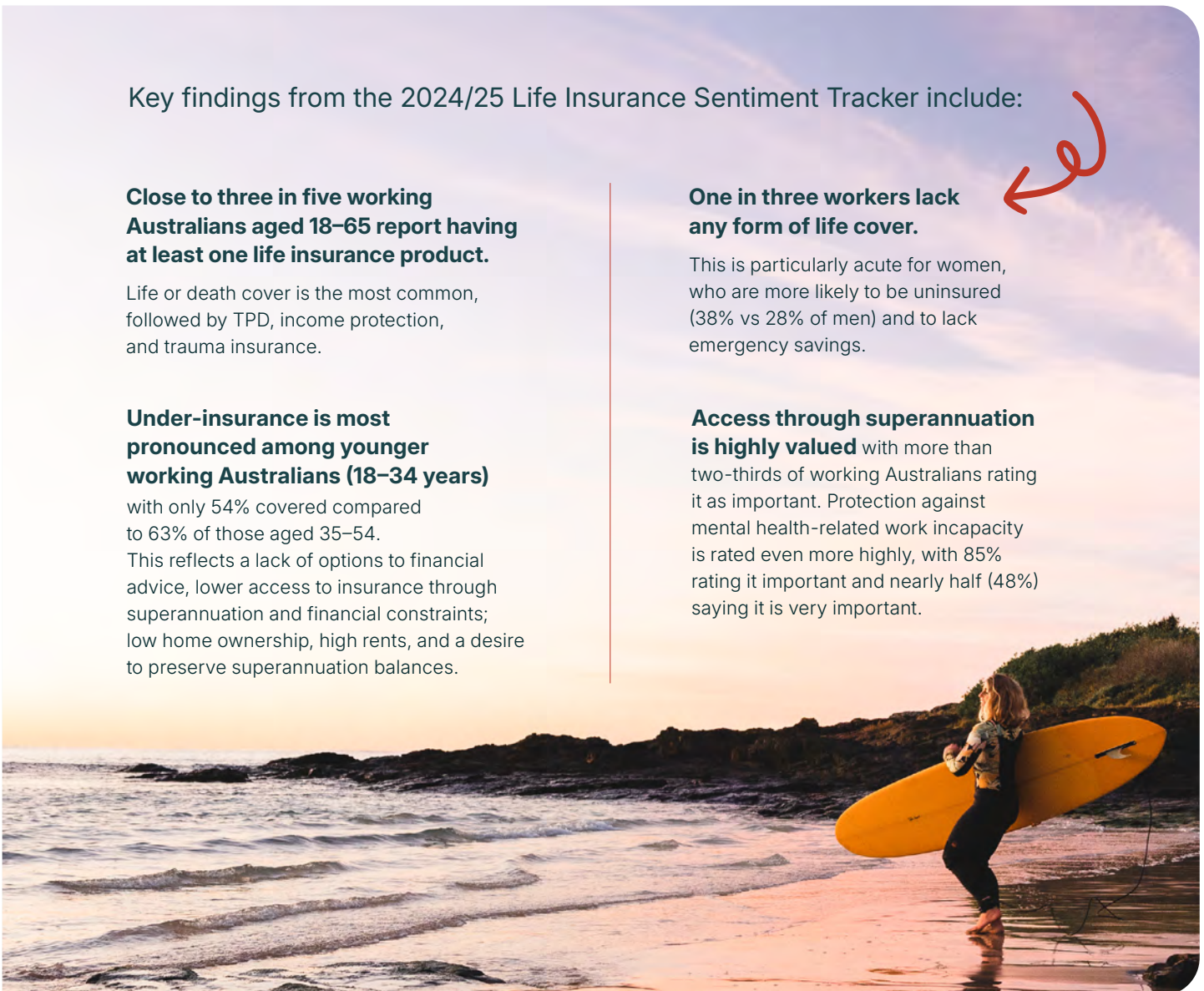
with only 54% covered compared to 63% of those aged 35–54. This reflects a lack of options to financial advice, lower access to insurance through superannuation and financial constraints; low home ownership, high rents, and a desire to preserve superannuation balances.

One in three workers lack any form of life cover.

This is particularly acute for women, who are more likely to be uninsured (38% vs 28% of men) and to lack emergency savings.

Access through superannuation is highly valued

with more than two-thirds of working Australians rating it as important. Protection against mental health-related work incapacity is rated even more highly, with 85% rating it important and nearly half (48%) saying it is very important.



Trust and confidence in *life insurance*

Most Australians lack confidence in their understanding of life insurance products, which can create uncertainty about the protection they have, or may need in the future.

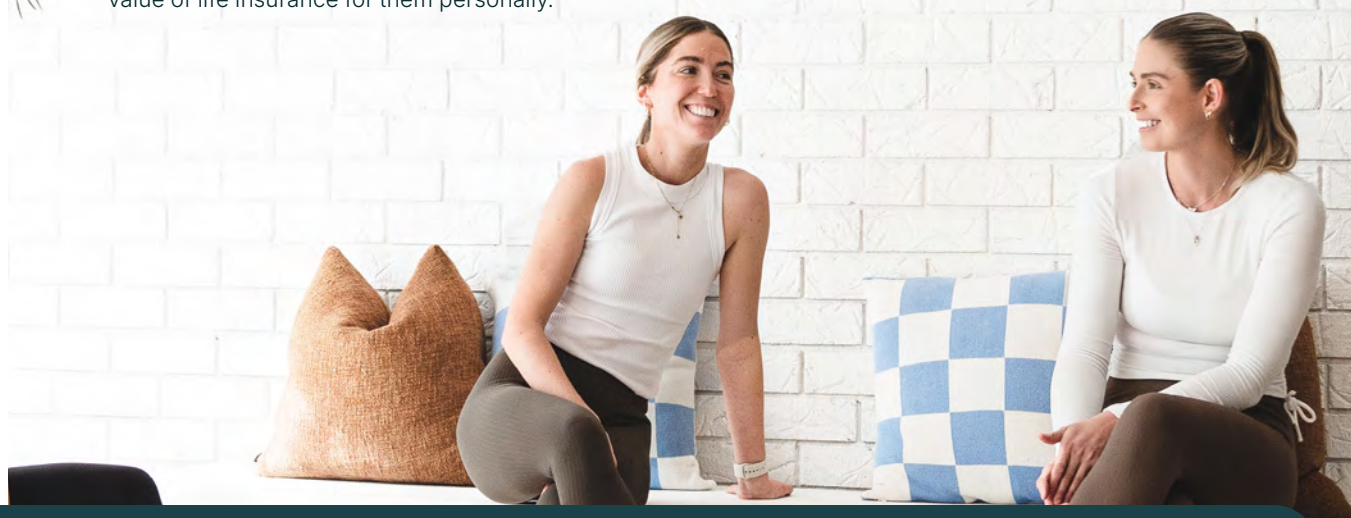
In both the survey and depth interviews, people described confusion around interpreting policy documents and knowing what is, or isn't, included in their policies.

For some, this complexity leads to mistrust while for others, it's a reason to disengage entirely. Even those who hold a policy aren't always confident they understand what they were covered for.

However, close to two in five working Australians say improving access to information to help them to understand their cover would increase the value of life insurance for them personally.

A similar proportion also wants to better understand the non-financial benefits of life insurance such as rehabilitation programs to help, or discounts and savings for wellbeing programs. Women in the workforce express a significantly stronger need for clarity on cover and on non-financial benefits of insurance.

Improving access to information about life insurance, including clearer explanations of what is covered and the broader support available, could help close this gap.



38% of working Australians say **having more accessible information to understand what is covered** would improve the value of life insurance.

41% of working women want more accessible information

35% of working men want more accessible information

35% of working Australians want information about the **non-financial benefits of life insurance**.



40% of 18-34 year-old working Australians want to know more

40% of working women want to know more

 FOCUS

Younger Australians and *underinsurance*

Younger workers report the highest levels of trust and positive sentiment towards life insurance, yet they are less likely to hold a policy.

Barriers such as the cost of advice, competing financial priorities, and lower understanding of the benefits of life insurance play a role.

At the same time, they are also more likely than older groups to experience life events that trigger a need for cover.

Policy reforms reduce access to life insurance

For many Australians, the simplest way to access cover is through their superannuation fund with default life insurance.

Since 1 April 2020, government reforms have reshaped this access. Today, people under 25 years and those with accounts with balances below \$6,000 no longer receive default insurance cover unless they actively opt-in.

For younger workers in particular these reforms have also narrowed the pathway to life insurance. Cover is most affordable and accessible when people are younger and healthier, yet it has become all too easy to miss out.

“Life insurance is more affordable and comprehensive when you're young, yet recent reforms have made access harder. Combined with limited advice options, it means younger Australians are missing out — right when they should be building confidence in long-term protection.”

— Christine Cupitt, CALI | CEO



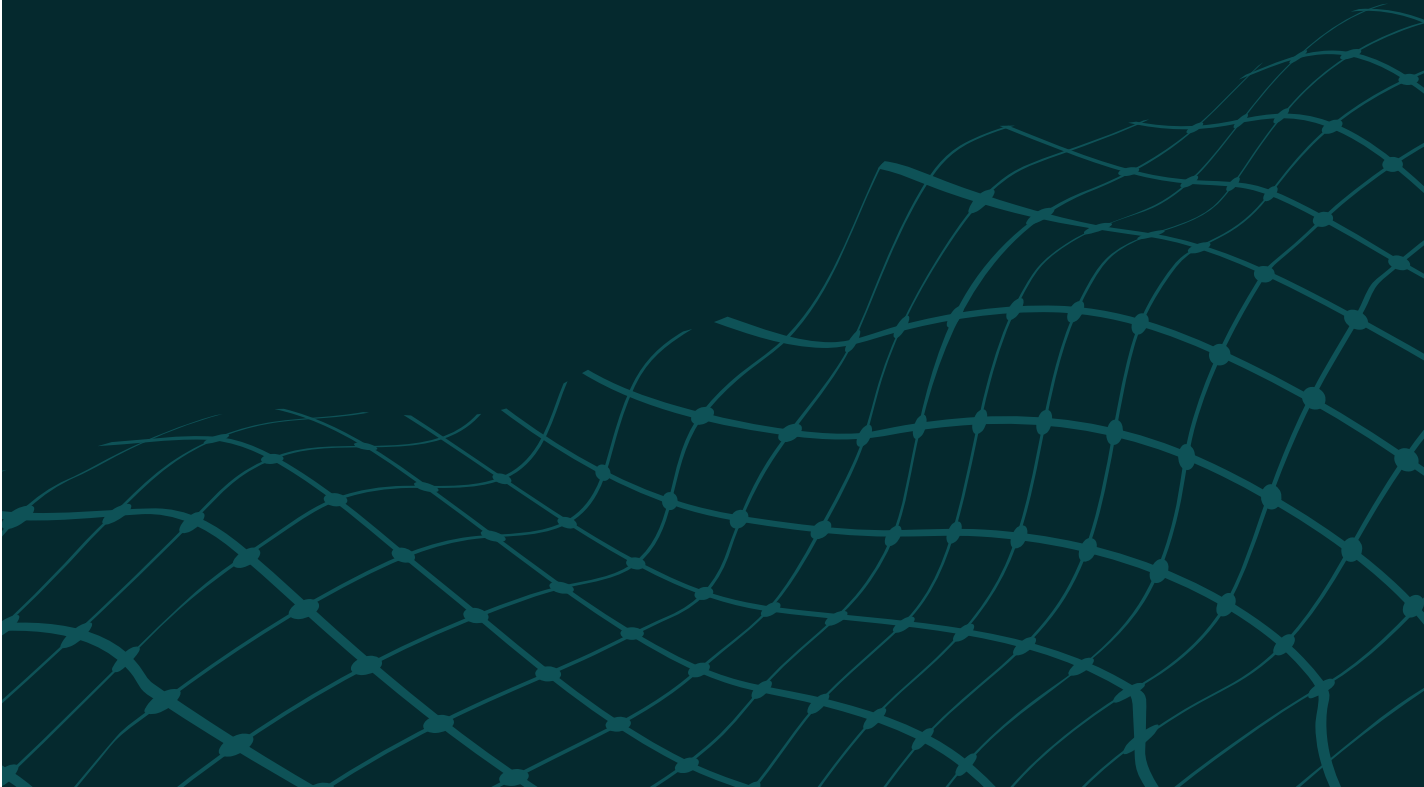

Life events that trigger the need for life insurance among 18-34-year-olds

24%	Changes in income, employment, or financial circumstances
17%	Seeing a friend or family member experience serious illness or disability
11%	Major change of assets (buying/selling property, paying off mortgage)
11%	Birth or adoption of a child
9%	Getting married

2024/25 National Aggregate sample base n=1,615 18-34 year olds.

CHAPTER TWO

Making the safety net more *accessible*



The state of advice in *Australia*

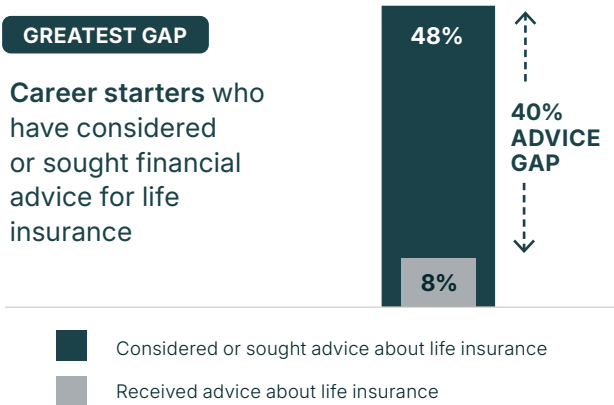
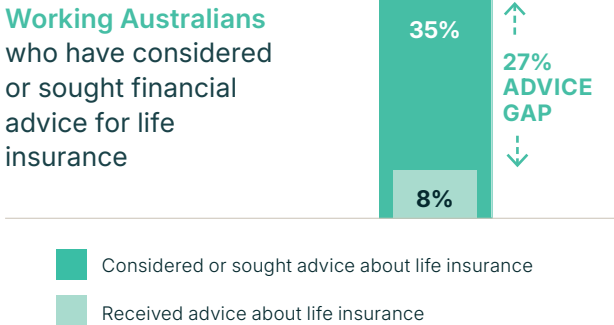
Our research highlights a persistent and growing advice gap in life insurance. Many Australians want advice about life insurance but aren't getting it.

Although more than three in ten working Australians have considered seeking advice about life insurance, less than one in ten have received any advice.

This puts people at risk of making misinformed decisions and having inadequate coverage, or no coverage at all.

People value expert guidance when determining the life insurance they need — financial advisers remain the leading and most trusted source of advice for those who do manage to obtain it.

But in the absence of this professional guidance, working Australians are increasingly turning to informal channels including friends and family, social media, and their own online research to fill the advice gap.



2024/25 National Aggregate sample base n=2,396 working Australians and n=873 career starters.

Younger Australian workers

Evidence is emerging of a generational shift: younger Australians are motivated to make smart financial decisions but aren't able to access the professional advice they need to make it.

Among workers under 35 years-old, there is strong demand for financial advice on life insurance, with one in two seeking guidance, yet less than two in twenty actually receive it.

With limited access to professional advisers, this generation is left to piece together guidance from multiple informal sources such as friends, family, and social media.

Limited access to advice and this growing dependence on unregulated sources is a serious barrier to securing appropriate cover and accessing the safety net.

“People want advice, but they aren't getting it. They're turning to informal, often unreliable channels.”

Industry action - *Advice reform*

CALI has long advocated for more affordable, accessible financial advice. This includes supporting the Australian Government’s introduction of a new class of adviser who can offer limited advice on life insurance products, when and where it’s needed.

Our research shows a strong demand for financial advice, with just under half of working Australians looking for personalised information to help them decide on life insurance coverage and suitable products. Fewer seek comprehensive advice:

- One third (30%) of working Australians who have insurance are seeking comprehensive financial advice while 24% just want basic information.
- Working Australians who do not currently have life insurance are more interested in basic information (37%).

Currently, there are less than 600 financial advisers who focus on life insurance in their business, with just 185 pure risk advisers currently operating in Australia.⁶

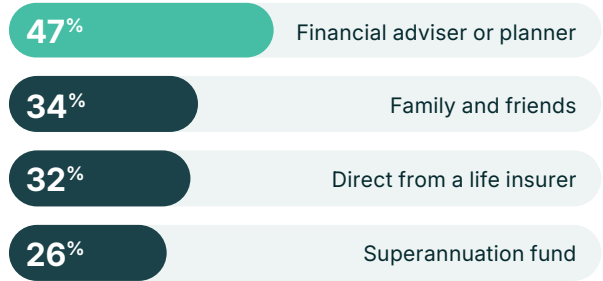
This limited supply of advisers underscores the urgent need for reform to make it easier for advisers to support their clients, and to allow product issuers to provide limited advice to their customers.

As formal advice becomes harder to access due to accessibility and affordability barriers, working Australians are increasingly turning to informal sources.

While these channels offer convenience, they carry the risk of misinformation and misunderstanding, potentially resulting in underinsurance, or inappropriate cover.

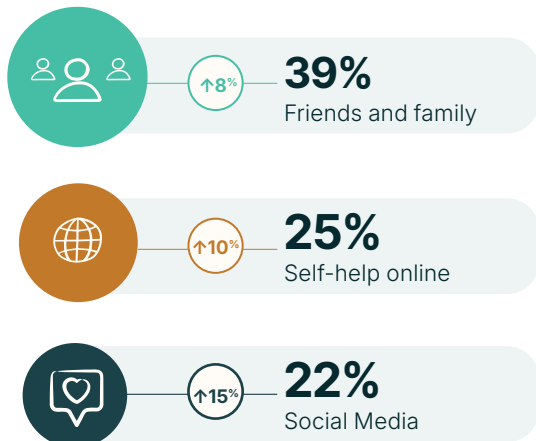
The *Delivering Better Financial Outcomes* reforms are a critical step toward closing Australia’s persistent advice gap. These reforms will make it easier for life insurers to provide simple, personal advice directly to customers about their own products and create a clear pathway for new talent to join our industry.

Who do people access advice from?



2024/25 National Aggregate sample base n=214 who received life insurance advice.

Where people considered accessing advice



2024/25 National Aggregate sample base n=836 who considered advice. Result is compared to the 2023/24 National Aggregate report.

⁶7th Annual Australian Financial Advice Landscape Report – 2025, Adviser Ratings



FOCUS

A cost-of-living *crunch*

Tracking data from the 2024–25 survey reveals that affordability is a major barrier preventing Australians from obtaining life insurance.

For those without cover, four in ten report the reason is “I can’t afford it” which is the top barrier across all age cohorts, and felt more strongly by women than men.

Seven in ten working Australians say they are concerned that cost-of-living pressures may impact their ability to afford life insurance, while one in three are “very concerned”.

These pressures are most sharply felt among 35–54-year-olds as this group is most likely to be managing mortgages, rising interest rates, and family expenses.

For many households already stretched, this can make life insurance seem more like a luxury than a priority.

Reasons working Australians don’t have life insurance, income protection, or TPD insurance:



2024/25 National Aggregate sample base n=1,728 those without life insurance.

Despite these challenges, working Australians recognise the importance of life insurance.

One in four want coverage to provide financial protection for loved ones, while one in three see the benefit as an income replacement safety net.

However, working Australians are far more likely to insure their cars or homes, than their income and lives, showing that many overlook the importance of protecting their earning capabilities.

Reasons working Australians have life insurance, income protection, or TPD insurance:



44% Financial protection and sense of security for loved ones

36% Already provided within my superannuation

31% Income replacement, a financial safety net if unable to work

30% Protects against future health issues and medical expenses

24% Funeral expenses, avoid financial burden on my family

2024/25 National Aggregate sample base
n=2,396 who have life insurance.

Shifting how people see life insurance is key to making this essential safety net more accessible, especially as cost-of-living pressures continue to bite.

These perceptions are reinforced by a broader lack of engagement, advice, and confidence in the system, holding people back from taking up or maintaining cover.

The reality of life insurance and real value

Yet reality tells a very different story. Industry data shows life insurers paid 95% of claims⁷ and delivered \$13.4 billion in benefits to Australians in the past year⁸; tangible proof the system works when it matters most.

This track record goes to explaining why people recognise value in life insurance:

- 44% say financial protection for loved ones is the primary reason for having cover.
- 31% see the benefit as an income replacement safety net.

Australians also link life insurance to a financial safety net, comprehensive cover, and positive experiences with insurers. Benefits that are most valued when protection is called on.

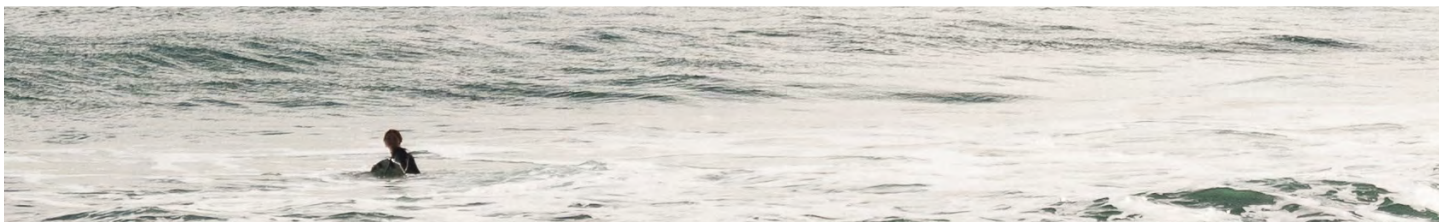
Reframing perceptions is critical. Life insurers need to help Australians see that life insurance is not an optional extra, but consistent protection and peace of mind.

As people themselves say:

“ I feel it's my responsibility to ensure my family is taken care of if something happens to me.”

“ Life insurance provides long-term financial security for my family, while other insurances focus more on immediate risks.”

“ Life insurance acts as a financial safety net for my family.”



⁷ APRA Claims and dispute statistics

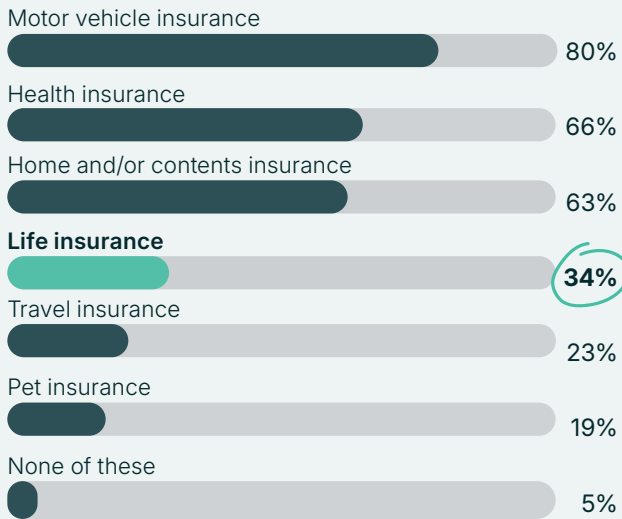
⁸ AFCA Annual Review 2023-24

When it comes to household budgeting in a cost-of-living crisis, life insurance sits lower on the priority list, losing out to 'must-haves' like car, home, or health insurance.



Insurance priorities of Australians

% of Working Australians who report to own:



2024/25 National Aggregate sample base n=4,124.

This gap highlights the challenge:

The protection most critical to long-term financial security is often the one people are least likely to prioritise. Protecting the things we own matters, but protecting the people we love matters most.

“ It feels like a secure backup plan for unforeseen events.”



69%

are concerned cost-of-living is putting pressure on affordability



42%

of non-insured people say affordability is the main reason they don't have cover



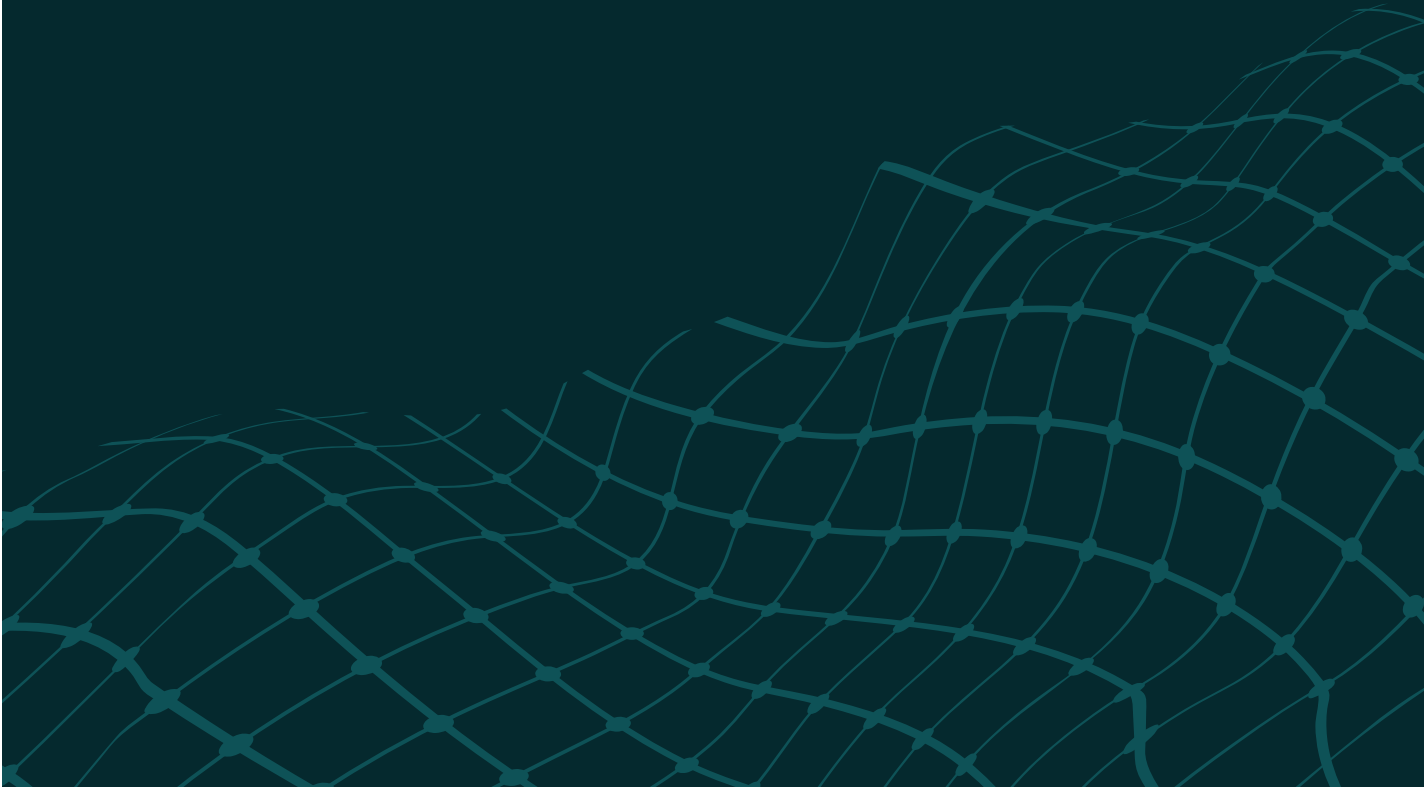
95%

of life insurance claims were paid in the past year⁷



CHAPTER THREE

Addressing mental health *sustainably*





Many Australians face challenges from mental ill health, with an increasing number of people left unable to work.

Life insurers play an important role in strengthening the financial safety net for Australians who cannot fully participate in the workforce, including those suffering from mental ill health. We have a responsibility to be a part of a collective effort to improve mental health outcomes for Australians.

This role must be financially sustainable to ensure life insurers can continue to provide affordable and meaningful cover for the millions of Australians we support each day.



The state of *mental health* in Australia

Mental ill health is one of the most significant drivers of workforce disengagement and it's holding Australia back, costing the economy up to \$220 billion⁹ each year.

Close to one in two Australians will experience a mental health condition in their lifetime¹⁰ and more Australians are leaving the workforce for mental health reasons than ever before.¹¹

Life insurers are not front of mind when it comes to who Australians might turn to for financial support during periods off work due to mental ill-health. Even for people aware support is available, there's a perception the claims process would be uncomfortable, possibly harmful, and unlikely to result in a payout.

Perception barriers around mental health

Discomfort about disclosing mental health history compounds these challenges. While three in four working Australians say they are comfortable sharing, in-depth interviews with people who have mental health conditions revealed many felt vulnerable discussing such a personal topic and fear it may be used to deny a future claim.

These perceptions persist even though insurers are paying out more claims than ever before for mental health. In less than a decade, the cost of permanent disability claims has exploded more than fourfold and temporary disability claims have more than doubled, rising far faster than for physical conditions.¹²

Awareness of mental health cover remains limited. Fewer than one in four working Australians know life insurers can provide financial assistance if they are unable to work due to mental health challenges. Almost two in three say they would be more likely to take out life insurance if they were aware of this support.

These findings are echoed in-depth interviews with people who have lived experience of a mental health condition, many of whom were pleasantly surprised to learn it was possible to make a mental health-related income protection or a TPD claim.

⁹ Speech to the Mental Health Coordinating Council, 6 May 2021 Stephen King, Commissioner

¹⁰ National Study of Mental Health and Wellbeing, 2020-21

¹¹ Australia's Mental Health Check Up report by KPMG

¹² Australia's Mental Health Check Up report by KPMG 2024

Financial support

Understandably, most working Australians say they would turn first to the government, or to family and friends for support if faced with a mental health challenge that left them unable to work.

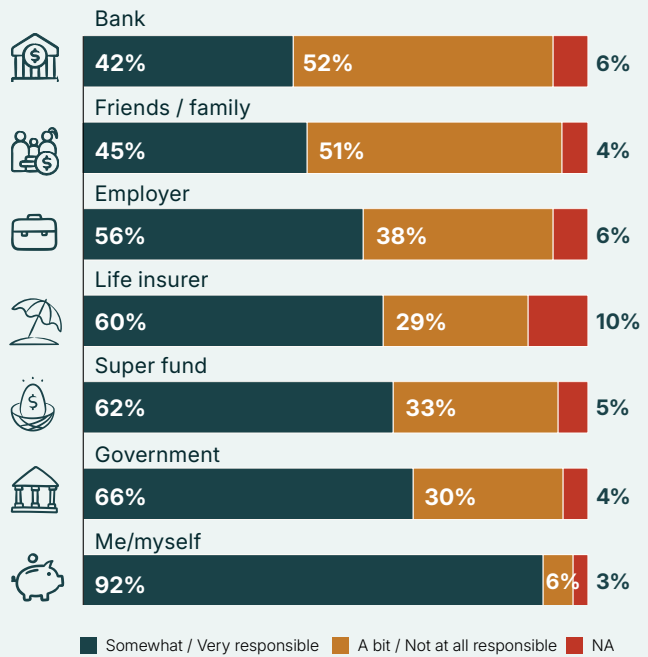
When thinking about who is responsible for financially supporting them and by how much, working Australians believe they themselves are the most responsible for making ends meet.

There is also a strong expectation that life insurers provide a high level of financial support in the event a person can't work.

Most people expect government support if they can't work, but recognise social security would replace only a modest share of their income.

Interestingly, we've seen the impact of the cost-of-living crisis lower people's expectations over time on how much they can financially rely on their family and friends, with most working Australians only expecting to lean on their personal relationships for only small amounts of money to help cover their expenses while they're not able to work.

Perceived responsibility for providing financial support (top line summary)



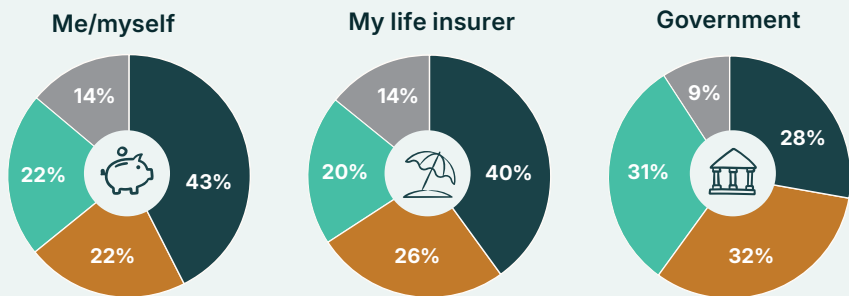
2024/25 National Aggregate sample base n=2,023.

Expected source of financial support during extended mental health challenges

How much financial support do you anticipate each source to provide if you were unable to work for an expected period due to mental health challenges?

People believe the primary responsibility lies with themselves

- Substantially cover my income
- Moderately cover my income
- Minor cover for ad-hoc expenses
- Don't know



2024/25 National Aggregate sample base n= those who felt each source was a bit / somewhat / very responsible.

More than eight in ten working Australians think it is important for life insurers to provide protection for mental health conditions, with six in ten saying they would be more likely to take up life insurance knowing that mental health conditions are covered.

This highlights a broader truth: when people see what life insurance can protect and provide support for, they value it. But low awareness compounds the challenges posed by the episodic and non-linear nature of mental health conditions, explored in the next section.

“ Previously, I thought I had superpowers. I could pretty much do anything I wanted and I went from being, what I would say was ‘invincible’, to not being able to get out of bed.”

—Woman, 29 | Metro VIC

“ I know at times [when my mental health is bad], I'm unable to work, and I want to do things, but it's like [things] feel harder, you just can't be stuffed, even if [those things] are necessary.”

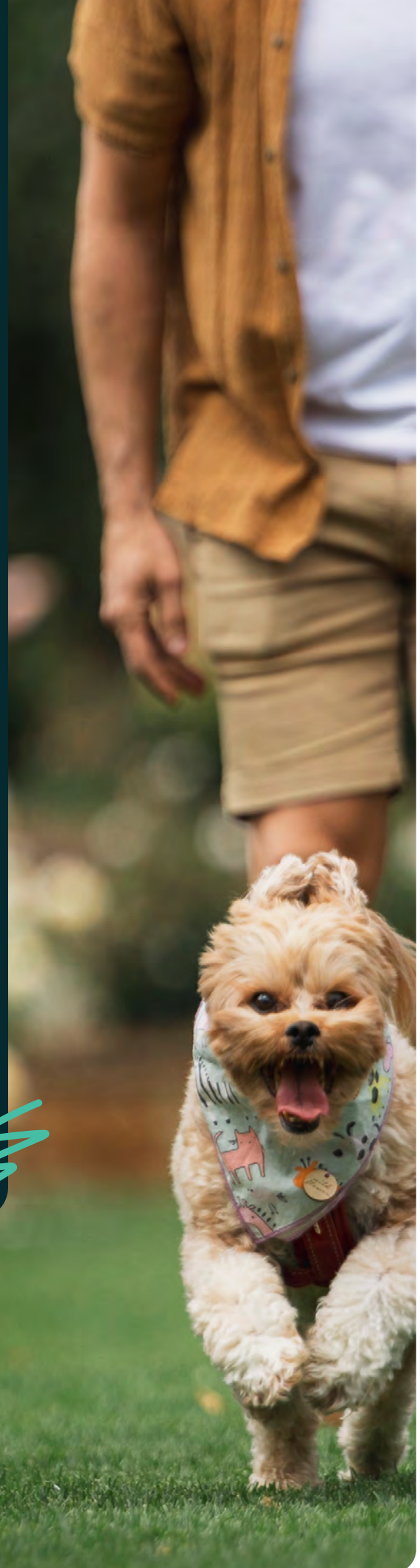
—Man, 34 | Regional NSW

“ Having had my mental health challenges, it's tricky to navigate and get support. So, where I've had guidance [...] when I've been given information [...] I've been really grateful. [...] I never would have known [about the option to make mental health related claims through my life insurer] had I not been told.”

—Woman, 39 | Metro NSW | depth interview

“ Today, [life insurance] is not just about life and death. You can be a dead person living [if you are struggling with your mental health].”

—Man, 49 | Regional NSW



Gathering insights to better inform *life insurers*

To better understand this complex issue and identify effective solutions, CALI collaborated with key partners: SuperFriend, KPMG, and 89 Degrees East. Our research highlights the growing strain on the community and on life insurance customers from mental ill health.

Mental health claims in Australia

CALI's collaboration with KPMG, captured in the Australia's Mental Health Check Up report, shows more Australians are leaving the workforce due to mental ill-health than ever before. Life insurers are responding with essential financial support to thousands of people unable to work as a result.

Between 2013 and 2022, mental health claims climbed steadily. It is now the leading cause of TPD claims in Australia, accounting for one in three of all claims paid¹³ and an 80% of the increase in the permanent disability claims rate in the last decade.¹⁴

The data shows Australians are leaving the workforce for good because of mental ill-health at a younger age than ever before, with the average age of people who claim now 46 years old.

By comparison, the average age for other physical causes of permanent disability claim has remained stable at 49 years of age over the same timeframe.

Most alarming is the unprecedented 732% increase in TPD claims for mental health for 30-40-year-olds over the past decade. It is the biggest spike across all age-groups.



¹³ Based on data included in the 2024 H2 CALI - KPMG Data Collection Cause of Claims Results ("COC Results Report") (Released 30 May 2025)

¹⁴ Australia's Mental Health Check Up report by KPMG (2024)



This research analyses data from over 10,000 mental health-related claims from life insurers between 2013 and 2022 to identify trends in claim rates, claim durations, and workforce impacts.

x 2

The proportion of insured Australians who are permanently disabled due to a mental health condition has more than doubled.

732%

increase in the permanent disability claims rate in the 30-40-year-old age-group over the past decade.

33%

of the increase in permanent disability payments and 39% of the increase in temporary disability payments are due to payments made to people with mental health conditions.

80%

of the increase in permanent disability claims are mental health-related.

9%

annual increase in permanent mental health disability rate since 2013.

433%

Increase in the cost of mental health permanent disability claims - an increase of \$169M.

46.5 years

is the average age of permanent disability due to mental health conditions, down from 48.8 years-old in 2013.

6 years

is the average time temporary disability claimants have been on claim - one year longer than 10 years ago.

129%

Increase in the cost of mental health temporary disability claims - an increase of \$226M.

 FOCUS

Mental health in Australian workplaces

SuperFriend exists to help people thrive at work - today and tomorrow.

SuperFriend is a not-for-profit organisation dedicated to transforming mental health research into practical, powerful solutions that benefit workplaces and their employees. Employers and their leaders have a legal duty of care in providing psychologically safe workplaces, and we can support this. Through this work, we empower workplaces to improve the status quo and as a result, boost retention, wellbeing, and productivity.

SuperFriend's *Indicators of a Thriving Workplace* survey provides a national benchmark for workplace mental health and has captured insights from more than 80,000 Australian workers to date.

SuperFriend measures five Domains of a Thriving Workplace – Connectedness, Leadership, Work Design, Safety and Capability – which provide a validated framework.

The survey also collects information about psychosocial hazards and a wide range of mental health outcomes, including burnout and psychological distress, intention to stay, presenteeism, absenteeism, and self-rated productivity.

Captured across all 19 ABS industries, this enables SuperFriend to champion an industry-led approach to workplace mental health which includes promoting both actionable insights and evidence-based support initiatives.




Leadership



Connectedness



Safety



Work Design



Capability

SuperFriend provides respondents with the following definition of a mental health condition:

Mental health conditions (or mental illnesses) are more than having a bad day. They are persistent over time and cause major changes to a person's thoughts, feelings, and behaviours, impacting their ability to function well in everyday life.

Some (but not all) examples of mental health conditions include anxiety, depression, substance use disorder, bipolar disorder, and eating disorders.



What is happening with *Australian workers*?

The state of mental health in today's Australian workplaces is fragile, with many employees under significant strain. Almost half of workers with a mental health condition believe their workplace either caused or is making their mental health condition worse.



Dr Natalie Flatt Ph.D Chief Mental Health Advisor, SuperFriend

Melanie Jeffress Research & Impact Analyst, SuperFriend

Younger workers' psychological vulnerability

Early career employees are entering the workforce with heightened psychological vulnerability.

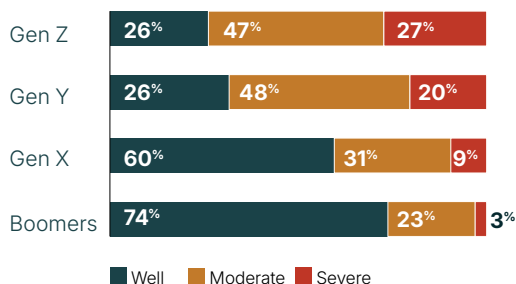
The *Indicators of a Thriving Workplace survey* measured levels of psychological distress using the Kessler-6 scale¹⁵ and found that younger generations had far higher levels of distress.

This is driven by insecure employment, blurred work-life boundaries, low psychological safety, and early-career stressors.

Clinically they are at high risk of burnout, anxiety, depression, and disengagement. The impact of COVID-19 has made this worse: Gen Z reported the highest levels of loneliness, social isolation, and disrupted developmental opportunities.^{16,17}

Without strong face-to-face connection during their formative years, this generation places a premium on belonging, connectedness, and compassionate workplace support.

Psychological distress by generation



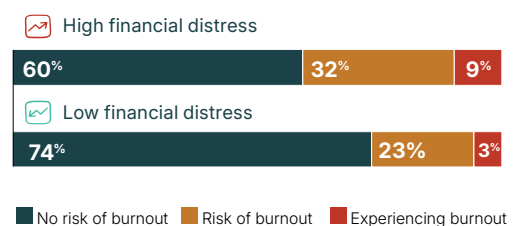
The connection between income, financial distress and burnout

Burnout is a syndrome resulting from chronic workplace stress that has not been successfully managed.¹⁸

These employees report emotional exhaustion, reduced engagement, and cognitive fatigue. Financial distress is strongly associated with elevated burnout, with those under financial strain twice as likely to be experiencing burnout.

Financial strain isn't left at home, workplace demands compound the risk of burnout and increase vulnerability to psychological injury.

Burnout risk level by financial distress



Employees experiencing high financial distress are more likely to reach out for support whether by using available services, speaking with a manager or a colleague.

Paradoxically, they are far less likely to have formal supports accessible through their workplace. This means those with the greatest need are often the least supported.

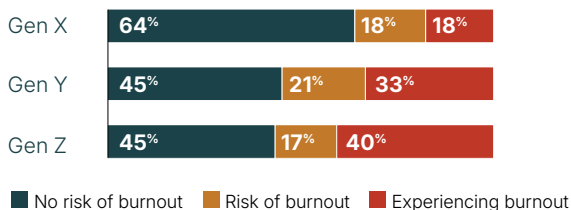
Data supporting these insights was sourced from 3,027 Australian workers responding to SuperFriend's *Indicators of a Thriving Workplace survey* in June 2025.

Burnout by generation

Consistent with high levels of psychological distress, Gen Z and Gen Y both show high levels of burnout. These generations self-rate high levels of cognitive impairment and cognitive impairment. Mental distance is a psychological withdrawal marked by cynicism, indifference, or detachment often signalling early-stage burnout. Cognitive impairment reduces attention and judgement, slowing decisions, and undermining employee collaboration. This highlights significant challenges for organisations to maintain engagement, productivity, and retain their most valuable employees.

The negative impact of work can cut across generations, with Gen X also feeling the strain at work. Pressure is showing up differently. Gen X rate their workload the highest and are the most likely to be working more than 40 hours a week. Many also say their workplace has directly caused or worsened their mental health.

Burnout risk level by generation



Some industries are at higher risk than others

Retail trade and transport stand out as two of the industries at highest risk. If retail employees were unable to work, only 45% would be able to cover up to one month of their regular living expenses with 47% say they hold no life insurance at all. Meanwhile 6% of transport employees report making a workers' compensation claim due to their mental health in the last 12 months, far higher than the national figure of only 3%.

As customer-facing workers, retail employees have some of the highest exposure to harmful experience (such as customer violence, bullying, or harassment) with a third reporting at least one in the past 12 months.

They are also disproportionately younger workers and coupled with high rates of burnout and psychological distress, there is a pattern of unresolved psychosocial hazards leading to psychological injury. 46% also report high levels of financial distress, compounding the pressure they are already under.

Conditions in the transport industry often include long hours and shift work which creates constant pressure and reduces autonomy. Many roles are isolated which restricts access to support and the early recognition of psychological distress and burnout. Only 56% of transport employees agree that their workplace is overall mentally healthy indicating a culture that often prioritise productivity over wellbeing.

42%

have experienced a lifetime mental health condition

34%

of workers could only cover up to one month of regular living expenses if they couldn't work

21%

of workers say their mental health is worse than one year ago

56%

say they are either in severe or moderate distress on psychological distress measures

46%

report being at risk of burnout

39%

say they have no life insurance at all



Workplace impact on mental health

47%

believe their workplace caused or made their mental health condition worse, just 13% said it made it better

MOST AFFECTED AGE GROUP

52%

of Gen X workers (40's to late 50's) believe that their workplace had made their mental health condition worse

MOST AFFECTED INDUSTRY

60%

of workers in the public administration and safety industry (i.e. government workers) believe their workplace made their mental health condition worse

What is the opportunity for Australian workplaces?

Workplaces too often function as risk environments, contributing to psychological distress through high demands and workloads, poor support, low autonomy, and hazards such as bullying, poor role clarity, or organisational injustice. While organisations have a legal obligation to manage these psychosocial risks, they also hold a powerful opportunity: to actively enhance and protect worker wellbeing.

By building environments that prioritise the mental health of workers, organisations can improve retention, reduce absenteeism, strengthen psychological safety, and optimise productivity, all while reducing psychological injury claims.

“ Workplaces should be good for both businesses and people”

Darren Black, CEO of SuperFriend

The path forward lies in redesigning work to be more supportive; embedding compassionate leadership practices, mental health awareness, and a consistent wellbeing culture. To make this sustainable, measurement is critical. Workplaces need robust metrics to track progress, identify risks early, and guide meaningful action.

SuperFriend's *Thriving Workplace Index* is a key solution enabling this shift - an evidence-based diagnostic tool to understand the state of workplace wellbeing and benchmark against industry, and prioritise practical initiatives that build healthier, safer, and more productive workplaces.

¹⁵ Mewton, L., Kessler, R. C., Slade, T., Hobbs, M. J., Brownhill, L., Birrell, L., Tonks, Z., Teesson, M., Newton, N., Chapman, C., Allsop, S., Hides, L., McBride, N., & Andrews, G. (2016). The psychometric properties of the Kessler Psychological Distress Scale (K6) in a general population sample of adolescents. *Psychological Assessment*, 28(10), 1232-1242.

¹⁶ Henderson, L., Knight, T., & Richardson, B. (2022). The impact of COVID-19 on young people's mental health and wellbeing: A systematic review. *Journal of Adolescence*, 94, 89-101.

¹⁷ Orozco, A., Thomas, A., Raggatt, M., Scott, N., Eddy, S., Douglass, C., Wright, C. J. C., Spelman, T., & Lim, M. S. C. (2024). Coping with COVID-19: A prospective cohort study on young Australians' anxiety and depression symptoms from 2020-2021. *Archives of Public Health*, 82(1), 35.

¹⁸ Schaufeli, W. B., Desart, S., & De Witte, H. (2020). Burnout Assessment Tool (BAT) - Development, validity, and reliability. *International Journal of Environmental Research and Public Health*, 17(24), 9495.



 FOCUS

The *episodic nature* of mental health

Australians leave the workforce due to serious mental health conditions, often in the prime of their working lives. The average age at which someone claims total and permanent disability for mental ill-health is just 46 years.¹⁹

Life insurers are on the front line paying out billions of dollars in claims each year to help Australians maintain some level of financial stability in the face of life-altering circumstances.

Yet mental health conditions differ from physical ones. They are often episodic and treatable, with symptoms that fluctuate over time.

According to the Australian Institute of Health and Welfare (AIHW), about 800,000 Australians live with a severe mental illness. Of these, about 500,000 experience conditions that are episodic, while 300,000 face persistent, ongoing conditions.

In addition, the severity and duration of mental illness can vary significantly, with recovery and relapse part of the journey for many.

This creates a fundamental tension: insurance frameworks were designed around physical conditions, typically more straightforward to diagnose and assess in terms of long-term work capacity.

For people with mental illness, however, the path is often less linear.

These are not abstract statistics; they represent real people facing complex, long-term health conditions. And it is leaving people with no option than to label themselves as totally and permanently disabled to access financial help, despite the chance of recovery.

This mismatch is a system that may unintentionally disrupt recovery paths and contribute to rising premium costs for everyone.

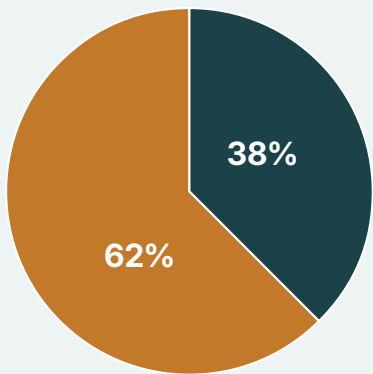


¹⁹ Australia's Mental Health Check Up, KPMG / CALI, December 2024



800,000 people
live with severe
mental health
conditions

- Australians experiencing persistent ongoing conditions
- Australians experiencing episodic ongoing conditions



Industry *action*

Life insurers may be at the coalface of this modern epidemic, but they are not alone. Pressure is mounting on medical practitioners, government workers' compensation schemes, government income support payment systems, industry advocates, and mental health organisations.

Thirty-seven per cent of Disability Support Pension (DSP) recipients, about 286,000 people, have a primary medical condition in the psychological or psychiatric category.²⁰ In the year to June 2024, \$4.25 billion was paid to NDIS participants with a psychosocial primary disability, averaging \$71,600 per person.²¹

Strengthening the safety net requires recognising how the episodic and non-linear nature of mental health conditions shapes working lives. The industry is moving to align claims assessments with contemporary workplace practices and modern medical evidence.

Yet, given some products and processes were originally designed with total and permanent physical illness in mind, the episodic nature of mental health conditions means it is often like fitting a square peg into a round hole at claims assessments.

This leaves people labelled as totally and permanently disabled even when recovery may be possible with the right support.

During the depth interviews, participants reflected that making a mental health related claim was different to a physical health claim, given the greater level of vulnerability, subjectivity, scrutiny, and stigma.

They also observed the need to prove their mental health condition repeatedly was emotionally taxing, had the potential to further traumatise and could worsen someone's mental health.

This could lead them to avoid making a claim as the prospect of having their claim denied when they were already vulnerable, could put them at greater risk, even leading to self-harm.

The research featured in this report is helping inform life insurers as we make improvements to ensure our systems, processes, and products provide customers with certainty and transparency, taking any perceived 'luck' out of the system.

Life insurance is one part of the safety net for those unable to work due to severe mental ill health.

Without broader national action, we expect the holes in the nation's safety net to widen under the strain of the ever-increasing weight of more Australians who are unable to work due to mental ill health.

This is why CALI is advocating for long-term solutions to ensure our nation's safety net is strong enough to catch Australians severely impacted by mental ill health.

We are working alongside industry and mental health organisations, calling on the Government to coordinate a whole-of-government response to the mental health crisis. One that guarantees Australians equitable access to timely treatment and support, and invests in education, training, and a stronger mental health workforce.



²⁰ Australian Institute of Health and Welfare. (n.d.). Summary – Mental health. Australian Government. Retrieved August 24, 2025

²¹ Australian Institute of Health and Welfare. (n.d.). Psychosocial disability support services. Australian Government. Retrieved August 24, 2025



“ You’d hope whoever you spoke to or communicated with was sympathetic [...] that the whole process wouldn’t be too rigorous and they wouldn’t make you go and sit with some horrible man in a room and talk about your mental health issues with somebody that didn’t seem sympathetic.”

— Woman, 53 | Metro WA | paralegal, insured (through super) | no claims

“ If someone’s not in a position to be able to work because they’ve had a traumatic incident that has led to major depression or major anxiety, I would assume that would or should be covered.”

— Man, 39 | Metro VIC | depth interview

“ You can’t see [mental health conditions], but you still gotta take it seriously. People aren’t just making it up.”

— Man, 30 | Regional NSW | depth interview

“ I would say I’ve never been happy about [having to disclose information about my mental health] because I feel like a little bit of a failure and embarrassed by it.”

— Man, 49 | Regional NSW | depth interview

Where to *next*?

Our purpose at CALI is simple: support Australians to make informed choices about their future and help them live in a healthy, confident and secure way over their lifetime.

Australians understand the role life insurers can play in their personal safety net. They value cover even more when they have a fuller understanding of what it can provide.

But there are barriers to gaining true value from life insurance: cost-of-living still inhibits affordability, limited access to professional advice, low confidence in what they are covered for and a mental health burden that today's products and processes weren't designed to carry.

Life insurers recognise the challenges ahead and the practical changes needed to make cover easier to understand, easier to access and fit for the realities of the modern workplace, health treatments and wellbeing expectations.

Our industry is focusing on key areas of:

Advice reform: Australians need access to affordable advice to help them make informed decisions about the life insurance products that best suit them.

CALI wants to see the Federal Government act quickly to legislate the Delivering Better Financial Outcomes reforms. We advocate for the introduction of a new class of adviser which can offer limited advice on life insurance products, when and where it's needed.

These reforms are a critical step toward closing Australia's advice gap and will make it easier for life insurers to provide simple, personal advice directly to customers about their own products.

Retirement readiness: With our ageing population, we now have more retirees than we've ever had before and they're living longer and spending more time in retirement. These Australians need choice, control and certainty when it comes to how they manage their finances.

CALI is advocating for the right capital settings to be in place to deliver a strong market of retirement income products in Australia. We also support the government's work to better inform people about their financial options in their retirement. Everyone's circumstances are different, which is why it is critical that people have access to advice as they plan their retirement. Affordable, quality financial advice helps Australians find solutions that suit their needs and make informed decisions about their future.

Mental health and sustainable disability insurance:

CALI is advocating for long-term solutions to ensure our nation's safety net is strong enough to catch Australians severely impacted by mental ill health.

We ask the Australian Government to:

- Coordinate a whole-of-government response to the mental health crisis, including developing national mental health targets and driving government action and accountability across Departments.
- Guarantee Australians equitable access to timely treatment and support, no matter where they live, by better funding quality community-based services and allowing both the public and private systems to help people sooner.
- Invest in education, training and boosts to the mental health workforce to ensure Australia has an adequate supply of mental health professionals to meet the care needs of the Australian people.

Reviewing the Life Code

The Life Insurance Code of Practice (Life Code) sets enforceable standards that life insurers agree to uphold when providing services to their customers, covering areas not addressed by the law. It guides everything from product design to claims handling and complaint resolution.

In October 2025, a review of the Life Code will ensure it continues to reflect the needs of Australians, keeps pace with changing laws and regulations, and remains practical and easy to understand.

The independent reviewer has been tasked through the terms of reference to expressly consider the effectiveness of the Life Code provisions relating to customers who are experiencing mental health conditions, including when buying a life insurance product or making a claim.



Conclusion

Life insurance is one part of Australia's financial safety net. Woven together with government support, superannuation and community resources, it helps hold people and their families through their toughest times.

The findings in this report highlight the urgency of action for life insurers, government and the wider community to deal with the challenge of rising mental ill health in Australia.

Our customers want life insurance that is affordable, easy to understand and designed for the realities of modern workplaces, health conditions and family life. They want support not only in moments of crisis, but throughout the journey of recovery and resilience.

As an industry, we are acting to strengthen our part of the safety net — by expanding access to trusted advice, adapting products to reflect contemporary medical evidence and working with government, regulators and community partners to build sustainable solutions for mental health and disability support. At the same time, we are committed to maintaining public confidence through transparency, fairness and a clear focus on customer needs.

We are ready to play our part in reinforcing Australia's safety net, so it remains resilient, inclusive and fit for the future.





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