

28 May 2026

Peter Kell
Independent Reviewer
Life Code Review

By email: reviewer@lifecodereview.com.au

Life Insurance Code of Practice Independent Review – CALI Response to Interim Report

Dear Peter

The Council of Australian Life Insurers (**CALI**) welcomes the publication of your interim report dated 10 April 2026 (**Interim Report**) in relation to the independent review (**the Review**) of the Life Insurance Code of Practice (**Life Code**).

On behalf of our members, we are pleased to make this further submission to the Review in response to the Interim Report.

We note that you are seeking further feedback from stakeholders on the issue of blanket mental health exclusions following our supplementary submission dated 24 March 2026 (**Supplementary Submission**). In that submission, we reiterated our position that:

- Our industry is committed to helping Australians live in a healthy, confident and secure way over their lifetime. Life insurers play an important role in strengthening the financial safety net for Australians who cannot fully participate in the workforce, including those affected by mental ill-health.
- Life insurers are committed to sustainably meeting the wide range of needs in the community by offering products and services that provide customers with choice and affordable access to meaningful cover, while ensuring that those Australians who are most deeply affected by mental ill-health are supported.
- Individual life insurers will continue to take steps to ensure the sustainability of the life insurance cover they offer. Life insurers will act transparently and fairly when taking these steps, including through commitments in the Life Code.

Recognising the significant customer and community interest in the issue of blanket mental health exclusions, we remain steadfastly committed to engaging with a broad range of stakeholders, including customer advocates, clinicians, people with lived experience of mental ill-health, and regulators as we consider our response to the Review.

The Interim Report provides an important opportunity for stakeholders to provide further feedback to the Reviewer and, having set out our position previously, we do not intend to respond further at this time.

Appendix A provides detailed feedback on several recommendations made in the Interim Report.

This feedback is focused on ensuring:

- Life Code commitments, particularly those responding to vulnerability and financial hardship, remain principles-based and not prescriptive to enable life insurers to respond to individual customer circumstances in a tailored, respectful and flexible way.
- Any changes to Circumstances Beyond Our Control (**CBOC**) provisions appropriately balance transparency and clarity for customers without limiting the ability of life insurers to fairly, diligently and comprehensively assess complex claims.
- That any changes to timeframes, reporting obligations or proposed links between various Life Code commitments deliver genuine improvements to customer protections.

CALI looks forward to our ongoing and constructive engagement with you, and our stakeholders, in the coming months as the Review progresses to completion.

If you require any further information, please contact Luke Hyde (General Manager, Policy) at luke.hyde@cali.org.au.

This submission is made on a non-confidential basis.

Yours sincerely



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

Summary of CALI response to Interim Report

CALI recommends the Reviewer consider:

1. Recommendation 2 should support improved communication to customers on underwriting outcomes without requiring a plain English summary of the actuarial or statistical data.
2. Recommendation 16 should be qualified with “where appropriate” or “so far as reasonably practicable” or “everything reasonably possible”.
3. Recommendations 20 and 21 should avoid prescriptive lists to enable the identification of potential financial hardship risk factors in a flexible and principles-based way.
4. Recommendation 29 should be removed because the timeframes proposed are impractical and unlikely to improve customer outcomes.
5. Recommendation 31 should not impose fixed timeframes for assessing re-opened claims. Alternatively, recommendation 31 should consider the reason why a claim was closed and make provision for circumstances of complexity or lack of adequate assessable information.
6. The requirements in recommendation 32 should avoid prescription to enable life insurers to respond in a flexible and principles-based way specific to the circumstances of each individual claim.
7. Recommendation 37 should clarify that investigations into suspected non-disclosure, misrepresentation or fraud require strong governance and timely progression without imposing fixed timeframes that could undermine a thorough and fair investigation.
8. The reporting framework proposed in recommendation 38 should be co-designed by CALI, the life insurance industry and the Life Code Compliance Committee.
9. Recommendation 39 should be clarified to permit multiple instances of surveillance not exceeding four months.
10. Recommendation 40 should be removed, and life insurers should not be required to consult with a customer’s treating doctor as part of making a claim decision.
11. Recommendation 71 should be clarified to not require the Life Code to be enforceable through contract terms.

Appendix A – Industry response to Life Code Review Interim Report

This paper outlines CALI’s response to recommendations in the Life Code Review Interim Report. Numbering used refers to those used in the Interim Report.

Recommendation 2

CALI does not support the aspect of the recommendation which requires life insurers to provide a plain English summary of the actuarial and statistical data relied upon in underwriting decisions. While CALI strongly supports transparency, clear communication and customer understanding, this recommendation raises significant practical and customer outcome concerns.

Underwriting decisions are inherently multifactorial. They are based on population-level risk assessment and probabilistic modelling, disclosed information, underwriting guidelines, medical evidence, claims experience and professional judgement. These factors do not constitute a single actuarial or statistical dataset, nor are they meaningfully capable of being summarised in an individualised summary that would be accurate, comprehensible or useful to customers.

Producing sufficiently detailed and individualised summaries would likely require significant manual intervention and compliance oversight, increasing assessment timeframes and costs without improving customer understanding or outcomes.

Consistent with recommendation four of the Supplementary Submission, CALI considers a more proportionate and principle-based approach would be to strengthen existing obligations requiring life insurers to clearly explain the key factors that contribute to a underwriting decision, communicate those factors in plain English terms that customers can understand, provide customers with opportunities to correct inaccurate information, and support the provision of further information or clarification. This would improve transparency and customer understanding while recognising the practical realities of contemporary underwriting practices.

Recommendation 16

CALI supports the intent of this recommendation and recognises that protecting the safety of people affected by family and domestic violence is fundamental to better customer outcomes. This aligns with the Life Code’s commitment to take extra care to support customers experiencing vulnerability (including those affected by family and domestic violence), and to treat customers with empathy, compassion and respect.¹

The requirement to “*do everything possible*” to protect the safety of the person affected by family violence and their family, however, is problematic. The current phrasing is too broad and likely

¹ Council of Australian Life Insurers, *Life Insurance Code of Practice* (effective 1 July 2023).

to set unclear or ambiguous customer expectations. This would be difficult to apply consistently in practice, including where actions are constrained by privacy or legal requirements.²

To ensure life insurers can respond to circumstances of family and domestic violence in a principles-based, empathetic and tailored way, CALI suggests this recommendation is amended to commit life insurers to tailor their services in a way that supports the safety of the person affected by family violence and their family, or to take reasonable steps to support the safety of the person affected. For example, by using the customer’s preferred communication method, applying appropriate verification and authority safeguards, and adopting flexible privacy-protective servicing arrangements where appropriate.³

CALI believes “do everything possible” should be removed from Recommendation 16 and be replaced with either “where appropriate” or “so far as reasonably practicable” or “everything reasonably possible”.

Recommendation 20 and 21

CALI recognises the importance of having clear risk factors to help identify and respond to customers who may be experiencing financial hardship in a way that is supportive, respectful and tailored to their individual circumstances.

While hardship risk factors can be indicative, they are not conclusive. Requiring life insurers to query customer circumstances for financial hardship whenever a risk factor appears in a detailed or expansive list risks creating a rigid compliance exercise that may feel intrusive or repetitive for customers rather than supporting meaningful engagement or building trust with customers who need support.

CALI acknowledges the role of specified lists as a useful starting point, including as a prompt for staff awareness and training, but cautions against over-prescription that may confine attention to listed indicators only, when other behaviours, circumstances or cues may also signal financial hardship. A narrow focus on prescribed indicators risks missing customers whose hardship presents differently and, may shift the focus away from customer-centered engagement towards procedural compliance, without delivering better support outcomes for customers experiencing genuine hardship.

CALI suggests further consideration be given to this recommendation to ensure it supports a principles-based approach, enabling life insurers to respond in a way that is appropriate to each customer’s circumstances and needs.

² Council of Australian Life Insurers, *Family and Domestic Violence Policies – Best Practice Guidance* (February 2025) 3–4.

³ Life Insurance Council of Australia, *Life Insurance Code of Practice* (effective 1 July 2023) cls 3.1, 6.9, 6.11, 6.13–6.14.

Recommendation 29

CALI agrees that claims handling is a critical and often vulnerable moment for all customers, where timely, empathic and accurate communication is essential to good outcomes and trust in the life insurance industry. CALI is not supportive of reducing the timeframe in clause 5.5 to five business days. While some elements of clause 5.5 could be met within that timeframe, others require a more detailed assessment that may not be possible to conduct within five business days.

For example, telling a customer about the claim process, how they can access the Life Code, and how to contact someone for more information can reasonably be met within five business days however, more specific information about cover, waiting periods and eligibility for benefits generally requires a detailed and complete initial assessment of the claim to confirm.

For that reason, the commitments in clause 5.5 have been built around a 10 business day timeframe to ensure life insurers have sufficient and appropriate information, and adequate time, to meaningfully consider the initial claim submission and obtain further information or clarification where necessary. This ensures customers have the most complete and accurate information relevant to their claim early in the process.

Reducing the timeframe to five business days will place significant pressure on life insurers and may, in fact, undermine the quality of information provided to customers, increasing the risk of confusion, re-work or distress at a time when customers need certainty and clear explanations.

Recommendation 31

CALI acknowledges the customer intent behind this recommendation. CALI suggests, however, that this recommendation makes provision for complex claims, claims with limited evidence or information prior to closure, or claims where the re-opening necessitates further significant investigation and assessment.

For example, a claim may be closed in circumstances where limited or insufficient information to progress an assessment has been received. This may occur after reasonable efforts have been made to engage with the customer and obtain the information needed to assess the claim.

Where such a claim is eventually closed due to a lack of information, imposing a fixed timeframe of one or two months, respectively, would significantly constrain the life insurer's ability to properly assess the claim, and may increase the risk of incomplete or incorrect decisions.

Recommendation 32

CALI supports the intent of recommendation 32 and agrees that regular and meaningful updates are important for customers to understand the progress of their claim. Clear communication can reduce uncertainty and support better customer experiences. This requirement should avoid prescription to enable life insurers to respond in a flexible and principles-based way specific to the circumstances of each individual claim.

Recommendation 37 and 38

CALI supports the intent of recommendation 37 to improve transparency and clarity of the Circumstances Beyond Our Control (**CBOC**) provisions. CBOC provisions are reasonable and necessary to preserve fairness in claims processing – both for individual customers, and for all customers in the broader risk pool, irrespective of whether they make a claim.

Reliance on CBOC is used cautiously and transparently in practice, and only after having made reasonable attempts to obtain outstanding information.

As outlined in our 15 December submission to the Review (**CALI Submission**), 79%⁴ 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.

In the CALI Submission, we also highlighted that the majority of CBOC applications relate to TPD claims (49%) and IP claims (42%), reflecting the inherent complexity of the medical, occupational and financial information, and the process, required to assess these types of claims.

CALI supports the proposed restructuring of the CBOC provisions into discrete categories to better clarify the drivers of CBOC reporting, to improve monitoring and reporting, and to support increased customer confidence.

CALI is concerned, however, by the fixed timeframes proposed for the investigation of non-disclosure, misrepresentation or fraud. It is critically important that life insurers are not proscribed from undertaking necessary and diligent investigations which may arise in such circumstances.

Life insurers will, of course, seek to resolve such matters as quickly as possible, however, the nature of such investigations can require substantial information gathering and time to enable an assessment. This is a critical risk control for life insurers and essential to ensuring equity and stability of experience and premiums across the risk pool.

The Life Code should not, therefore, limit such investigations to fixed time periods.

CALI notes that requiring detailed customer communications about suspected non-disclosure or fraud as part of routine CBOC updates may be impractical and, in some cases, inappropriate. For example, where a life insurer has formed a reasonable suspicion of fraud and is undertaking information-gathering steps (such as verifying records with third parties or conducting surveillance), providing detailed reasons or allegations to the customer at that stage may prejudice the investigation.

CALI also supports improved reporting and oversight of CBOC through the Life CCC's Annual Industry Data and Compliance (**ADCP**) reporting framework, however, it is important that such reporting is developed through close collaboration and co-design with industry and CALI.

⁴ Life Code Compliance Committee, *Annual Compliance Data Program* (1 June 2024–30 June 2025) (data received 7 November 2025).

To ensure the ADCP supports the Life Code's objective of improving customer and community confidence in the industry, it is important that the proposed reporting appropriately captures CBOC utilisation with improved granularity (including clearer drivers of delay and, where relevant, whether the delay relates to the customer, a third party, or assessment time) so that meaningful insights and conclusions can be drawn.

Recommendation 39

Surveillance is an essential risk control in the claims assessment process and is used judiciously, cautiously, and sparingly. It is utilised as a last resort when inconsistencies cannot otherwise be reconciled, and only after authorisation by senior staff.

There are strong checks and balances in the Life Code, and in our members' internal processes, to ensure surveillance is utilised and reported on appropriately.

CALI strongly supports clarifying clause 5.42(h) but we disagree with the interpretation of that clause as only permitting surveillance for a single defined period of no more than four months, even with a limited exception for long duration claims. Clause 5.42 was drafted in a manner intended to support the use of surveillance on any occasion in which an unresolvable inconsistency arises.

To support clarity and remove ambiguity, the body of clause 5.42(h) could be amended, for example, to state "*On each occasion in which Surveillance is approved*" instead of "*If Surveillance is approved*". This would make clear that surveillance can occur on multiple occasions but not exceeding four months in total in each instance.

Recommendation 40

CALI disagrees with recommendation 40 on the basis that it introduces significant procedural cost, complexity and delay without a clear improvement in customer outcomes.

In many instances, sufficient and reliable medical information may already be available from other sources, such as hospital records, surgical reports or diagnostic evidence, allowing customers to receive timely and well-informed decisions without additional consultation. Requiring treating doctor involvement in every case risks introducing unnecessary delay, particularly where treating practitioners are difficult to contact, unwilling to engage, or where their input would not materially assist with interpretation of policy terms.

Claims assessors are specifically trained to assess medical, financial and occupational evidence against specific policy terms. While clinicians, particularly treating doctors, can and do provide valuable expertise into the process, it is not always required and often comes at the cost of additional time to make a claims decision.

Recommendation 71

Recommendation 70 provides that CALI should not seek designation of any code provision as an ASIC enforceable code provision. Recommendation 71 recommends that the Life Code should be incorporated into new customer contracts so that commitments are contractually enforceable.

The Life Code already operates within a comprehensive and mature customer protection framework. Customers have access to extensive protections and remedies under the existing legal, regulatory, internal dispute resolution and external dispute resolution (**EDR**) framework.

Customers may already pursue complaints regarding claims handling, service standards, delays, hardship support, disclosure and life insurer conduct, with access to binding Australian Financial Complaints Authority (**AFCA**) determinations, remediation pathways, and significant statutory protections under the *Insurance Contracts Act 1984*⁵ and *Corporations Act 2001*⁶. In this context, incorporating the Life Code into contractual terms would provide limited incremental customer benefit beyond the significant and comprehensive protections and remedies already available to customers.

Importantly, the Life Code was designed as a principles-based, customer-focused framework intended to drive continuous improvement in life insurer practices and service standards. Incorporating the Life Code as a set of contractual obligations would necessarily require provisions to become more prescriptive, technical and legalistic in nature in order to achieve contractual certainty and manage legal risk.

This risks fundamentally changing the principles-based character of the Life Code, reducing accessibility for customers and limiting life insurers' ability to respond flexibly and compassionately to individual customer circumstances. The Life Code is effective and adaptable because it can respond quickly to emerging issues and evolving customer expectations without the rigidity and procedural complexity associated with contractual drafting.

Recommendation 71 also raises significant concerns given the relative maturity of the Life Code. Unlike other industry codes that have evolved over decades, the Life Code remains comparatively early in its development and continues to mature through ongoing review, implementation experience, and through the evolution and maturation of the Life CCC's oversight and compliance activities.

Embedding a still-evolving code into contractual terms at this stage risks prematurely locking in provisions before industry practice, customer expectations and regulatory settings have stabilised. The current framework allows the Life Code to continue developing in a responsive and iterative manner, which is critical to ensuring it remains effective and fit-for-purpose over time.

Further, incorporating a living and evolving code into contracts presents material long-term implications for product sustainability, administration and pricing. Life insurance contracts are uniquely long duration products, generally issued on a guaranteed renewable basis and subject to strict legislative constraints on unilateral variation. Embedding evolving Life Code obligations

⁵ *Insurance Contracts Act 1984* (Cth) s 13.

⁶ *Corporations Act 2001* (Cth) s 912(1)(a).

into policy terms may create uncertainty regarding future contractual obligations, increase operational complexity and generate legacy product issues across different cohorts of customers.

These risks are likely to increase compliance and administration costs over time, with potential downstream impacts on affordability, pricing and product flexibility for customers, without delivering commensurate improvements to substantive customer rights or outcomes.