

■ Sean Smith



Truth be told, Paul Lawson never quite believed CommInsure would deliver on its initial assurances to pay out on his \$774,000 disability claim.

"I was always sceptical, because I don't like insurance companies," says the 52-year-old father from Parmelia, who was forced out of his job a year ago by deep vein thrombosis.

"They will try to get out of anything they can. They're quite happy to take your premiums but when it comes to paying anything, they're slow in doing so."

It's a common enough view, if unfair to insurers as a body. But it speaks to the reputational threat to the life insurance industry posed by Commonwealth Bank's latest scandal.

CommInsure's practices may be no different to some of its rivals. However, allegations aired this week by a Fairfax Media/Four Corners investigation that the Commonwealth business engaged in unethical and fraudulent behaviour to avoid paying out on major claims by sick and dying policyholders threaten to undermine fragile public confidence in the industry.

Diane, a grandmother who has unsuccessfully pursued CommInsure for a total and permanent disability payment since a stroke put her adult son into full-time care last year, voiced her frustration when she spoke to ABC Radio on Tuesday. "He thought he was going to be looking after his teenage daughter if anything should happen to him," she said. "That turns out not to be true."

People buy income protection and life and TPD insurance with the reasonable expectation of securing a financial backstop for themselves and their families.

However, carve-out clauses and gotcha small-print in the policies mean the reality can often be different and the letter of the law takes precedence over compassion.

Three years ago, Mr Lawson awoke one night with severe pain and swelling in his left leg. A CT scan in Royal Perth Hospital found more than 20 blood clots and the sales manager was diagnosed with DVT.

Three operations have failed to improve blood circulation, leaving him on blood thinning medication and painkillers.

Unless the leg is elevated, Mr Lawson is unable to sit or stand longer than an hour without the pain and swelling returning.

Last March, he parted ways by



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mutual agreement with the seafood company where he had worked for six years. A week later, a RPH vascular surgeon certified him permanently incapacitated for the purposes of a claim on his TPD insurance, held via Mr Lawson's superannuation cover with Colonial First State.

Mr Lawson says he initially took some comfort from assurances from three different CommInsure managers that he was eligible for the payout.

But in December, in advising that it was moving to a decision on his claim, CommInsure cited a report from a Sydney rehabilitation consultancy retained by the insurer that, notwithstanding his condition, Mr Lawson was still able to perform some phone-based sales jobs in keeping with his "education, training and experience". Mr Lawson interpreted the letter as a pre-

emptive step to the rejection of his claim and sought legal advice.

His lawyer, David Huggins, said CommInsure had unfairly relied upon evidence taken out of context, including medical advice that Mr Lawson could work from home but only if he took frequent breaks, "so as to provide a justification for it to refuse to pay out Paul's claim".

He has also questioned the independence of the consultancy, whose services to insurers ultimately involve limiting claim payments. The testimonials on its website include one from a CommInsure executive.

"My client's circumstances are that he has a very serious and ongoing illness, there is no question about that," Mr Huggins said. It was "ridiculous" to suggest that Mr Lawson could "work in a call centre or anywhere else" given his condition.

The drawn-out process has left Mr Lawson in financial hardship and stress. His four-wheel drive and a boat have been sold to pay bills, and his youngest son was pulled from his private school last year when the family was unable to meet the fees.

Mr Huggins has now officially complained to CommInsure about Mr Lawson's assessment, starting the clock on a 90-day period at the end of which a com-

plaint can be made to the Superannuation Complaints Tribunal.

The Financial Ombudsman Service does not identify the insurers embroiled in the complaints before it. However, the organisation recorded a 6 per cent rise in life insurance disputes last financial year to 1227. Thirty-two per cent involved claim refusals.

"Of continuing concern is the failure of FSPs (financial service providers) to use correct policy provisions and to rely on more recent versions, with less beneficial terms," FOS noted in its 2014-15 annual review.

CommBank chief Ian Narev, who has had to deal with fallout from the scandal around poor financial advice in the bank's wealth management division, insists the CommInsure allegations do not reflect persistent cultural failures at the lender.

On Thursday, CommInsure announced changes to definitions in its trauma insurance cover, shortcomings in which were exposed by the Fairfax/Four Corners probe.

It has introduced a new layer of independence and assurance to its claim assessment and decision-making, with rejected claims to be referred straight to an independent review panel for further consideration.

APRA warns over investor loans

■ Shane Wright
Economics Editor

The nation's banks have been given a clip behind the ear by APRA over their definition of a home loan.

dle of 2015 official figures showed investors accounted for more than half of home loans, an all-time record.

It prompted concerns that a housing bubble was being created, particularly in the apartment market in Melbourne.

tant issues in properly classifying a home loan. "Reporting of fixed-term housing loans must reflect the current purpose of the loan because the split by housing loan purpose is important for monetary policy and financial stability considerations."

■ Sydney

More than 80,000 work days were lost to industrial disputes last year, despite what unions say are "historically low levels" of workplace disagreement.

A slight increase in the num-

Rise in dispute days

australian Building and Construction Commission," said ACTU secretary Dave Oliver. "Workers, their representatives and employers are getting on with it and disputes are down overall."

In the seven years under the ABCC, the annual average days