

'Deeply shocking': Turnbull government demands urgent ASIC report on life insurance industry

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The federal opposition says the Turnbull government should consider a royal commission into the life insurance industry, after tricky and unethical practices within the Commonwealth Bank's insurance division were exposed by a Fairfax Media/*Four Corners* investigation.

The call came as Assistant Treasurer Kelly O'Dwyer revealed the government was seeking an urgent report from the corporate regulator into the incidents raised by the investigation, and the industry more broadly.

Shadow financial services minister Jim Chalmers said Labor was prepared to consult with the government about a royal commission - a public inquiry with the greatest power to compel witnesses and gather evidence.



Assistant Treasurer Kelly O'Dwyer. *Photo: Alex Ellinghausen*

That would be in addition to an existing Senate inquiry into financial advice that will expand to include life insurance, and a separate investigation by the Australian Securities and Investments Commission.

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"Once we know what the Senate and ASIC uncover about these practices, then we are prepared to talk to the government about a possible royal commission," Mr Chalmers said. He drew comparisons with the Coalition's instigation of royal commissions into trade union corruption and the Rudd government's pink batts scheme.

"This is a government which is very quick to pull a trigger on royal commissions when it's about their political opponents," Mr Chalmers said. "It will be very interesting to see ... whether they have the stomach for a royal commission into something as fundamental as whether or not Australians can trust the insurance policies that they pay for and take out."

The six-month *Four Corners*/Fairfax Media investigation revealed a culture within CommInsure whereby doctors were pressured to change their assessments to avoid life insurance payouts and files mysteriously disappeared. On multiple occasions, the bank had forced employees to be "ill-health retired" due to a medical condition, but refused to grant their life insurance claim on the grounds that they could possibly recover in the future.

The company also stands accused of [delaying and frustrating the claims](#) of terminally ill clients. The revelations come courtesy of internal documents, numerous case studies and the testimony of CommInsure's former chief medical officer, Benjamin Koh.

Ms O'Dwyer said the "very troubling and shocking stories" demanded a full investigation, including a wider examination of whether such practices were commonplace throughout the industry.

"We are absolutely shocked by the allegations that have been raised overnight. They are deeply shocking, deeply concerning, and they need to be properly investigated," Ms O'Dwyer told ABC radio on Tuesday.

"For rightful claims to be denied is completely unjust, so we need to get to the bottom of the facts."



Ms O'Dwyer reiterated that an ongoing Senate inquiry into financial advice, headed by Nationals senator and bank critic John Williams, will expand to examine the life insurance industry. The government has also asked the Australian Securities and Investments Commission for an urgent and broader report on the matter.

"We need to check whether it's related to CommInsure or it's more systemic than simply CommInsure, and ASIC will be looking at that as well," Ms O'Dwyer said.

She would not yet countenance suggestions of a royal commission into the insurance industry.

CBA chief executive Ian Narev, who last year [took home \\$8.32 million](#) in salary and bonuses, continued to express his regret over the cases that have come to light as a result of the investigation.



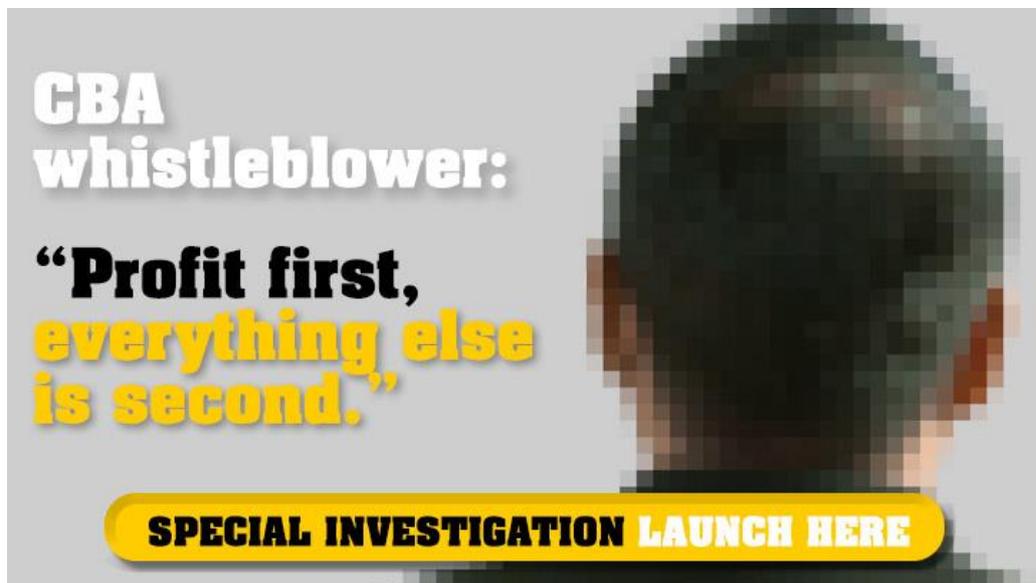
"I'm very saddened and very disappointed by the experience of those customers. We have let them down," he said in a radio interview on Tuesday. He reiterated a promise to write to the clients involved.

Mr Narev also reflected on the death of first wife from breast cancer in 2003.

"I can't imagine how difficult it would have been when you're going through those sorts of things to have the added stress that happened here, and that is completely unacceptable," he said.

He would not be drawn on cultural factors within the bank that may have led to clients' insurance claims being unfairly denied, or doctors pressured into amending their diagnoses. He instead pointed to the size of his organisation and suggested individual cases would be put right now that they have been exposed by the media.

"This business has four million customers. It pays out about 22,000 claims a year. The high level statistics of this business are that it's doing its job," he said. "When these claims got the attention they deserved, they have been rapidly dealt with."



Mr Narev said the bank would conduct its own internal investigation into the matter and would also co-operate with whatever action was taken by the Parliament.

"We have the highest degree of respect, obviously, for the political system," he said. "Regardless of any decision that's made in Canberra ... we have a high degree of effort, a high degree of intention, a high degree of commitment to doing what we need to do to continue to strengthen the ethics and the culture of the Commonwealth Bank."

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