

## New Life Code Vs Current Code

### Key improvements in the New Life Insurance Code of Practice

<b>Sales – industry wants people to make a considered decision to take out life insurance so that they understand their policy and will keep it for longer</b>		
Pressure selling	<ol style="list-style-type: none"> <li>1. Ending a sale when appropriate</li> <li>2. Ban on using cooling off or deferred premiums</li> <li>3. Ban on refusing a quote</li> </ol>	Ensures that customers can make an informed, considered decision to take out life insurance, and are under no pressure to do so.
Training & remuneration	<ol style="list-style-type: none"> <li>4. Salespeople’s remuneration is consistent with good customer outcomes</li> <li>5. Compliance performance measures</li> <li>6. Consequence management</li> </ol>	Ensures that sales staff are not incentivised to pressure a customer into taking out a policy they don’t want, with deterrents for doing so.
Third party distributors	<ol style="list-style-type: none"> <li>7. Ensuring people can rely on the Code, wherever they choose to buy a policy</li> </ol>	Ensures that policies bought through a distributor acting for the insurer have the same consumer protections.
Cooling off	<ol style="list-style-type: none"> <li>8. Extending 30 days cooling off to all sales of long-term policies</li> </ol>	Gives customers longer to change their mind about buying life insurance.
Retention	<ol style="list-style-type: none"> <li>9. Ban on coercive retention techniques</li> </ol>	Ensures that people are not discouraged from cancelling a policy they no longer want.
<b>Understanding the current &amp; future cost – industry doesn’t want people to get an unexpected premium increase</b>		
Premium disclosure	<ol style="list-style-type: none"> <li>10. Advised sales – providing information explaining premium structures</li> <li>11. Direct sales – available information explaining premium structures and telling customers how to access it</li> </ol>	Help customers understand how the cost of their policy might change in the future, and what to expect.
<b>Vulnerable customers – industry wants people to feel supported through the ups and downs of their life</b>		
More support	<ol style="list-style-type: none"> <li>12. Broader circumstances where vulnerability applies</li> </ol>	Extending protections to more types of vulnerability, such as infirmity.
Genuine consent	<ol style="list-style-type: none"> <li>13. Gratuitous concurrence defined</li> </ol>	To ensure that people’s consent is genuine and intended.
Family Violence	<ol style="list-style-type: none"> <li>14. Life insurers to have a family &amp; domestic violence policy on their website</li> </ol>	To provide more support for people experiencing family or domestic violence.

<b>Underwriting – industry wants people to understand the reasons why underwriting decisions are made and that they can be reviewed</b>		
Genetics/Family History	15. Moratorium included to introduce independent LCCC oversight 16. Family history limited to first degree blood relatives	To increase consumer confidence in the Moratorium and Family History protections through independent monitoring and sanctions for breaches.
Consent	17. Consent wording to limit access to patient clinical notes	To protect people’s privacy.
Decisions	18. Alternative terms must be explained 19. Notification of how long the alternative terms will apply 20. Notification that the alternative terms can be reviewed	To ensure people understand why they are being asked to pay a higher premium or accept more restricted cover, and when and how they can have these reviewed.
Mental health	21. Taking account of the history, severity, or type of the condition	To provide the opportunity to disclose the history, severity, or type of a mental health condition before an underwriting decision is made.
<b>Mental Health – ensuring that people are supported when they experience a mental health condition</b>		
Mental Health	22. No blanket mental health exclusions in new contracts	Bans small print which excludes mental health claims on new policies.
More support	23. Treating people with a mental health condition as vulnerable 24. Dedicated mental health section	To give extra support to people with a mental health condition and make it easier to find out what that extra support is.
<b>Claims – ensuring that people feel supported throughout the claims process</b>		
Interviews	25. Providing key information sheet covering customer’s rights 26. Allow gender choice of interviewer where available 27. Interviews no longer than 90 minutes 28. A 5-minute break offered at least every 30 minutes 29. Allow more breaks or an early end to the interview on request 30. No allegations of fraud without prior authority 31. Ending the interview if additional support is needed 32. Independent investigation of withdrawn claims	To ensure people are treated fairly when they are interviewed about their claim and are not pressured into withdrawing it.
Surveillance	33. Stopping surveillance on the advice of any medical practitioner 34. Surveillance for no longer than 4 months 35. New restrictions on business premises not open to the public	The Code already ensures that surveillance is used only as a last resort and that, on the rare occasions it is used, there is now further protection of people’s privacy.
Disclosures	36. Not checking previous disclosures without reasonable grounds 37. Explaining what the grounds are	To ensure that policies are not unfairly cancelled at claim time and that the claims assessment process is transparent.

Timeframes	<p>38. Income-related decisions within 2 months</p> <p>39. Lump sum decisions within 6 months</p> <p>40. Notifying the decision within 15 business days of receiving all information if sooner</p> <p>41. Fixed time (5 business days) for internal approvals</p> <p>42. Restrictions on extending timeframes due to circumstances beyond our control</p> <p>43. No going over old ground on reopened claims without reasonable grounds</p> <p>44. Explaining what the grounds are</p>	To ensure that claims are paid as promptly as possible and that life insurers only ask for the evidence that they reasonably need to assess claims.
Medical definitions	45. New approach to obsolete medical definitions in older policies	To ensure that claims are fairly assessed on policies with an obsolete medical definition.
<b>Sanctions – to help improve consumer confidence in the Code</b>		
Breaches	46. Subscribers can be sanctioned for breaches	To increase consumer confidence in the protections the Code provides.
Significant Breaches	<p>47. LCCC can decide significance</p> <p>48. Community Benefit Payment sanction up to \$100,000 for some significant breaches</p>	
<b>Clarity &amp; Navigation – making the Code easier to navigate and easier to read</b>		
Greater clarity	49. Code undergone independent plain English re-write	To make it easier for people to read, understand and navigate the Code.
Easier navigation	50. Code independently restructured for easy navigation	
Removed duplication	<ul style="list-style-type: none"> <li>• Removed restatements of law to avoid inconsistency, make the Code shorter and easy to read: <ul style="list-style-type: none"> <li>○ design and distribution obligations</li> <li>○ anti-hawking of insurance products</li> <li>○ deferred sales model for add-on insurance</li> <li>○ duty to take reasonable care not to make a misrepresentation</li> <li>○ limiting avoidance of life insurance contracts</li> <li>○ unfair contract terms</li> </ul> </li> </ul> <p>Note: To be replaced by a consumer guide to insurance law</p>	

**Next steps**

New Code start date	<ul style="list-style-type: none"><li>• New Life Code to start on 1 July 2023 on a self-regulatory basis with supporting materials (to be developed):<ul style="list-style-type: none"><li>○ Code Charter</li><li>○ Consumer guide to insurance law</li><li>○ Guidance on family &amp; domestic violence policy</li><li>○ Standard information about premium structures</li></ul></li></ul>	To give customers extra protections and increase consumer confidence as soon as possible.
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