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Media Release

ASIC TPD report -no more ADL's.

We welcome the ASIC report recommendations regarding Activities of Daily Living (ADLs).

We have noticed ADLs creeping into TPD definitions in stand-alone insurance, and insurance through superannuation for the last five years.

Whereas 88% of TPD claims with standard definitions are accepted, only a tiny fraction of clients would satisfy the onerous ADL requirements.

To be eligible for a standard TPD definition, a person needs to be permanently unfit to do their usual job or any other suitable work given their education, training or experience, perhaps with a retraining clause added.

In contrast, to satisfy an ADL definition, a person must be unable to do two or more daily living activities such as feeding, bathing, dressing, toileting, walking and transferring from bed.

In fact, the 40% figure for accepted ADL claims in the ASIC report is only half the story. In our experience, many more people who would otherwise qualify for a standard TPD definition never bother to claim because they can still feed, clean, toilet will clothe themselves.

ADL definitions have no place in employment-related TPD insurance benefits, such as MySuper default cover.

We have been calling for ADLs to be removed from TPD products for three years now and said so in a submission to the Treasury inquiry into universal terms in insurance in July 2019.

The good news story out of the ASIC report is the high rate of acceptance of TPD claims generally and the reducing claim timeframes. It shows the TPD benefits are well targeted and value for money.

But the boil that needs to be lanced is ADL definitions. The ASIC report does this.

The report is a big step in the right direction.

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