



**Financial Services Council –
Application for authorisation AA1000494
Interim authorisation decision
9 April 2020**

Decision

1. The Australian Competition and Consumer Commission (the **ACCC**) has granted interim authorisation in respect of the application for authorisation AA1000494, lodged by the Financial Services Council (**FSC**) on 6 April 2020.
2. The FSC applied for authorisation on behalf of its current (as listed in **Annexure A**) and future member life insurance companies (**Member Life Insurance Companies**) to give effect to a commitment to ensure that frontline healthcare workers are not denied life insurance, will not be charged higher premiums and will not have benefits excluded, purely due to exposure, or potential exposure, to COVID-19.
3. The ACCC has granted interim authorisation for the conduct described at paragraphs 5 to 10 below.
4. Interim authorisation commences immediately and remains in place until it is revoked or the date the ACCC's final determination comes into effect.

The application for authorisation

5. The FSC, on behalf of its Member Life Insurance Companies, seeks authorisation to implement a commitment that has the purpose of assisting and supporting Australian frontline healthcare workers. Under this commitment, for new life insurance policies for eligible healthcare workers, exposure or potential exposure to COVID-19 will not of itself be used to:
 - decline an application for cover;
 - charge a higher premium; or
 - apply a COVID-19 pandemic risk exclusion to any of the benefits offered.(the **Proposed Conduct**).
6. The Proposed Conduct does not include Member Life Insurance Companies discussing or agreeing the premium or other terms (beyond those specified as part of the commitment) that will apply to the policies offered by individual Member Life Insurance Companies.
7. The Proposed Conduct is subject to the following conditions:
 - (a) the commitment applies to new underwritten applications for individual life insurance benefits up to the financial limits for relevant healthcare workers;
 - (b) the normal underwriting process and rules will apply to individuals for health conditions unrelated to COVID-19; and
 - (c) applicants who have tested positive for COVID-19, or who are waiting for a test result, will not be immediately eligible for cover.

8. Relevant healthcare workers include, but will not be limited to, individuals working in any capacity in Australia in any of the following roles:
 - doctors, nurses and all hospital workers;
 - ambulance workers and paramedics;
 - people working at a GP surgery or clinic;
 - workers at a COVID-19 testing site;
 - people providing mental healthcare services;
 - workers developing a COVID-19 vaccine or treatment;
 - pharmacists;
 - police;
 - aged care workers; and
 - volunteers helping to support people with COVID-19.
9. The Proposed Conduct applies to the total amounts of cover the applicant would have, including both the cover being applied for any existing individual and group insurance cover with all life insurers in aggregate, up to the following amounts:
 - \$750 000 of lump sum death cover;
 - \$500 000 of total permanent disability cover (TPD);
 - \$200 000 of trauma and/or critical illness cover;
 - \$4 000 a month in total of any combination of income protection, salary continuance or business expenses cover.
10. The implementation of the Proposed Conduct will not be mandatory for any Member Life Insurance Company and Member Life Insurance Companies can opt in or out of the commitment at any time during the period of the authorisation. The commitment does not prevent a Member Life Insurance Company from providing coverage in excess of the above.
11. The FSC will notify the ACCC of any Member Life Insurance Companies who choose to opt into the commitment.
12. The FSC seeks authorisation for a period of 12 months from the date on which authorisation is granted, or at least until 1 July 2020.

The authorisation process

13. Authorisation provides protection from legal action for conduct that may otherwise breach the competition provisions of the *Competition and Consumer Act 2010* (Cth) (the **Act**). Broadly, the ACCC may grant authorisation if it is satisfied that the benefit to the public from the conduct outweighs any public detriment, including from a lessening of competition. The ACCC conducts a public consultation process to assist it to determine whether proposed conduct results in a net public benefit.

Interim authorisation

14. The ACCC may, where it considers it appropriate, grant an interim authorisation which allows parties to engage in proposed conduct while the ACCC is considering the substantive application.
15. The FSC requests urgent interim authorisation to allow FSC and Member Life Insurance Companies to immediately implement the commitment which will provide assurances to healthcare workers regarding the availability of cover in circumstances where those workers are taking on increased risk for the benefit of the broader community.

Consultation

16. The ACCC has not conducted a public consultation process in respect of the request for interim authorisation.
17. The ACCC will conduct a public consultation process on how the interim authorisation is operating and the substantive application for authorisation in the coming days and details on how to make a submission will be available on the [ACCC's authorisations public register](#).

Reasons for decision to grant interim authorisation

18. In granting interim authorisation, the ACCC recognises the urgency of the request for interim authorisation in light of the COVID-19 pandemic, and the importance of making life insurance available for frontline healthcare workers who wish to obtain cover.
19. The ACCC notes that the Proposed Conduct will only apply to new applications for life insurance cover. Members have confirmed that there are no exclusions that would prevent existing policies in place before 11 March 2020 (the date the World Health Organisation declared COVID-19 to be a pandemic) from paying out for a death claim related to COVID-19, if the individual followed the Government's travel advice.¹
20. The ACCC considers that there are a number of factors that mitigate the risk of longer-term competitive detriment arising from the Proposed Conduct. In particular:
 - The Proposed Conduct is a temporary measure, linked to responding to the COVID-19 pandemic aimed at providing assurances about the availability of life insurance coverage to frontline healthcare workers who may be mostly affected in these circumstances.
 - Member Life Insurance Companies that agree to implement the Proposed Conduct will not discuss or agree on other terms, including premiums.
 - The Proposed Conduct is voluntary and members may choose to opt in or out of the commitment. Members may also choose to provide a higher levels of coverage than proposed under the commitment.
21. The ACCC considers that there are likely to be public benefits from the Proposed Conduct including:
 - enabling Member Life Insurance Companies to promptly provide assurances regarding the availability of life insurance during the COVID-19 pandemic;
 - increasing the availability of life insurance offers to relevant members of the public. The Proposed Conduct may enable individual life insurers to avoid a concentrated risk exposure to healthcare workers who have a higher risk of exposure to COVID-19, and therefore increase the availability of life insurance offers to these workers.
 - providing for a degree of financial relief for frontline healthcare workers where Member Life Insurance Companies choose not to charge a higher premium pursuant to the Proposed Conduct.
22. The ACCC is satisfied that, given the circumstances of the COVID-19 pandemic, it is appropriate to grant interim authorisation

Reconsideration of interim authorisation

23. The ACCC may review a decision on interim authorisation at any time, including in response to feedback raised following interim authorisation. The ACCC's decision in relation to the interim authorisation should not be taken to be indicative of whether or not the final authorisation will be granted.

¹ [FSC Media Release, COVID-19: Helping Frontline Healthcare Workers Access Life, 6 April 2020](#).

Life insurers (Member Life Insurance Companies)

1. AIA Australia Limited
2. Allianz Australia Life Insurance Limited
3. AMP Life Limited
4. Asteron Life & Superannuation Limited
5. ClearView Life Assurance Limited
6. EMLife Pty Ltd (Code subscriber since 14 March 2018)
7. General Reinsurance Life Australia Ltd
8. Hallmark Life Insurance Company Ltd (part of the Latitude Financial Services Group)
9. Hannover Life Re of Australasia Ltd
10. HCF Life Insurance Company Pty Ltd (Code subscriber since 1 July 2018)
11. Integrity Life Australia Limited (Code subscriber since 1 July 2018)
12. MetLife Insurance Limited
13. MLC Limited
14. Munich Reinsurance Company of Australasia Limited
15. NobleOak Life Limited
16. OnePath Life Limited (a company of Zurich Australia Limited)
17. Pacific Life Re (Australia) Pty Ltd (Code Subscriber since 19 February 2020)
18. QInsure Limited (Code subscriber since 15 September 2017)
19. RGA Reinsurance Company of Australia Limited
20. SCOR Global Life Australia Pty Ltd
21. St Andrew's Life Insurance Pty Ltd (Code subscriber until 17 June 2020)
22. St George Life Limited
23. Swiss Re Life & Health Australia Limited
24. TAL Life Limited
25. The Colonial Mutual Life Assurance Society Limited (trading as CommInsure)
26. Westpac Life Insurance Services Limited
27. Zurich Australia Limited