



AIA Australia Limited  
 (ABN 79 004 837 861 AFSL 230043)  
 PO Box 6111  
 Melbourne VIC 3004  
 Phone : 1800 333 613  
 Fax : 1800 832 266  
 AIA.COM.AU

5 March 2018

By Email: [fsrcsolicitor@royalcommission.gov.au](mailto:fsrcsolicitor@royalcommission.gov.au)

The Hon KM. Hayne AC QC  
 Royal Commissioner

Dear Commissioner

### Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

We refer to our response to the Royal Commission dated 19 February 2018.

Since our response, AIA Australia (**AIA**) has identified that its handling of an individual claim did not meet community expectations, and did not reflect recent improvements made to our claims handling as noted in the *Internal claims handling review (2016)*, *Independent claims handling review (2016)*, and *Life Insurance Code of Practice (2017)* sections of our response.

We have adopted an assessment of community expectations consistent with that set out in our 19 February 2018 response. A summary of this individual claim is set out in the table below, which is structured to capture our response to Questions 2 and 3 of the Royal Commission's letter dated 11 January 2018.

#### Claims handling (2018)

The total and permanent disability (**TPD**) claim was received by the trustee in June 2016 and referred to AIAA for assessment.

In September 2017, AIA notified the trustee of its intention to decline the claim. AIA had formed the opinion that the member did not meet the TPD definition because the member retained capacity to return to work within their Education, Training or Experience (**ETE**).

During the claims handling process there were inadvertent human errors resulting in a member experience that may not have met community expectations, including:

- communication between the Claims Assessor and the Consultant Medical Officer that was suboptimal, resulting in requests for medical examinations that may not have been necessary;
- a manual processing error that delayed the trustee's commencing their review of AIA's recommendation to decline the claim; and
- a breakdown in internal processes that resulted in the member's dissatisfaction with our service not being escalated within AIA or to the trustee.

Following notification of a complaint to the Superannuation Complaints Tribunal (**SCT**) on 19 January 2018, a review of the claim was undertaken.

The trustee found that it disagreed with AIA's initial assessment and requested it to be reviewed. AIA reviewed the decision and formed the opinion that the member was not able to work within their ETE and satisfied the TPD definition.

AIA subsequently recommended that the claim be accepted.

Response to Royal Commissioner's Questions			
3(a)	Yes – the claimant made a complaint to the SCT.	3(b)	No.
3(c)	No.	3(d)	Yes – inadequate internal controls during the period in which the incident occurred.
3(e)	<p><u>Remediation</u></p> <p>Following AIA's review, the claim was paid on 16 February 2018, including interest.</p> <p>AIA and the trustee wrote to the member to apologise, and the member has accepted an invitation to meet with AIA and the trustee to provide feedback on their experience.</p> <p><u>Preventative steps</u></p> <p>A status review of all current claims is underway, in addition to increased staff training, and daily monitoring of workflows to prevent this issue from reoccurring.</p> <p>As noted in our response from 19 February 2018, in the last 7 months AIA has engaged additional claims handling personnel and increased training in order to reduce the risk of these types of errors that may contribute to the delay of claims in instances such as this. This formed part of a large body of work arising from the <i>Internal claims handling review (2016)</i>, <i>Independent claims handling review (2016)</i>, and <i>Life Insurance Code of Practice (2017)</i> to improve our processes and better meet community expectations.</p>		

If you have any further questions or require additional information, please contact me at

██████████ or ██████████

Yours sincerely



**Damien Mu**

**CEO AIA Australia and New Zealand**