

Supporting  
Australians  
for 15 years

Breast  
Cancer  
Network  
Australia



# **Breast Cancer Network Australia**

## **Submission to The Senate Economics Committee Inquiry into Scrutiny of Financial Advice**

**April 2016**

### **About Breast Cancer Network Australia**

Established in 1998, Breast Cancer Network Australia (BCNA) is the peak national consumer organisation for Australians personally affected by breast cancer. We support, inform, represent and connect people whose lives have been affected by breast cancer. We work to ensure that Australians diagnosed with breast cancer receive the very best support, information, treatment and care appropriate to their individual needs.

BCNA represents more than 110,000 individual members and 300 member groups across Australia.

Breast Cancer Network Australia (BCNA) welcomes the opportunity to provide a submission to the Senate Standing Committee on Economics Inquiry into Scrutiny of Financial Advice. Our submission addresses the Terms of Reference referred to the Committee on 2 March 2016 relating to the life insurance industry.

### **BCNA recommendations**

1. That the Australian Government develops a taskforce of key stakeholders, including health professionals, Government officials, consumers and representatives of the superannuation and insurance industries, to develop national standards to deliver a more streamlined, less complicated process that would improve access to superannuation and associated insurances for all Australians living with a terminal illness.
2. That resources explaining these very complex issues be developed for people working in the superannuation industry and Centrelink staff so they can give accurate and appropriate advice on accessing superannuation and associated insurances to people living with a terminal illness.
3. That resources explaining these very complex issues are developed for the general public, and are well promoted.

## Submission

Australia has the fourth highest rate of breast cancer in the world<sup>1</sup> and breast cancer is the most common cancer in Australian women.<sup>2</sup> In 2016, it is expected that 15,930 women will be diagnosed. Breast cancer also affects men, with 150 expected to be diagnosed this year.

While the mortality rate is falling, breast cancer is the second most common cause of death from cancer in women after lung cancer.<sup>3</sup> Approximately 3,040 women and 25 men died from secondary (metastatic, advanced, stage 4) breast cancer in 2015. It has been estimated that around 9,000 Australians are living with secondary breast cancer at any one time.<sup>4</sup>

With improved treatments, many people are living longer with metastatic disease, sometimes for many years. This can place individuals and their families under extreme financial stress. In addition to the sometimes significant out-of-pocket costs for breast cancer treatment and care, people living with secondary breast cancer may be too unwell to continue in the paid workforce, resulting in reduced income.

*Being a long term [secondary breast cancer] patient, my family has incurred significant expense due to my health - \$50,000 out of pocket over the years, including \$15,000 for a drug not on the PBS. I have had to use my insurance and cash in my superannuation to reduce our household debts. It goes without saying that this is a tremendous financial burden for my family. – Karen, BCNA member*

A 2014 BCNA survey of more than 580 people living with secondary breast cancer found that 60 per cent (351) had experienced financial difficulty in the previous week due to their breast cancer.<sup>5</sup>

The same study found that 29 per cent (170) had not been able to access their lump sum superannuation through the terminal illness provisions although they had wanted to do so. The most common reasons given for being unable to access superannuation were the terminology around the number of months they were expected to live and the complexity of paperwork in submitting a claim. Other women discussed encountering difficulties when dealing with their superannuation fund, including being sent incorrect forms or not receiving clear information about entitlements. Others were unsure about entitlements associated with their superannuation policies, including Total and Permanent Disability (TPD) benefits and Total and Temporary Disability (TTD) benefits, also referred to as Income Protection or Salary Continuance.

*I have been trying to work out how [to access my superannuation]. I have called the Super fund people, and they keep sending the wrong forms. – Survey respondent*

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<sup>1</sup> Australian Institute of Health and Welfare, *Breast Cancer in Australia: an overview*, October 2012

<sup>2</sup> Australian Institute of Health and Welfare & Australasian Association of Cancer Registries, *Cancer in Australia: an overview 2014*

<sup>3</sup> Australian Institute of Health and Welfare & Australasian Association of Cancer Registries, *Cancer in Australia: an overview 2014*

<sup>4</sup> Clements, M.S., Roder, D., Yu, Z.Q., O'Connell, D., L. (2012). *Estimating prevalence of distant metastatic breast cancer: a means of filling a data gap* *Cancer Causes Control*, 23, 1625-1634.

<sup>5</sup> Spence, D., Morstyn, L., & Wells, K. (2015) *The support and information needs of women with secondary breast cancer* (Breast Cancer Network Australia)

*Not sure how to go about this. ... I have called the Super people and, as I am not wanting to cease work immediately and have more than 12 months to live, no one seems to know what I can access. – Survey respondent*

Access to superannuation and associated insurances can be of vital importance to Australians living with metastatic (terminal) breast cancer; however, as found in our survey, many face difficulties accessing it.

BCNA was delighted that the Australian Government last year agreed to amend the superannuation laws to extend the life expectancy requirement of the terminal illness provision from 12 months to 24 months. This will benefit many people living with a terminal illness.

We are concerned, however, about unintended consequences that have arisen from this change, particularly around access to death benefits attached to superannuation policies, which are commonly paid out only when life expectancy is 12 months or less. While some superannuation funds are re-negotiating arrangements with their insurance providers to allow death benefits to be paid to terminally ill members with a life expectancy of 24 months, this practice has not yet been adopted as an industry standard meaning people may not be aware whether their own fund has made this change. As a result there is potential for people to lose their death benefits when claiming their lump sum superannuation pay out if they do not understand they need to retain sufficient funds in their account for their insurance premiums to continue to be deducted.

BCNA has recently released a fact sheet to help explain some of these issues and to assist people with incurable breast cancer to understand their superannuation and insurance entitlements. However we are concerned that there is poor understanding of this unintended consequence and that life insurance policies attached to superannuation policies may inadvertently lapse upon withdrawal of a superannuation account balance. BCNA is concerned that this may lead to huge financial disadvantages to families, particularly families of young women who may be relying on these funds to assist with the cost of living expenses after a woman's death.

We are also concerned by the general lack of standards across the superannuation industry. This includes inconsistency around definitions for terms such 'terminal illness' and 'total and permanent disability' which currently vary from fund to fund. Consistency in these definitions would provide greater clarity, reduce complexity around claims and improve dispute resolution processes.

Lack of industry standards around processing time frames also means that some claims are taking months to be finalised, with administrative delays holding up applications and leading to further financial strain for people living with terminal illness, many of whom are forced to pay expensive legal fees to have claims finally approved.

*Income disability insurers are appalling and we need laws to make them honour their products. I waited 20 months to be paid 16 months' worth of underpaid or unpaid claims and it cost me \$10,000 in accountancy fees pushing them, plus interest on my line of credit which I had to draw on to survive. – Survey participant*

BCNA believes better education of superannuation fund and Centrelink staff could help to alleviate problems raised in our survey around poor advice and incorrect forms being sent to people wishing to access insurance and superannuation under the terminal illness provision.

## Recommendations

1. That the Australian Government develops a taskforce of key stakeholders, including health professionals, Government officials, consumers and representatives of the superannuation and insurance industries, to develop national standards to deliver a more streamlined, less complicated process that would improve access to superannuation and associated insurances for all Australians living with a terminal illness.
2. That resources explaining these very complex issues are developed for people working in the superannuation industry and Centrelink staff so they can give accurate and appropriate advice on accessing superannuation and associated insurances to people living with a terminal illness.
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*My next thought, and it is on my mind every day as we struggle financially, is 'if I commit suicide all our financial problems will be solved and my family will be happy'. The only thing stopping me is knowing how devastated my children would be. Surely anyone with incurable cancer can have insurance and super released and not have to fight for it? The comfort of financial security would be astronomical. – Survey participant*

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