Geoff Atkins is an actuary by profession, recently retired from full time work after 41 years in general insurance and accident compensation.

With newly available brainspace he writes on current issues in the sector, and this is one such publication.

Mental health claims in insurance

Insurance claims arising from mental ill-health occur in many types of insurance. The incidence (and cost) has been growing for more than 20 years and, in my view, we have not worked out as a community an effective way to deal with this.

Way back in 2017 I co-authored a paper published by the Actuaries Institute on Mental Health and Insurance. As discussed later little seems to have changed despite an enormous amount of attention, thinking and policy work.

- It remains a wicked problem
- Data no longer such an issue
- Focus on prevention
- Role of doctors and lawyers

So what's to be done?

If, as a society, we want our insurance systems to be stable and less costly, then we need major changes in how we deal with claims arising from mental health conditions.

- First, make entry requirements more onerous
- Second, make benefit periods shorter and less generous
- Third, focus treatment on ways that will, on average, make people better
- Fourth, use 'expert neutral evaluation' rather than duelling doctors
- Fifth, link better with other sources of support (not just financial)

We can leave PTSD (single event) fairly much alone. The condition is usually resolvable, times off work are much shorter and return to the previous job is usually straightforward.

Cumulative PTSD cannot, however, be left alone. Most common with 'first responders', It needs to be associated with a career change and/or earlier retirement, and the financial and other entitlements should be the same as those relating to anyone in that employment. Superannuation and other employment conditions are often adapted for workers in these roles (such as police or ambulance) and having workers compensation on top makes the situation worse. My position is that the person has reached a situation where they are just not suitable for the job and the job is not suitable them.

The issue of 'stigma'

I have no doubt that in decades past there has been a great deal of stigma attached to mental health conditions. However, over several decades we have worked in public health to reduce or remove the influence of stigma. I am sure it still exists, but perhaps no worse than attitudes to a 'bad back'.

The emphasis on prevention

It is difficult to argue against prevention, but it is another thing entirely to make it effective. For me, this sits entirely within the Work Health and Safety space, and needs to be kept separate from workers comp. As with other types of injuries, the role of the workers comp system is to provide information that can help guide WHS activities. One could argue that the underwriting and pricing process of insurers should help, but I think this argument is grossly overstated.

Links with workplace relations

Most mental conditions arising from work (or allegedly arising from work) have strong workplace relations links. Breakdowns in personal relationships, perceived problems with management approaches and the like are not uncommon. A typical pathway might well be:

- Conflict or unhappiness in the workplace
- Discussion with relevant manager (who sometimes is part of the problem)
- Grievance escalated to HR
- Doctors reports (usually GP) to justify time off work
- If the internal resolution is not satisfactory, a visit to the union and raising a dispute in the Fair Work system
- At some point, making a workers compensation claim, whether on advice or out of frustration or financial need.
- <add a disability or TPD claim here as well>

I don't know what the data says, but I would not be surprised if many workers comp claims are not lodged until weeks or months after the initial conflict, and an awful lot of water has flowed under the bridge. The workers comp is then about money, not about recovery or even vindication.

In 2025 the NSW Government introduced workers comp legislation (not passed) that would require a workers comp claim to be preceded by some kind of Fair Work action. I doubt the practicalities of this had been worked through.

The 2017 Green Paper

Sue Freeman and I called out eight specific reasons why it is such a difficult problem:

1. Lack of relevant and appropriately collated data – a frustration for all involved, but at least it is a problem that can be tackled
2. Diagnosis of mental health conditions relies on subjective information and may not relate to prognosis or the impact on a person's ability to work
3. Reliance on self-reporting of symptoms and difficulty in validation
4. Severity and prospects of recovery are hard to understand, and even harder to influence
5. There is a high prevalence of co-morbidities, including substance abuse
6. The prospect of financial compensation can influence behaviour and produce worse health outcomes
7. The claim process itself can lead to 'secondary mental harm'
8. Ineffective regulatory framework, decision making and dispute resolution given the specific nature of mental health conditions

Except for the first item, I think these difficulties remain today, with little progress made. Regarding suitable data, many of us will always complain about this, but I think there is enough data available to understand the problems and guide a way forward.

In the green paper we also identified nine suggestions for improvement, which are repeated below:

1 Product definitions
The definitions and claim criteria in products should be continually updated to deal specifically with mental health conditions (long term products like life insurance might need regulatory change to permit this). Product descriptions that focus on wellness and recovery, and describe an active role for insurers in supporting recovery, could result in better claim outcomes.
2 Product design
Large lump sums are arguably not appropriate. Time-limited income streams may be better, especially if integrated with mechanisms to support recovery.
3 Underwriting guides
Increased investment in guidelines specifically for mental health conditions would be useful, similar to those that are used for other medical conditions. For some insurance products, in setting premiums, should insurers take into account an employer's record on mental health claims and the extent to which their culture reflects mentally healthy workplace standards?
4 Early treatment focused on recovery
Increased focus on insurance structures to help with early treatment and recovery, rather than getting in the way of recovery. There are opportunities for changes to the design of the system in this area, whether it involves superannuation funds, employers, treating practitioners, social supports or other pathways. Is it possible to construct and maintain a person-centred approach?
5 Review of laws relating to mental health and insurance
While a daunting task, a review of the many laws and regulations and anomalies between jurisdictions to give a more consistent approach to particular mental health issues may help.
6 Data – collection, analysis and access
Further investment in the skills and technology is needed to collect, analyse and disseminate useful data. Recent progress seems to have been slow.
7 Specialised skills in dealing with claims
Investment in more sophisticated claims management approaches, such as triaging techniques to improve claim outcomes for both the person on claim and insurer. SuperFriend<ref> has developed a comprehensive framework for best practice management of psychological claims that can form the basis for improvements, and PIEF (the Personal Injuries Education Foundation) could also be well placed to provide programs and support across industry segments.
8 Expert neutral evaluation
An adversarial system of resolving disputes ('duelling doctors' and expert lawyers) seems to be especially problematic for mental health conditions. Many different insurance applications may benefit from a system of 'expert neutral evaluation', with reporting standards relating to impartiality and evidence-based opinion, early in the process.
9 Continued education and collaboration
Support continuing efforts to educate stakeholders and encourage active promotion of strategies that will help prevent people with mental health conditions from falling out of the workforce, improve outcomes for consumers and maintain a sustainable insurance sector.

The ISCRR research clearing house identified no less than 467 relevant papers. I could not possible do justice to reviewing and forming views on all this material, so the views in this article are somewhat my overall judgements and impressions.