

FSC Standard 21 Mental Health Education Program and Training

Frequently Asked Questions

1 May 2014

1. Status of this document and FSC Standard 21

This document provides answers to some questions relating to FSC Standard 21. It is to be read along with FSC Standard 21. FSC members must comply with FSC Standard 21 as drafted and approved by the FSC Board.

As this document addresses some questions only and is not a full summary of FSC Standard 21, FSC Standard 21 prevails over this document to the extent of any inconsistency between this document and FSC Standard 21. FSC notes that FSC members must comply with both the spirit and the letter of FSC Standards. FSC reserves the right to update this document in light of experience.

2. Why has FSC Standard No. 21 been issued?

The FSC has engaged with mental health sector stakeholders about access to insurance for consumers with a history of mental health concerns for over ten years.

In 2011-12 three million Australians reported having a mental and/or behavioural condition.¹ Recent research also indicates that mental illness may be experienced by 45% of the Australian adult population at some point over their lifetime.

In recent years, mental health advocates have raised specific concerns with the FSC and in the media about perceived 'discrimination' experienced by consumers with mental health histories when seeking to enquire about or purchase life insurance products. It has consistently cited a survey completed in 2011, *Mental Health Discrimination and Insurance – A Survey of Consumer Experiences 2011*.

This Standard has been pro-actively developed by the FSC, in light of these issues in addition to the significance and prevalence of Mental Health concerns within the community.

3. What is the purpose of FSC Standard No. 21 Mental Health Education Program and Training?

FSC Standard No. 21 *Mental Health Education Program and Training* (**FSC Standard 21**) was issued 22 August 2013.

Its purpose is to ensure Representatives of Members are equipped with the knowledge and skills to engage with consumers of life insurance products and services who may have experienced Mental Health concerns.

¹ Australian Bureau of Statistics, Australian Health Survey: First Results 2011-12, cat. no. 4364.0.55.001, 2012.

4. As an insurer, what do I have to do to comply with FSC Standard No 21 and what evidence is required?

Compliance with the FSC Standards is compulsory for all Full FSC members.

Between July and September every year, the Boards of Full Member companies are required to adopt a resolution stating:

- that they are satisfied they have complied with the FSC Standards for the previous year;
- where they have not complied they must state the exemptions that have been granted by the Financial Services Council in this regard; and
- which Standards are not applicable to their business.

Compliance with Standard 21 for the FSC Compliance Year ending 30 June 2014 will be satisfied if:

- Your company adopts an industry-developed program, or its own alternative program, that meets the requirements outlined in the Standard; and
- Your company has an internally approved process for rolling out the training to relevant representatives as defined in Standard 21 (the FSC does not need to approve your process, as compliance with FSC Standards is through Board self-attestation); and
- Your company is taking reasonable measures to train all relevant representatives as soon as is reasonably practicable.

Provided the above requirements are satisfied, it is not expected that 100% of representatives will have completed the training program by 30 June 2014.

For the FSC Compliance Year ending 30 June 2015 and onwards completion of the training program by relevant representatives is expected on an ongoing basis.

5. Who needs to undergo this training?

All representatives (including employees) of a life insurer who interact with customers in relation to life insurance products on behalf of the insurance company will be required to undergo the mental health awareness training. This is not limited to underwriting and/or claims staff and may also include call centre, policy administration, sales staff etc.

6. Who is covered by the term “representative”?

For the purposes of FSC Standard 21:

Representative means any person or entity authorised by the *Insurer* who may be required, in the course of performing their/its role to engage or interact with consumers in relation to the products and services of a *Member’s* life insurance business.

Representative may include but is not limited to claims and underwriting staff, call centre operators, customer service officers and financial advisers/planners directly employed by a *Member*.

Anyone who interacts with a customer in relation to life insurance products on behalf of an FSC member life insurance company will be required to undergo the mental health awareness training.

The insurance company is only responsible for the people it **employs or authorises** to engage or interact with consumers in relation the insurer’s products or services (and this includes customer facing staff whether or not they are required to meet ASIC’s policy in RG 146, for example because only factual information is provided).

7. How does the standard apply to financial advisers acting under the insurer’s licence, or not acting under the insurer’s licence?

If a financial adviser is a representative (which includes employees) or authorised representative (in a licensing sense – see sections 910A, 916A and 916B of the Corporations Act) or a corporate authorised representative (or an employee of a corporate authorised representative) of the insurer, then the insurer is required to facilitate training (meeting the requirements of Standard 21) of such employed or authorised advisers.

However, if the adviser is **not** acting under the insurer’s Australian financial services licence as a representative (which includes employees), authorised representative or corporate authorised representative (or employee of a corporate authorised representative) of the insurer, then Standard 21 does not require that insurer to train those advisers. Any training for those advisers would be a matter for the licensee under whom those advisers are acting as representative, authorised representative or corporate authorised representative.

The FSC will separately engage with representative bodies of advisers and other insurance intermediaries to encourage the broader adoption of standard mental health awareness training.

8. Examples of ‘representatives’

The following table provides examples of staff that may be deemed to be a ‘representative’ of an insurer as defined in Standard 21 and therefore required to complete the training:

Example of role	Required to undergo training Y/N?
Staff who deal with insurance applicants and advisers	YES
Staff who deal with advisers only	NO
Non customer facing staff	NO (if they would never be expected to have contact with customers/potential customers – if however they are involved in the renewal process or administration and may come in contact with a customer, then YES)
Open market advisers (Independent/non-aligned Advisers)	NO if not an authorised representative or corporate authorised representative of an FSC Member Insurer
Advisers in aligned dealership groups, advice networks	YES where they are employees, authorised representatives or corporate authorised representatives of an FSC Member Insurer
Bank tellers, direct distributors (e.g. call centre staff)	YES if authorised by the insurer to discuss life insurance products or services with customers or potential customers

Please note: The table is a guide only. If you are unsure as to which staff in your organisation are required to undergo training for the purpose of complying with Standard 21 please contact the FSC (standards@fsc.org.au). Further, it is a matter for the FSC Member whether they choose to encourage others to undertake mental health awareness training.

9. How is the awareness training to be delivered?

This is for individual companies to decide and may depend on the number and location of people that are required to undergo the awareness training.

10. What content must be included in this training? That is, what are the core competencies that each employee must demonstrate?

This training should include the following:

A general awareness and understanding of the causes, signs and symptoms of common Mental Health conditions;
An understanding of what it is like to have a Mental Health concern;
Provide communication skills for interacting with consumers who may have Mental Health concerns.

11. How do we evaluate competencies? Is the competency based assessment sufficient to meet the expectation of the FSC Standards?

The FSC expects its Members to give consideration to the appropriate assessment approach to measure the effectiveness of the training program.

12. When must an insurer demonstrate compliance with this Standard?

The first certification of compliance with this Standard is due September 2014, as part of the Member's sign-off on compliance with FSC Standards relating to the 2013/2014 FSC Compliance Year ending 30 June 2014. Please refer to FAQ 4 in this document for compliance round 2014 requirements.

All future certification (FY2015 and beyond) must confirm the following:

The training has been reviewed;
The training is effective; and
The percentage of Representatives required to undertake the training who have completed the training.

Please refer to FSC Standard 21 for further details.

13. What minimum percentage of staff is required to have completed program for compliance?

Ultimately, all Representatives required to undergo training must complete the training program implemented by the FSC Member Insurer.

14. In Section 7, it is stated that ‘the Mental Health Education Program must be reviewed annually by the Member to ensure its effectiveness in achieving the objective of awareness...’

Does that mean the material needs to be reviewed based on the currency of the material, effectiveness of the training and identification of training needs?	YES
Who is responsible for measuring the effectiveness?	FSC Member Insurer
Who is responsible for the annual review of the material?	FSC Member Insurer
How do we assess the effectiveness of the training and any deficiencies?	FSC Member Insurers must be satisfied as to the effectiveness of any training program. Effectiveness should be assessed by the insurer in accordance with its operational risk and compliance framework.
What measures do we need to put in place if the program is ineffective?	If the program is deemed ineffective, appropriate review and revision of the program should be completed before compliance is certified.

15. How might an insurer demonstrate the effectiveness of the training?

Ultimately it is a matter for the insurer to test and certify as to the effectiveness of the training. FSC will rely on the certification required to be provided by FSC Members to FSC under FSC Standard 21. While it is a matter for each FSC member, one of a range of measures insurers may consider in designing the review of the effectiveness of their mental health awareness training, is the nature of the feedback received from customers through claims or other teams who have completed the training or via the level and types of complaints insurers receive. Other measures and testing procedures may also be appropriate. FSC cannot and does not mandate the manner in which the insurer assesses and certifies as to the effectiveness of training required under Standard 21.

16. How are other insurers going about creating this training?

A number of companies have indicated to the FSC that they are considering creating an electronic learning (e-learning) module to satisfy the training requirements as well as leverage off existing customer service and mental health training already being provided.

17. What role, if any, is FSC playing in providing/creating an education programme for mental health to meet the requirements of the Standard? That is the creation of standardised modules for insurers to use.

The FSC has coordinated working group meetings where potential training providers have presented options for an industry coordinated program. Discussions are ongoing and any costs are to be borne by participating members.

18. If the training material is standardised across the industry, who will be responsible for the annual review of the material?

Individual FSC Insurer Members are responsible for the annual review in consultation with the training provider/s.