

Guideline tackles misleading health funds promotions

The Commission and the Private Health Insurance Complaints Commissioner have jointly published a guide to help private health insurance funds to comply with the 'misleading and deceptive conduct' provisions of the Trade Practices Act.

One of the reasons for publication of the guide was continuing complaints — from funds and members alike — about promotional claims made by some funds.

Active involvement by insurers and consumer groups in the project helped identify problem areas where guidance is particularly needed.

It is hoped that the guide will promote fair competition in the industry and help consumers make informed decisions about health insurance — reducing the need for government action.

The guide is aimed at senior executives and other health fund staff who make decisions about promotional activities — for example marketing managers, corporate lawyers and in-house publications staff. It is also relevant to staff of health funds' advertising agencies.

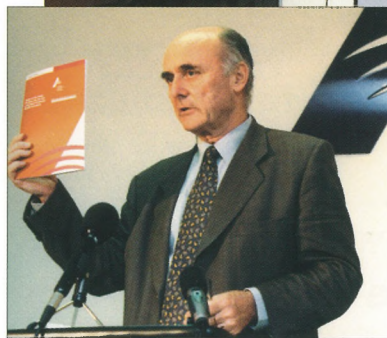
It includes sections on obligations in terms of:

- the correctness and currency of promotional claims;
- the use of qualifications, limitations and disclaimers, fine print, and the omission of important terms, conditions or exclusions;
- comparative advertising;
- the use of terms that have a special meaning in the industry different from consumers' understanding — for example '100% cover' and 'immediate cover';



◀ L to R: Mary Perrett, Private Health Insurance Complaints Commissioner, Sitesh Bhojani, ACCC Commissioner, and Prof. Allan Fels, ACCC

▼ L to R: (back) Matthew Blackmore, PHICC, Richard Fitzpatrick, ACCC, Carl Buik, ACCC; (front) Sitesh Bhojani, ACCC Commissioner, Mary Perrett, PHICC Commissioner



▲ Prof. Allan Fels, ACCC Chairman



- the use and interpretation of waiting periods;
- changes to benefit entitlements; and
- other issues including excesses, ambulance cover, tax benefits and unexpected exclusions.

The guide discusses four basic safeguards that can help reduce the risk of breaching the Act:

- making everyone with responsibility for sales and marketing aware of the need to comply with the Act and what this entails;

- ensuring that all promotional material is checked against the requirements of the Act and signed off at the corporate lawyer level or its equivalent;
- clear procedures and lines of responsibility for promotional activities to reduce the risk of running misleading material and to provide an 'audit trail' if problems do arise; and
- effective complaints handling procedures at shop front level, with referral mechanisms to head office.

The Commission believes that improved compliance offers the industry real benefits — especially by reducing the risk of breaching the law and making its products more attractive to consumers.