

## Daughter 'in tears' as insurance company sells woman with dementia \$15,000 funeral policy

ABC Capricornia By Alice Roberts

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PHOTO: Daughter Belinda Wilkes at her home near Rockhampton. (ABC Capricornia: Alice Roberts)

**A Queensland woman says she is shocked an insurer ignored a number of 'red flags' when selling a \$15,000 funeral insurance policy over the phone to her mother who has dementia.**

The Australian Seniors Insurance Agency, operated by Greenstone Financial Services, signed Robyn O'Neill up to the policy when she called after seeing an advertisement on television.

Daughter Belinda Wilkes said she demanded a copy of the initial phone conversation between her mother and the insurer and was shocked that the sale went through.

"If you heard the recording, you would hear quite clearly in there that Mum could not give her own birth date, she was confused about where she lived," she said.

"Throughout the whole conversation she was putting in stories that did not match the context of the conversation that she was having.

"She couldn't identify what her bank card was amongst the other cards in her wallet.

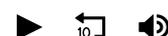
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### Key points:

- Belinda Wilkes' mother took out the insurance policy over the phone after seeing an ad on TV
- A recording of the conversion demonstrated that her mother was confused about basic personal details
- Ms Wilkes says that should have raised a 'red flag' with the insurer



**AUDIO:** Australian Seniors Insurance Agency phone call (ABC News)

"For me, there were many red flags during that 20-minute conversation that the insurer should have gone 'This person doesn't have the capacity to make these choices — I shouldn't be continuing with this sale'."

Ms Wilkes said she found out about the policy when the hard copy arrived in the mail.

"I immediately rang the insurer and I said to them Mum wasn't capable of making those choices when it came to taking out insurance policies and doing any of that sort of personal care for herself," she said.

"[I said] that I was the enduring power of attorney and could I please cancel the policy.

"And their response was, you're not down as a beneficiary so you're not allowed to cancel the policy.

"If you did want to cancel the policy, I was required to get a JP-signed copy of the original document [enduring power of attorney] and send it to them."

Ms Wilkes sent the document to them within a day.

"A couple of weeks went by and Mum received a phone call asking whether she wanted to add someone on as a beneficiary," she said.

"Then I received a phone call saying I couldn't be added because we hadn't sent proof that Mum was no longer capable of making those decisions from her GP."

It took a month for Ms Wilkes to be able to cancel the policy.

"They said they had to do an internal review, so they went about listening back to what happened in that initial phone call and then I got a phone call back a few days later saying that they were going to cancel our policy and that our money would be refunded immediately," she said.

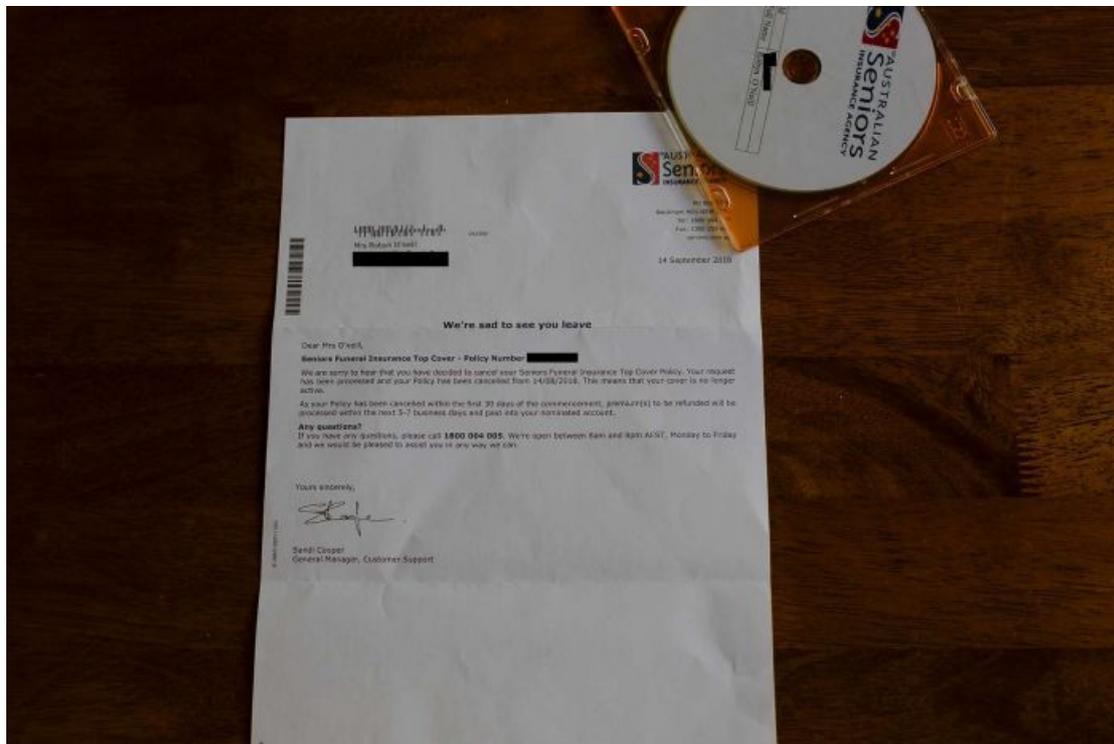
Ms Wilkes said it was difficult to listen to the recording from the insurer.

"I was in tears, I was shocked, I was angry — I was just cranky that another person could do that to someone else," she said.

## 'Wrong judgement made', insurer says

The insurance agency's parent company, Greenstone Financial Services, said in a statement:

"We agree that in this case the wrong judgement was made by a member of our staff when selling this policy, and we are disappointed that the conduct has fallen short of the standards we have set for ourselves. Our rectification practices worked to resolve the matter once identified. We will be incorporating this case into our future training."



**PHOTO:** The funeral insurance cancellation letter that Robyn O'Neill received and the audio recording of her initial phone conversation with the Australian Seniors Insurance Agency. (ABC Capricornia: Alice Roberts)

The director of the Advice Financial Rights Legal Centre, Alexandra Kelly, said that was not good enough.

"Funeral expenses policies are treated differently to other financial products — the rationale behind that was to make it less complex for financial service providers to issue the policies in order to meet the needs of consumers," she said.

"However, we've seen time and time again that certain financial service providers aren't complying with basic honesty, fairness and transparency requirements and thankfully through the royal commission we've seen a recommendation to remove the exemption in respect of funeral expenses policies."

The Royal Commission into Misconduct in the Banking, Superannuation and Finance Services Industry recommended that funeral insurance be re-classified as a financial product under the Corporations Act.

This would mean insurers would be required to have an Australian Financial Services Licence and would expose companies to penalties that failed to comply with the act's basic honesty, fairness and transparency guidelines.

The commission took evidence about two types of funeral insurance: funeral life policies and funeral expenses policies.

A bill to give ASIC product intervention powers was passed this month, which will allow the regulator to intervene in cases on behalf of customers in relation to a variety of financial products.

The law has now changed off the back of the banking royal commission but experts say the government has not gone far enough to regulate the industry.

Swinburne Law School Adjunct Professor and lawyer Paul Latimer said he was calling the new laws a 'halfway house'.

"ASIC is now getting into funeral insurance with this product intervention power and they can also issue a product intervention order if something goes wrong or they could get a court order as well," he said.

"All this is positive but they haven't gone all the way and all the way would be proper licensing of the industry.

"Funeral insurance should be the same as any other insurance. Why regulate types of insurance differently?"

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## ASIC missing in action



ASIC is the law enforcement agency that shies away from enforcement, particularly at the top end of town, writes Ian Verrender.

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He said Australia's corporate regulator should be better supported by government.

Belinda Wilkes said she had lodged an official complaint with ASIC and was waiting on a response.

"I can't understand how insurers can take out these types of policies over the phone, with that amount of money with such little details and information about the person who is asking for the policy," she said.

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