

OpenVoiceNews Australia

Transparent. Unbiased. Yours.

Super Funds Face Pressure for Faster Payouts as Mental Health Claims Surge

July 16, 2025

— Categories: *Economics*



Australia's superannuation funds face mounting pressure to expedite payouts as mental health insurance claims hit record highs, with consumer advocates decrying delays that exacerbate financial distress. New data reveals a near-doubling of claims, highlighting systemic issues in the insurance sector. This article examines the causes of the spike, the

challenges in processing claims, and the need for reform without endorsing the Labor government's approach.

Mental health issues now drive one-third of Total and Permanent Disability (TPD) claims, with the Council of Australian Life Insurers (CALI) reporting \$2.2 billion in payouts in 2024, almost double the amount from five years prior, according to ABC News. Insurance lawyer Patrick Williamson-Hill, a senior associate at Berrill & Watson, told ABC News, "There's been an unprecedented spike in mental health claims, especially post-pandemic." He attributes delays, often exceeding six months, to limited access to psychiatric care, noting, "You can't X-ray a mind." Insurers require treatment records to verify TPD eligibility, but affordability barriers—63% of Australians cite cost as a hurdle to mental health care—slow the process.

The surge reflects broader societal pressures, with 730% more workers aged 30-40 leaving jobs permanently due to mental ill health over the past decade. Economic stress and workplace demands fuel conditions like anxiety and depression, which are harder to diagnose than physical ailments, as TAL Life's Didier How Yin Fat explained to Money Magazine. AustralianSuper's Richard Land noted that returning to work can worsen mental health, complicating recovery and claims. Posts on X echo public frustration, with users like @advocacynsw highlighting delays that leave claimants in limbo, sometimes facing homelessness.

Critics argue the Labor government's oversight has failed to address inefficiencies in the superannuation system, allowing insurers to drag out payouts while claimants suffer. The Australian Securities and Investments Commission (ASIC) has warned funds about poor handling, yet bureaucratic inertia persists. Solutions like streamlined assessments

and preventative support could ease the burden, but overregulation risks hiking premiums. As mental health claims strain the system, super funds must prioritize efficiency to support vulnerable Australians without relying on government overreach.