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Mastering the pendulum: An exploration of how we can find balance in the ongoing push and pull between Mental Health Advocacy and the long-term sustainability of the Life Insurance Industry

Introduction

Pendulum Theory and its application throughout history to describe significant periods of societal or political change,¹ has been examined by many thinkers and writers. Russian American Sociologist Pitirim Sorokin, wrote that rooted in all periods of social struggle, change and uprising is the push and pull between altruism and materialism.² Likewise, German Sociologist Georg Hegel also used Pendulum Theory to explore the ways in which human behaviour was consistently swinging between the opposite extremes of “utopian ideals” and “worst case scenario.”³ The imagery of the pendulum has also been used to describe the *Mental Health Continuum*⁴ and the way in which we all have the capacity to swing from *wellness* to *illness* throughout different periods of our life.⁵

However, are the lines between altruism and materialism as well defined in 2024, as they were when Sorokin and Hegel first wrote about Pendulum Theory? According to William MacAskill, founder of the *Effective Altruism (EA) Movement*, a key component of Effective Altruism is making choices based on how much good it will achieve for future generations.⁶ In this context, is the Life Insurance industry’s ongoing focus on sustainability ultimately an altruistic endeavour? Is there in fact, sound justification around the need to focus on the greater good of many (*in terms of the long-term affordability of Life Insurance products*) vs making products more equitable for those with a lived experience of mental ill-health? More importantly, are our historically entrenched roles of *protagonist* and *antagonist* stopping us from correctly diagnosing the real problem and finding the correct balance between the push and pull of both sides?

The aim of this paper is to discuss the ways in which Pendulum Theory can appropriately be applied to the current challenges faced by the Life Insurance industry in its attempt to create an effective balance between service and sustainability or between *altruism* and *materialism*. Like MacAskill, it will endeavour to advocate the need for a *longtermism*⁷ approach to altruism in which data and scientific reasoning become instrumental in deciding how Effective Altruism can and *should* be achieved.⁸ It will also seek to present a viable solution for how

¹ Peter Wright, 2017, *Pendulum Theory, Patterns from History*, Peter Wright’s Blog, accessed 24 August 2024, (<https://peterwrightsblog.com/observations/pendulum-theory-patterns/>)

² Wikipedia Contributors, 2024, Pitirim Sorokin, accessed 23 August 2024, (https://en.wikipedia.org/wiki/Pitirim_Sorokin)

³ Claudia Merrill, 2017, Hegel’s Pendulum Swing Theory, Claudia Merril, accessed 17 August 2024, (<https://www.claudiamerrill.com/blog/hegelpendulumswingtheory>)

⁴ Madhuleena Chowdhury, 2019, What is the Mental Health Continuum Model?, Positive Psychology, accessed 17 August 2024, (<https://positivepsychology.com/mental-health-continuum-model/>)

⁵ Madhuleena Chowdhury, 2019, What is the Mental Health Continuum Model?, Positive Psychology, accessed 17 August 2024, (<https://positivepsychology.com/mental-health-continuum-model/>)

⁶ Naina Bajekal, 2022, *Want to do more good? This movement may have the answer*, Time Magazine, Accessed on the 24 August 2024 (<https://time.com/6204627/effective-altruism-longtermism-william-macaskill-interview/>)

⁷ William MacAskill, 2019, The Definition of Effective Altruism,80,000 Hours, accessed 24 August 2024, ([MacAskill Definition of effective altruism, penultimate.pdf - Google Drive](#))

⁸ William MacAskill, 2019, The Definition of Effective Altruism,80,000 Hours, accessed 24 August 2024, ([MacAskill Definition of effective altruism, penultimate.pdf - Google Drive](#))

the Life Insurance industry can re-design both its products and its delivery of services in order to aid long-term sustainability as well as become a powerful and instrumental tool in helping to lower the rising cost of mental ill-health on a national scale.

A Data Driven Approach: Using data to properly define the problem and pave the way for a more definitive solution

The Transtheoretical Model of Change specifies that the first step in creating meaningful change, lies in our ability to admit that there is in fact a problem that needs to be solved.⁹ However, defining the root cause of a problem is often the most challenging of all the steps and involves properly diagnosing the situation so that the focus is on the actual problem and not merely on its symptoms.¹⁰ In educating others on the application of Effective Altruism, MacAskill advocates the use of scientific evidence and careful reasoning to work out how maximum good can be achieved, stating that in addition to scientific methods and reliance on data that there also needs to be a place for “*careful rigorous argument*”.¹¹

So, what exactly does the data tell us about the current landscape of mental ill-health? According to present statistics, one in five Australian adults will experience a mental illness in any given year and a total of 45% of Australians will be affected by mental illness at some time in their life.¹² Additionally, according to the 2021 *Household Income Labour Dynamics in Australia* (HILDA) report, 59% of people aged under 65, reported having difficulties with employment due to long term mental ill-health.¹³ According to HILDA these difficulties included needing ongoing assistance or special equipment and having to restrict the number of hours worked and/or the type of work undertaken.¹⁴ In 2023, The Australian Burden of Disease Study also revealed data showing that in Australia, mental and substance use disorders were reported to represent the second highest level of health loss due to disease or injury “*that was not improved by current treatment, rehabilitative and preventative efforts of the health system and society.*”¹⁵ Interestingly though, while the above data references the extent to which mental and substance use disorders were not improved by current

⁹ Kendra Cherry, 2024, *The 6 stages of Behaviour Change*, Very Well Mind, accessed 25 August 2024, (<https://www.verywellmind.com/the-stages-of-change-2794868#:~:text=When%20changing%20a%20behavior%2C%20people%20typically%20go%20through,Action%2C%20where%20they%20take%20steps%20toward%20the%20goal>)

¹⁰ The Conflict Resolution Education Connection, 2007 – 2024, *Defining the Problem*, CR Education, accessed 25 August 2024, (https://www.creducation.net/resources/problem_solving_skills/defining_the_problem.html)

¹¹ William MacAskill, 2019, *The Definition of Effective Altruism*, 80,000 Hours, accessed 24 August 2024, ([MacAskill Definition of effective altruism, penultimate.pdf - Google Drive](#))

¹² Better Health Channel 2023, *Mental Illness Statistics*, accessed 20 August 2023, (<https://www.betterhealth.vic.gov.au/health/servicesandsupport/mental-illness-statistics>)

¹³ Australian Government, Australian Institute of Health and Welfare, 2024, *Prevalence and Impact of Mental Illness*, accessed 17 August 2024, (<https://www.aihw.gov.au/mental-health/overview/prevalence-and-impact-of-mental-illness>)

¹⁴ Australian Government, Australian Institute of Health and Welfare, 2024, *Prevalence and Impact of Mental Illness*, accessed 17 August 2024, (<https://www.aihw.gov.au/mental-health/overview/prevalence-and-impact-of-mental-illness>)

¹⁵ Australian Government, Australian Institute of Health and Welfare, 2023, *Australian Burden of Disease Study*, accessed 17 August 2024, ([Australian Burden of Disease Study 2023, About - Australian Institute of Health and Welfare \(aihw.gov.au\)](#))

treatment or preventative efforts,¹⁶ according to the Australian Bureau of Statistics (ABS), of the 4.3 million Australians aged 16-85 who experienced mental ill-health lasting 12 months or longer in the period 2020-2022, only 45.1% consulted a health professional.¹⁷ Even more alarming, only a mere 21.3% reported consulting a psychologist.¹⁸

If we consider the concept of Pendulum Theory in relation to the Mental Health Continuum,¹⁹ author and psychologist Madhuleena Chowdhury states that each of us has the ability to shift from one end of the continuum to the opposite end, as our situation and internal or external faculties, improve or deteriorate.²⁰ As early as 1939, American psychologist Gordon Allport, also identified that our propensity to shift from mental health to mental ill-health, could actually be predicted or anticipated by the capacity to capture the key moment when a subject ceases to possess or embody, the key qualities of a well-functioning or mentally healthy individual.²¹

According to Chowdhury, there are three distinct markers within the mental health continuum:

1. The **healthy point**, the point at which people are generally satisfied and happy in their lives, are emotionally well-balanced, stable, and goal oriented;
2. The **problem point**, the point at which people may be starting to show some distress and inability to cope but are still capable of performing daily life functions; and
3. The **disorder point**, the point at which people are unable to cope with stress and exhibit significant changes in their thoughts and actions.

Looking at the available data relating to the occurrence rates of mental ill-health, it is imperative that we consider whether we have successfully defined the problem, or whether we are still just focussing on addressing the symptoms. Should the focus of the conversation truly be about whether Insurers are being fair and balanced in their use of strict underwriting guidelines or the application of broad exclusions, or should the focus instead be on how as a nation, we can seek to reduce the ever-increasing incidences of mental ill-health within the Australian population?

So, what if there was a solution to the current push and pull of the proverbial pendulum? What if there was a way in which Insurers could not only provide coverage for *any* type of mental ill-health, but also ensure the long-term sustainability of the Life Insurance industry and the long-term affordability of Life Insurance products for the average Australian? What if

¹⁶ Australian Government, Australian Institute of Health and Welfare, 2023, *Australian Burden of Disease Study*, accessed 17 August 2024, ([Australian Burden of Disease Study 2023, About - Australian Institute of Health and Welfare \(aihw.gov.au\)](https://www.aihw.gov.au/australian-burden-of-disease-study-2023/about))

¹⁷ Australian Bureau of Statistics, 2023, *National Study of Mental Health and Wellbeing*, accessed 18 August 2024, ([National Study of Mental Health and Wellbeing, 2020-2022 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/national-study-of-mental-health-and-wellbeing-2020-2022))

¹⁸ Australian Bureau of Statistics, 2023, *National Study of Mental Health and Wellbeing*, accessed 18 August 2024, ([National Study of Mental Health and Wellbeing, 2020-2022 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/national-study-of-mental-health-and-wellbeing-2020-2022))

¹⁹ Madhuleena Chowdhury, 2019, What is the Mental Health Continuum Model?, Positive Psychology, accessed 17 August 2024, (<https://positivepsychology.com/mental-health-continuum-model/>)

²⁰ Madhuleena Chowdhury, 2019, What is the Mental Health Continuum Model?, Positive Psychology, accessed 17 August 2024, (<https://positivepsychology.com/mental-health-continuum-model/>)

²¹ Madhuleena Chowdhury, 2019, What is the Mental Health Continuum Model?, Positive Psychology, accessed 17 August 2024, (<https://positivepsychology.com/mental-health-continuum-model/>)

the only thing that stood between such altruistic ambition and actual implementation was a lack of trust and regulatory freedom? Most importantly, what if the overarching goals of both Advocacy Groups and Insurers were much more aligned than what they appear to be at first glance?

Altruism and Sustainability: Why Insurers should be better supported to focus on Sustainability as a pathway to Effective Altruism

As a passionate advocate of altruism, MacAskill spent decades researching the best model for Effective Altruism and the ways in which Effective Altruism must, as an imperative, focus on long-term improvements and the creation of positive outcomes for future generations as opposed to just delivering support for people in need.²² In applying MacAskill's model of Effective Altruism, it could be argued that our moral imperative lies beyond simply seeking to support people with a lived history of mental ill-health and should instead be focused on solving the economic impact that mental ill-health is likely to pose to future generations.

While it is easy to focus on what we can and should be doing right now, what happens when that current figure of *one in five* Australians²³ becomes *one in two*? Will the expectation remain that Life Insurers should continue to provide open and unrestricted coverage for mental ill-health to all Australians? Will LICOP 3.0 or 4.0 still contain the restriction that Insurers cannot create products that include blanket exclusions for mental-ill health?²⁴ And if so, what will this mean for the long-term sustainability of the Life Insurance industry given that a recent report on the current affordability of life insurance products already reflects community sentiment that life insurance is becoming increasingly unaffordable for the average Australian household.²⁵

Hegel's version of the Pendulum Theory relied upon the notion that in the push and pull between two opposing ideals, that an eventual balance could be achieved.²⁶ He further postulated that the reason why the pendulum swung so viciously in the first place is because both views are typically so opposing, that it takes a complete revolution or uprising to allow the pendulum to turn in favour of the idealists or utopians and then in time, back once again in favour of the capitalist / materialist. However in regard to the current debate, are our views really that opposing? Or do both parties ultimately want the same thing; to create a future where *all* Australians are appropriately supported and resourced to live healthier, happier and longer lives? If this is indeed the agreed problem that needs to be solved, *equitable and effective support for all Australians*, then the next question is whether the solution really lies

²² William MacAskill, 2019, The Definition of Effective Altruism, 80,000 Hours, accessed 24 August 2024, ([MacAskill Definition of effective altruism, penultimate.pdf - Google Drive](#))

²³ Australian Bureau of Statistics, 2023, *National Study of Mental Health and Wellbeing*, accessed 18 August 2024, ([National Study of Mental Health and Wellbeing, 2020-2022 | Australian Bureau of Statistics \(abs.gov.au\)](#))

²⁴ FSC 2023, *Life Code of Practice 2023*, accessed 17 August 2023, <https://fsc.org.au/resources/2488-fsc-code-of-practice-2022-final/file>

²⁵ Council of Australian Life Insurers, 2024, *Life Insurance Sentiment Tracking Research Report*, accessed 23 August 2024, (<https://cali.org.au/reports/>)

²⁶ Claudia Merrill, 2017, Hegel's Pendulum Swing Theory, Claudia Merrill, accessed 17 August 2024, (<https://www.claudiamerrill.com/blog/hegelpendulumswingtheory>)

in asking Insurers to lower their risk appetite when they are already paying out around one billion dollars in mental ill-health claims each year.²⁷

If we think back to our review of the Mental Health Continuum and the known importance of timely and effective intervention, and also reflect back on the ABS data which indicated that only 21.3% of Australians experiencing mental ill-health sought the assistance of a psychologist,²⁸ we can see that focusing on how Insurers design their products and who they offer cover to, is merely a symptom of the problem and not the actual problem itself. If we are also asking Insurers to be more accommodating in their willingness to trust and asking them not to assume that a past instance of mental ill-health is a reliable predictor of the likelihood of future instances, then it is also in turn reasonable to expect that Insurers ask the same of Regulators and Advocacy Groups in regard to not allowing any examination of current behaviour, ideas or motivations to be tainted by any past indiscretions of the sector. Moreover, if the current expectation is that Insurers should be doing more to support vulnerable Australians, then why are we not also discussing the removal of the enduring restriction on Insurers in regard to the funding of treatment for individuals on claim.

So, what if Insurers were allowed to fund treatment for individuals on claim? What if it was written into each Product Disclosure Statement, that if a Life Insured is diagnosed with a mental ill-health condition, that they would be expected to undertake a minimum of 10 fully funded psychology sessions within the first three months of their claim being accepted? What if Insurers partnered with an organisation like Better Help and used their network of 35,000 licensed therapists²⁹ to provide access to 24/7 telephone and digital support services and in doing so, effectively removed any barriers associated with accessing timely and appropriate treatment and support? What impact would such a model have, not only in regard to the duration of mental ill-health claims, but also the overall economic impact that mental ill-health represents at a national level?

What if we took this model further and imagined that Insurers also had the capacity to create tailored products that required individuals to proactively care for their psychological health as a condition of accessing cover? In such a model the need for any exclusions would cease to exist and instead, those with a lived experience of mental ill-health would be able to access cover to protect both their life and their income, if they were also willing to demonstrate a commitment to proactively caring for their mental health through participating in regular mental health checks. Whilst such models would call on Government, Regulators, Consumers and Advocacy Groups, to put aside any fear or mistrust, the reward would be the ability for Insurers to be more equitable in their capacity to offer broad coverage for instances of mental ill-health whilst also ensuring that Life Insurance products on the whole remained affordable for the average Australian household and that the sustainability of the Life Insurance industry was appropriately safeguarded.

²⁷ Alex Vickovich, 2020, *Life Insurers Brace for Surge in Mental Health Claims*, Australian Financial Review, accessed 25 August 2024, (<https://www.afr.com/companies/financial-services/life-insurers-brace-for-surge-in-mental-health-claims-20200727-p55frv>)

²⁸ Australian Bureau of Statistics, 2023, *National Study of Mental Health and Wellbeing*, accessed 18 August 2024, ([National Study of Mental Health and Wellbeing, 2020-2022 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/national-study-of-mental-health-and-wellbeing-2020-2022))

²⁹ Better Help, 2024, accessed 23 August 2024, ([BetterHelp - Get Started & Sign-Up Today](https://www.betterhelp.com/get-started/))

Conclusion

George Hegel wrote that “*the history of the world is nothing but the progression of consciousness towards freedom*”³⁰ He wrote the statement about Pendulum Theory and the fact that true balance is only found when we are capable of seeing the other persons side, of expanding our understanding of all relevant points of view and effectively challenging our own perceptions and cognitive bias in order to ensure that they do not prevent us from seeing the reality of any given situation.

When we think about the past, present and future of the Life Insurance industry, we can easily identify the ways in which the pendulum has swung from a period where profits reigned over people, to where people and the Advocacy and Regulatory bodies that protect their interests, currently continue to push the pendulum further towards its opposite *Utopian* side. However, the question remains, *at what cost*, if the continuing trend is to force Insurers to be the second highest funder of economic support for Australians suffering with debilitating mental ill-health.³¹ In considering such a model, we must also acknowledge the very real threat that even the most basic level of Life Insurance coverage will one day be financially unattainable for the average Australian household.

While the real problem is clear; *as a nation we need to do more to positively influence and control the rising social and economic cost of mental ill-health*, the truth remains though, that the data does not lie and that the rising costs of mental ill-health is taking a toll on not only the Life Insurance industry, but also creating ripple effects through the broader Australian economy. While we can expect Insurers to do more or do better and continue to heavily regulate the industry and to rigorously restrict the industry’s autonomy to deliver creative and tailored solutions, we can also instead choose to trust that Insurers do have the capability to deliver on both sustainability and altruism in a way that also seeks to genuinely and proactively care for the lives of vulnerable Australians. Ultimately, if we can be prepared to truly see the other side of the debate, we can also find a way to bring the pendulum swing to a halt and create a harmonious and impactful balance for the long-term benefit of future generations.

³⁰ Claudia Merrill, 2017, Hegel’s Pendulum Swing Theory, Claudia Merrill, accessed 17 August 2024, (<https://www.claudiamerrill.com/blog/hegelpendulumswingtheory>)

³¹ FSC 2023, *Policy Priorities 2022*, accessed 17 August 2023, https://www.pc.gov.au/_data/assets/pdf_file/0006/338109/sub053-productivity-attachment.pdf