

Life insurance

Information for people affected by cancer

Many people with cancer have concerns about life insurance and may wonder if they can take out a new policy if they don't have an existing one.

Life insurance refers to insurance products that include death, permanent disability, trauma or critical illness cover, and income protection. This fact sheet covers what to consider when applying for life insurance. It outlines your duties of disclosure, why you may be refused cover and what you can do if you think you have been treated unfairly.

Your life insurance will be set out in the policy schedule or annual statement and in the contract or Product Disclosure Statement. If you are in any doubt about what you are covered for, get legal or financial advice.

Q: When I apply for life insurance, do I have to tell the insurer that I have had cancer?

A: Yes, if you are applying for individual life insurance. You are required to fill in the life insurance application form accurately. This will usually include disclosing any past or existing medical conditions that you know, or could reasonably be expected to know. This information may affect the insurer's decision to insure you and helps them "underwrite" your policy.

You have a duty to disclose any conditions while your application is being processed. If you change your cover or the terms of your policy at any time, you have a duty to disclose any necessary information.

If you don't disclose a condition that you know, depending on the nature of the non-disclosure, the insurer may treat the cover as never having been in place, reduce the amount you have been insured for or vary your cover (including increasing your premiums, applying exclusions or increasing waiting periods).

Some insurers may offer life insurance without "underwriting" – which means without asking questions about your health and/or other personal circumstances. However, in most cases this type of cover will include exclusions for any conditions for which you had a diagnosis or were suffering symptoms, before the cover was issued. Even if you pay premiums, these types of policies are unlikely to pay a benefit for death or disability as a result of cancer if you knew about the cancer at the time of applying for the insurance (note that this is different to default insurance sometimes available through superannuation funds).

What is underwriting?

Underwriting is the process that insurers use to assess the level of risk (or likelihood) of someone applying for life insurance making a future claim against their insurance policy. Insurers use statistical and actuarial data along with other information, such as medical, lifestyle and family history in underwriting. This helps the insurer set a premium that reflects the level of risk that person presents. If you have or have had cancer, the insurer may assess you as having a higher risk because you may be more likely to make an insurance claim.

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Q: Can I get life insurance through my superannuation fund?

A: People often don't realise that they may have life insurance attached to their superannuation (super). Employment super funds offer insurance by default. In many cases, you will be covered as long as you did not choose to "opt out". Check whether you have insurance through your super fund. If you start a new job and join the employer's default super fund, you may be able to get income protection, total and permanent disability cover and/or death cover on a default basis – that is, without completing any health forms. Generally, you will have to join the superannuation fund and contributions start within six months of starting a job. Before you do, check that the cover suits your needs.

You might have life insurance under more than one super fund or life insurance policy, which can mean you might have multiple claims.

Q: When I apply for life insurance, do I have to disclose any genetic test results?

A: It depends on the circumstances. The life insurance industry has decided that it will freeze its use of genetic test results for any new life insurance applications made on or after 1 July 2019, up to certain sums of insurance.

If you are applying for a new life insurance policy (or policies) for less than \$500,000 in total, you don't need to tell the insurer about any genetic test results you have had, and the life insurer must not ask for them.

But, if you are applying for policies with higher totals, life insurers can ask you for information about any genetic tests you may have had, and you will have to share this information with them. The relevant amounts are any of the following:

- \$500,000 of lump sum death cover;
- \$500,000 of total permanent disability cover;
- \$200,000 of trauma (sometimes called critical illness) cover
- \$4,000 a month in total of any combination of income protection, salary continuance or business expense cover.

The insurer may then take this genetic information into account when assessing your application and your risk level.

Life insurers won't ask you to take a genetic test as part of the application process. Life insurers have also committed to considering any information you give them about how you are reducing your risk of developing cancer – for example if you have regular screening tests.

If you have had a genetic test that shows you don't have a genetic change that increases your risk of cancer, you can choose to share this information with the life insurance company, regardless of the amount of insurance you are seeking.

Insurers can't use your genetic test results to refuse insurance to other people in your family, or to charge them higher premiums – it's only relevant to your applications.

The freeze on the use of genetic test results in new life insurance applications is set to last until 30 June 2024, but this will be reviewed by the life insurance industry in 2022.

Genetic test results are not considered in private health insurance and group life insurance (life insurance products that are available through superannuation funds).

Q: My life insurance application has been declined. Is that lawful?

A: It depends on the circumstances. The law protects some groups of people from discrimination and generally, protections are provided to people who have or had cancer under disability discrimination laws.

However, there are exceptions that apply to insurance. Insurers may discriminate against you by denying insurance, excluding insurance coverage for certain conditions – like cancer – or charging you higher premiums. It is not unlawful for insurers to discriminate against someone like this if the discrimination is reasonable in the circumstances and can be supported by data and statistics.

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The insurer will need to justify any decision in relation to declining your application for insurance, adding an exclusion to your insurance terms or placing a loading on your premium. They will need to show they have considered your personal circumstances as well as considering any relevant statistical data. You can ask the insurer to justify their decision. It is a good idea to ask for these reasons to be given to you in writing so that you have a record of it.

Q: I was diagnosed with cancer after I took out life insurance. Do I have to notify the insurer?

A: No, but it's a good idea to check your life insurance policy to see what it says about disclosing health information. Unless there is a specific requirement in the insurance contract to do this, you do not have to tell the insurer about changes to your circumstances after you take out the policy. This includes a cancer diagnosis or a genetic test result.

However, if you change your insurance contract (e.g. increase your level of cover), you are generally required to answer questions which may include details about your medical condition or genetic test result (subject to the freeze on the use of genetic test results discussed above).

Q: I think I have been treated unfairly. What can I do?

If you're refused a new insurance policy or if you have a policy and your claim is rejected, delayed or reduced, or if you believe your insurance premium was incorrectly charged, you may complain to your insurer. Your complaint will be reviewed through the insurer's internal dispute resolution

process. Life insurers and super funds offering insurance are bound by Codes of Practice.

If you aren't satisfied with the insurer's response, you have several options:

- Complain to the Australian Financial Complaints Authority – call 1800 931 678 or visit afca.org.au.
- If you think you have grounds for discrimination, you can complain to the relevant Anti-Discrimination body or Human Rights/Equality Opportunity Commission in your state or territory. You may also complain to the Australian Human Rights Commission – call 1300 656 419 or visit humanrights.gov.au.
- Seek legal advice about next steps you could take if you are unhappy with the outcome of any complaint resolution process, including taking your case to court. For more information, call Cancer Council 13 11 20.

Where to get help and more information

- Cancer Council **13 11 20** for information and support. Download information from your local website.

ACT..... actcancer.org
 NSW cancercouncil.com.au
 NT..... nt.cancer.org.au
 QLD cancerqld.org.au
 SA..... cancersa.org.au
 TAS cancertas.org.au
 VIC cancervic.org.au
 WA..... cancerwa.asn.au
 Australia..... cancer.org.au

Note to reader

This fact sheet is intended to provide general information and is not a substitute for professional medical, legal or financial advice. You should talk to a professional about your specific situation.

All care is taken to ensure that the information in this factsheet is correct at the time of publication. Please note that laws, regulations and entitlements that affect people with cancer may change. Cancer Council Australia and its members exclude all liability for any injury, loss or damage incurred by use of or reliance on the information provided in this factsheet.

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