

LIFE INSURANCE PRODUCTS AND GENETIC TESTING IN AUSTRALIA

In Australia, genetic information can have implications for life insurance policies. Insurance companies may ask about your personal medical history, results of your own genetic tests, and the health of your first-degree family members.

NOTE: This resource was developed by the Centre for Genetics Education for education purposes only. This resource is in no way to be seen or taken to be a substitute for professional advice concerning your individual financial and/or insurance circumstances.



In summary

- Private health insurance is not based on a risk assessment of your health, though waiting periods can apply if you have a pre-existing condition.
 - Health insurers cannot use your genetic test results, or family history of a genetic condition, as a reason to deny you cover or increase the cost of your premium.
 - Most **life insurance products** such as cover for death, permanent disability, trauma and income protection are based on risk assessment (underwritten contracts). This means that your genetic test results may impact cost or terms of the policy or your ability to obtain cover. According to current guidelines and legislation:
 - You are not required to have a genetic test as part of the risk assessment when applying for life insurance.
 - If you have already had a genetic test, your life insurance company must not use your genetic test results (up to certain financial limits discussed below) to deny you cover or increase the cost of your premium. This only applies to predictive genetic test results (where you do not currently have any symptoms of the condition).
 - You are not required to provide information about results of genetic testing in your first-degree relatives under any circumstances.
- You may be asked about:
- Your age, gender, and current health and medical history, including symptoms as well as diagnosed conditions. This includes diagnoses that resulted directly from a genetic test.
 - Any health conditions that have been diagnosed in your first-degree relatives (parents, children, brothers, sisters) and the age they were diagnosed.
 - Your medical test results
- As long as your premiums are paid, you do not have to tell your insurer about changes in your health or results of any medical/genetic tests taken after your policy started
 - You might choose to declare a genetic test that shows you have not inherited a gene variant that causes a family health condition. An insurer can use this result to remove the impact of a family history of a condition from your risk assessment. You can also ask your insurer to reconsider a risk assessment after you secure a policy, if you subsequently have a test that shows you do not have the family variant. Contact your insurer to discuss.
 - If necessary, your family doctor or medical/genetics specialist may be able to provide information to support your communication with an insurance company.

Moratorium on genetic tests in life insurance

Currently, there is a Moratorium on Genetic Tests in Life Insurance (The Moratorium). A Moratorium is an agreed pause of an activity. The Moratorium on Genetic Tests in Life Insurance has been put in place by the life insurance industry.

The Moratorium states that life insurance companies will not ask for or use genetic test results as part of an insurance application up to the value of \$500,000 (for death and total permanent disability), \$200,000 for trauma and \$4,000 a month for income protection. If an application for cover is greater than any of these amounts, genetic test results can affect the cover or its cost.

You must tell your insurer about any diagnosed health conditions, regardless of the cost of the policy.

The Moratorium on Genetic Tests in Life Insurance was first established in 2019 and became part of the life insurance code of practice ([the Life Code](#)) in July 2023. The Life Code is the responsibility of the Council of Australian Life Insurers (CALI).

The Moratorium covers all people applying for life insurance with a CALI member. CALI states that it represents 99% of the life insurance market and all reinsurers (companies that provide financial protection to insurance companies) in Australia. The full list of [CALI members](#) and [organisations' subscribing to the Life Code](#) is available on their website.

Insurance in Australia

When you take out insurance that is related to your current or future health, you are entering a contract with the company. Companies that provide life insurance (including income protection, disability and trauma insurance) base an offer and cost of the policy on the level of risk they are taking on. These are risk-rated insurance policies.

Underwriting is the word that insurers use when referring to their risk assessment. Further examples of risk-rate insurance are travel, motor vehicle and home and contents insurance.

In Australia, the many different types of insurance come under three general headings: Life Insurance, General Insurance and Health Insurance (Medicare and private health insurance). Private Health Insurance premiums are not risk-rated (not underwritten).

Risk-rated insurance policies

A. Life insurance from a life insurance company

Life insurance products include cover for life and living benefit policies such as permanent disability, trauma, and income protection insurance.

A life insurance policy is a contract between you (the policy holder) and the insurer that requires an assessment of the risk that you will make a claim.

Applying for life insurance

Several genetic testing scenarios, and whether you need to tell the insurer about your genetic test results, are described below. Please note these reflect legislation and guidelines at the time of writing.

In regard to the use of genetic information in the risk assessment, there are two relevant sections of the CALI Life Code:

Items 4.15-4.17: Mental health, family medical history and genetics

Appendix A: Moratorium on Genetics Tests in Life Insurance

1. A genetic/genomic test result has been received before securing insurance cover:

The insurer should:

- Take into account any screening, treatment or preventive health strategies to reduce health risks.
- Not require a genetic test be undertaken as part of the application process.
- Only ask for or use the genetic test result if you are seeking insurance cover higher than the financial limits set out in the Moratorium.

The application form may ask about:

- Your age, gender, and current health
- Your past medical history, including any
- Diagnosed conditions you have had or continue to have, even if diagnosed through a genetic test
- Results of other medical test(s) undertaken
- Risk factors such as your personal environment, occupation, smoking, alcohol consumption and lifestyle.
- Health condition(s) affecting your first-degree relatives only (mother, father, brother, sister, children).

You must also tell the insurer about any risk factors or changes in circumstances that happen after completing an application, but before the policy starts. Securing a policy could take several weeks or more.

2. You have a family history of a condition but you do not have any signs or symptoms of the condition and you have not had a genetic/genomic test before securing insurance cover:

You will be asked to tell the insurer information about the health of your first-degree relatives. You will only be asked about:

- The condition/illness of your relative, and the age they were diagnosed
- Family history that you know about.

You are not required to provide any other information about your first-degree relatives' including their name, date of birth, or their genetic test result(s), even if known to you.

Depending on the condition, your family history may impact your risk assessment.

3. You have consented for a genetic/genomic test before securing insurance cover that is higher than the financial limits set out in the Moratorium:

If you have consented to a genetic test (for example, by signing a genetic test consent form), you will need to tell the insurer about this. In this case, the insurer considers that a genetic test is planned. The insurer can use the planned test to assess your ability to obtain cover, or the cost or terms of the policy. They may delay considering your application until the result has been provided.

4. You have attended an appointment with a Clinical Geneticist or Genetic Counsellor before securing insurance cover that is higher than the financial limits set out in the Moratorium:

If you have not consented to a test, the insurer does not consider that a genetic test is planned. Therefore, you do not need to disclose that you attended a genetics appointment or received information about a genetic test.

If you consented to genetic test during or after your genetics appointment, the insurer will consider that a genetic test is "planned". You will then need to tell the insurer about this.

5. You have consented to a genetic/genomic test has been taken and you already have insurance cover:

As long as your premiums are paid, you do not have to tell the insurer about any change in your health, planned or completed genetic/genomic tests, or changes in any other

relevant circumstance.

If you wish to alter your policy, change the level of cover provided, or apply for a policy through a new insurer, the risk to the insurer will be reassessed. Therefore, the insurance company will ask for the same or similar information as if you were seeking a new policy.

Importantly, declaring the result of a genetic/genomic test that shows you have not inherited the genetic variant in your family may remove the impact of family history on your risk assessment. You are allowed to tell the insurer about this type of result, and they must take it into account. If you believe that your family history is the only factor that impacted on the decision to offer a policy on non-standard terms, you may wish to contact your insurer to discuss.

B. Other risk-rated insurance

Protections afforded by the Life Code, including the Moratorium, do not apply to risk-rated policies that fall under General Insurance. Examples include:

1. Travel Insurance

Travel insurance is insurance cover for accidents and emergencies which may arise when travelling within Australia or overseas. Application forms will commonly ask about medical history.

Some travel insurance providers will also ask about whether genetic/genomic testing has been undertaken.

Travel insurance companies should only apply penalties to travel insurance based on genetic test results if there is evidence to support that decision.

2. Sickness and Personal Accident Policies

Unlike life insurance policies, these insurance policies are usually renewable, often annually. At every renewal period, you must tell the insurer of any change in genetic information (family medical history or genetic/genomic test results).

Insurance policies that do not assess your risk

A. Private health insurance

Private health insurance is not risk-rated. Everyone pays the same premiums for the same policy, regardless of their age or health status.

Private health insurers can impose waiting periods for pre-existing conditions. If you have a diagnosis of a genetic condition, or any signs or symptoms, you may not be able to claim for associated treatments or health services for a period (up to 12 months) after you take out your private health cover.

B. Group insurance (often obtained through superannuation plans)

Life insurance cover for a limited amount might be available as part of a superannuation plan. This is called 'group insurance'.

Group insurance provides limited cover and is not individually underwritten. Therefore, no individual or family health information or testing results is requested. A number of life insurance products can be obtained via this insurance option for most employees in Australia.

Larger amounts of cover can be obtained through group insurance/superannuation. However, once a certain limited level of cover is exceeded, this will trigger underwriting and health information will be requested for a risk assessment.

Eligibility to obtain group insurance requires you to be working and carrying out your usual duties at the time of the application. If you are a sole proprietor of a business, you should consult your insurance broker or agent for advice.

If you leave your employer and your group insurance cover is still in place, you may be able carry your insurance cover into your superannuation plan with your new position. Your current and prospective employer should be able to explain your options.

If you seek life insurance for a higher amount, the requirements outlined in the 'Life insurance from a life insurance company' section apply.

Genetic/genomic testing in research projects

The Moratorium applies equally to research and other genetic tests unless you are not going to get the test result.

Several research genetic testing scenarios, and whether you need to disclose that you have had a research genetic test, are described below:

1. You will not receive any personal or family information from the research.

You do not need to tell the insurer that you have had the genetic/genomic test.

2. You will not be given a personal genetic test result but you might be contacted by the researchers at a later

date and told that the research has indicated that a family test result could be important to your future health.

If you have not been contacted at the time of application, you do not need to tell the insurer that you have had a genetic test as you do not know of any personal result.

However, if you have been told there is an opportunity to learn about your personal result through a specialist service, you are now aware of a matter that an insurer might consider relevant. You would then be expected to tell the insurer this information in an application for a policy.

3. You will receive a personal result from the research

This is treated as no different to having the test done by a health professional. Your life insurance company must not use your genetic test results (up to the financial limits set above) unless you choose to declare them.

Dealing with insurance companies

If the insurance company is a CALI member/subscribes to the Life Code, it will have certain responsibilities. If you receive an offer at a non-standard rate, the insurer is required to provide the reason/s for the decision (Life Code item 3.16).

If this has not been provided and you think the risk assessment was inappropriate or did not take into account your preventive strategies/ treatments, you can contact the insurance company's underwriter and request a reason for the decision in writing.

If necessary, your family doctor or medical/genetics specialist may be able to provide information to support you in your communications with an insurance company.

If you think that an insurance company that is a CALI member/subscribes to the Life Code is in breach of the Code, you can contact the [Life Code Compliance Committee](#). More generally, if there are difficulties with an insurance company over an application or renewal, you can follow the Internal Disputes Resolution process documented in the company's product disclosure brochure (this is the brochure that contains the application form). Assistance can also be sought from the [Australian Financial Complaints Authority](#), the [Australian Human Rights Commission](#), and the Courts.

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