



MEDIA RELEASE

Thursday 24 February 2022

NEW DATA SHOWS HOW THE GENETICS MORATORIUM FOR LIFE INSURANCE WORKS FOR AUSTRALIANS

The FSC has today released findings of the genetic testing data collected by the life insurance industry to give Australian's confidence that the FSC's Moratorium on genetic test means they can access a level of life insurance cover and still participate in important genomic research.

FSC Policy Director for Life Insurance, Nick Kirwan, said the life insurance industry understood the importance of genetic tests in improving health outcomes for Australians.

"When we established the Moratorium on life insurance genetic test results back in 2019, we wanted to make sure that every Australian can take part in genetic research, or take a test individually, without fear that the result would stop them taking out life insurance.

"We know the community benefits from genomic research and the Moratorium is key to giving Australians the reassurance they need, while maintaining the flexibility for the protections to evolve as the science does," Mr Kirwan said.

From the start of 2021, the life insurance industry has been collecting genetic testing data received as part of life insurance applications for the specific purpose of monitoring the ongoing effectiveness of the Moratorium.

The FSC plans to commence a review of the Moratorium this year, which will consider its objectives, the cover levels, and the impact on other policyholders in light of the latest advances in the field of genomics and genetic testing. The review will inform the terms by which the Moratorium will be extended, which is currently due to end on 30 June 2024.

"Given the pace of advances in genomics, a regularly reviewed Moratorium is the right thing to do to support scientific research and genetic inclusion, while protecting the interests of the wider community who have life insurance.

"As part of the review, the life insurance industry plans to gather feedback from consumer groups and work together with an expert panel of geneticists on assessing the ongoing effectiveness of the moratorium, including how to raise awareness for people considering taking a genetic test or taking part in genetic research," said Mr Kirwan.

To ensure long term efficacy of the Moratorium, it will also be included in the Life Insurance Code of Practice which is currently in the final stages of its review, meaning the Moratorium will have independent oversight by the Life Code Compliance Committee (LCCC) who will have the power to sanction members who do not comply.

Key findings from the data:

A total of 846 applications for cover were received by life insurers which included a genetic test result in the six months to 30 June 2021, of which:

- 77% where the genetic test result had no influence (653 cases)
- 13% were positively influenced by a favourable genetic test result (111 cases)
- 6% were over the Moratorium limit adversely influenced but terms offered¹ (49 cases)
- 3% were over the Moratorium limit adversely influenced with no terms offered¹ (24 cases)
- 1% not influenced, due to the Moratorium, by an inadvertently disclosed adverse genetic test result (9 cases)
- 0% below the Moratorium limit influenced by an adverse genetic test result (0 cases)

Importantly, these findings demonstrate that disclosing a genetic test result had either no influence or a positive influence for all life insurance applications below the Moratorium limit, even if an adverse genetic test result was inadvertently disclosed.

About the Moratorium:

Financial Services Council (FSC) Standard No. 11: Moratorium on Genetic Tests in Life ensures that every Australian can get up to \$500,000 of life cover without having to disclose an adverse genetic test result.

In addition, the Moratorium principles mean:

- Consumers are not required to take a genetic test when applying for life insurance.
- Consumers are not required to disclose genetic tests taken as part of research if the consumer doesn't receive the results.
- Life insurance companies are only able to ask for or use adverse genetic test results if the test is relevant and the applicant will hold more than \$500,000 of life or total and permanent disability cover, \$200,000 of trauma cover or \$4,000 a month of income protection cover.
- Consumers can choose to disclose a favourable genetic test result if they wish.
- Life insurers will take account of relevant protective treatment an applicant has had.

The Standard applies to all life insurer members of the FSC, covering every individually assessed application for life insurance that can be taken out in Australia today.

Contact: Nick Kirwan on 0432 670 178 or nkirwan@fsc.org.au

About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers and financial advisory networks. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.

¹ Note: In these cases, the applicants are free to re-apply for a reduced amount of cover within the Moratorium limits and have the adverse genetic test result ignored.