

Genetics Moratorium Review

1. Overview

The FSC implemented an industry Moratorium on the use of the genetic tests in life insurance (Moratorium) from 1 July 2019 to 30 June 2024 through FSC Standard 11.¹

The Life Insurance Industry publicly committed to review the Moratorium in 2022. Specifically, FSC Standard 11 provides that the FSC, in consultation with stakeholders, will undertake a review of the Moratorium with a view to extending the date, considering its objectives and the following:

- feedback from consumer groups and expert stakeholders;
- the appropriateness of the amounts of cover, considering any cross-subsidy between customers who have a genetic pre-disposition and those who do not;
- people's attitudes to taking part in genomic research;
- advances in the field of genomics and genetic testing; and
- impacts of the Moratorium on the sustainability of the life insurance industry.

2. Underlying Principles relating to the Moratorium on Genetic Testing

The following principles relate to the moratorium on genetic testing and should be considered when responding to this consultation;

- life insurance should remain available to the majority of the insurable population at standard premium rates;
- risk classification should be allowed to evolve and reflect the continuous development of medical knowledge and technological advances;
- the average price point (relative to age and other key risk demographics) at which life insurance is offered at standard rates should be affordable for most insurable Australians;
- given the long-term nature of life insurance contracts, the industry must remain sustainable into the future. Sustainability requires continuous prudential management of insurance risks (including minimal cross-subsidies between customer segments) and viable investment returns to shareholders;
- FSC Life Insurance Members should remain accountable and transparent. FSC has committed to including the moratorium in the new Life Code, which has monitoring and oversight by the independent Life Code Compliance Committee, which has increased powers of sanctions for breaches. FSC hopes this will help ensure that people are not dissuaded from taking a genetic test, having treatment, or taking part in genomic research.

3. Scope of the Review

The FSC is seeking submissions from relevant stakeholders on the effectiveness of the Moratorium in providing Life Insurance to Australians who have undergone a genetic test. Submitters are invited to provide evidence to address the following questions when making a submission to this consultation.

¹ <https://fsc.org.au/resources-category/standard/1779-standard-11-moratorium-on-genetic-tests-in-life-insurance/file>

4. Consultation Questions

- Q 1. The FSC is considering extending the moratorium to 30 June 2027 with a further review in 2025. We invite submissions on whether a 3-year extension draws the appropriate balance between the competing interests of providing certainty and stability to consumers and the genomics community, with the changing landscape of genomics? If not, how long should the extension be? Any supporting evidence would be helpful.
- Q 2. Is there evidence to show whether or not the cover limits in the Moratorium appropriately balance the interests of providing a reasonable level of cover, the sustainability of Australia's life insurance industry, minimising cross-subsidies, and the levels of cover people typically take out?
- Q 3. Is there any evidence of changed consumer behaviour when applying for life insurance? If so, what is the evidence, how has people's behaviour changed, and what are the implications of the change?
- Q 4. Is there any evidence about whether or not the Moratorium has changed people's attitude to taking part in genomic research? If so, what is the evidence and how has people's attitude changed?
- Q 5. Apart from the cover levels and the period of extension, are there other changes that would improve the operation of the Moratorium for all affected people? If so, please describe what these might be.

5. Submissions are due by 4pm Friday 29 July 2022

Please send your submission to info@fsc.org.au to arrive by 4pm on Friday, 29 July 2022. FSC intends to publish submissions on our website in due course. If you do not wish to have your submission published, please make that clear when making it.