

FINANCIAL SERVICES COUNCIL

UNDERWRITING GUIDELINES

MENTAL HEALTH



UNDERWRITING GUIDELINES
FOR MENTAL HEALTH CONDITIONS

FSC Guidance Note No. 15



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UNDERWRITING GUIDELINES FOR MENTAL HEALTH CONDITIONS

1.0 INTRODUCTION

The following underwriting guidelines are specific to disability income insurance. They have been designed to provide a framework within which insurers may conduct their underwriting processes for mental health conditions.

1.1 Mental health conditions have traditionally been recognised as difficult to underwrite for a number of reasons including:

- Each case is different in some way and needs to be assessed on its own merits;
- Complex process issues exist between the medical profession and the insurance industry as a result of varying medical diagnosis and varying treatment options;
- Lack of understanding of insurance principles and products.

1.2 It is acknowledged that FSC and Industry Members are bound to comply with all applicable law including the Trade Practices Act 1974 (Cth). These guidelines are not intended to contravene any such law or to create any obligation that they be followed. Each Insurer is free to decide for itself if it is appropriate to follow all or any of these guidelines in any particular case.

2 INSURER BASICS

There are a number of recommendations for the underwriting of these disorders.

- Underwriters should have a wide range of knowledge and skills ranging from technical awareness to empathy and communication.
- Insurers should recognise the need for and facilitate an environment conducive to effective underwriting ie workloads should allow sufficient time to adequately perform the underwriting process.
- There needs to be a commitment to selective recruiting and ongoing specialised education and training of underwriters which if not available internally can be arranged with reinsurers, Chief Medical Officers (CMO) and a variety of providers.
- A CMO or Consultant should be available for reference and, where appropriate, to act as a liaison with the various advisers/specialists involved. Such CMO or Consultant should preferably be qualified in psychiatry, particularly where there is uncertainty.
- Privacy principles must be observed at all times.

2.1 Underwriting philosophy: most insurers will already have a philosophy, which encompasses their approach to underwriting; generally this conveys an intent to do the utmost to offer cover where commercially viable. The guide does not impose any requirement as to the way members may choose to underwrite mental health conditions. This will be determined by each company's own underwriting policy and having regard to general underwriting principles.

2.2 Communication: it is especially important that communication is clear, precise and ongoing throughout the underwriting process. Usually this will involve keeping the client and their adviser up to date with the progress of requests for information required.

3. THE UNDERWRITING PROCESS

The sooner an application can be underwritten, the better for all parties. Completeness of the application for insurance, with full disclosure, is a vital component in this respect.

- In completing an application for insurance, the applicant will be asked whether or not they have or have had a history of a mental health condition. To try to obtain as much information as possible it is recommended that the following question or elements of the following question be included in the application –

“Have you ever had any investigation or treatment for, or received a diagnosis of a mental health condition(s) including but not limited to depression, anxiety, stress, psychosis or other mental health condition?”

- Where a mental health condition is disclosed in the client's medical history, they should be directed to complete a Mental Health questionnaire (see page 5 – FSC approved underwriting forms). For convenience sake, it is recommended that companies give consideration to including the mental health questionnaire within the application documents.
- On most occasions it will be necessary to obtain a medical report from the attending physician. To help obtain the key information with which to underwrite the risk, it is recommended that the Attending Physician's Mental Health questionnaire (see page 7 – FSC approved underwriting forms) is used. This questionnaire should accompany the Private Medical Attendant's Report request.

- In underwriting the risk, insurers will generally refer to their own internal guidelines and to reinsurance manuals. The attached updated matrix (see page 10) has been designed to assist underwriters to appropriately categorise mental health conditions by providing a breakdown of the various mental health conditions along with diagnostic criteria. The underwriter will assess and review the risk having regard to their own company philosophy and guidelines and with reference to the categories in the matrix. There will be some instances where the underwriter will be unable to offer unrestricted cover and alternatives such as an exclusion or premium extra may be considered. There may be circumstances where the application may be deferred for a period of time or cover may not be offered at all.

Income protection insurance can be modified in a number of ways to reduce the risk exposure to the company eg by varying the waiting and/or benefit period and the underwriter should explore these avenues in arriving at the final decision.

The matrix serves as a reference by highlighting the conditions generally associated with the particular mental disorders. In offering an exclusion, it is recommended that the underwriter have regard to limiting the scope of the exclusion to the particular disorder and its associated conditions.

4. CONVEYING THE UNDERWRITING DECISION

Where insurance has been assessed as non-standard and arranged through an intermediary, it is recommended that the adviser deals directly with the client. The only exception to this is where privacy principles might be contravened eg in the case of non-disclosed information.

This is dealt with in greater detail below. Communicating the decision in this way not only keeps the intermediary informed of what is happening with their client's application but importantly it enables him/her to restate the overall need for cover and in the process maintain the client relationship. For direct business, it is recommended that, where possible, the underwriter communicate the decision.

The following protocols are recommended for dealing with disclosed and undisclosed mental health condition(s) during underwriting.

- 4.1 Where a mental health condition is **disclosed** to the underwriter, and this leads to a non-standard decision.
 - 4.1.1 Send a letter to the client (via the intermediary) which provides the reason for the decision (loadings and defers/declines and benefit restrictions or policy modifications only) as "due to your medical history of - insert the condition as described by the client, eg depression"
 - 4.1.2 Where an offer has been made, diarise the case and follow up with the adviser weekly.
 - 4.1.3 If after a reasonable period of time, eg 4 weeks, no response has been received from the client, the offer should be cancelled, and a letter issued to the client confirming this. Any premium(s) paid in connection with the insurance should be refunded at this point.
 - 4.1.4 Defers/Declines only. The underwriter contacts the client's general practitioner (where the decision was based on information from the client's GP) and explains the assessment decision including that they were unable to offer insurance to the client under any circumstances.
 - 4.1.5 The application is cancelled, and any premium(s) paid in connection with the insurance should be refunded at this point.
- 4.2 Where an **undisclosed** mental health condition(s) comes to the underwriter's attention eg through the private attendant's medical report and this leads to a non-standard decision. Send a letter to the client (via the intermediary) which provides the reason for the decision (loadings and defers/declines and benefit restrictions or policy modifications only) as "due to your medical history – please refer to your general practitioner." Where it is established that the client has not acted in good faith the underwriter may choose to reject the application outright in accordance with section 13 part 2 of the Insurance Contracts Act 1984.
 - 4.2.1 Inform the intermediary that undisclosed medical information has come to light and for reasons of privacy, the information cannot be released to any third party without authorisation from the client.
 - 4.2.2 The underwriter contacts the client's private medical attendant and explains the situation including that they have recommended the client contact them to discuss. Where an exclusion has been offered it is appropriate to inform the doctor of the exclusion details.

4.2.3 Diarise the case and follow up via the adviser in the usual way if an offer has been made otherwise for declines or defers, cancel the application and refund all monies paid to the client.

4.2.4 Where an offer is made, if after a reasonable period of time eg 4 weeks, no response has been received from the client, the offer should be cancelled and a letter issued to the client confirming this. Any premium(s) paid in connection with the insurance should be refunded at this point.

5. INTRODUCTION TO UNDERWRITING QUESTIONNAIRES AND MATRIX

The following documents have been included as a guide.

1. Mental Health Questionnaire
2. Attending Doctor's Questionnaire
3. Mental Health Conditions Underwriting Matrix

The Underwriting Matrix is intended to assist the underwriters in FSC member companies to be better positioned to assess applicants who have or have had a mental health condition. It sets out a framework, within which the individual underwriter (usually a lay person) can reflect on insurability of applicants with or with a history of a mental health condition. The matrix is not meant to be used as a cook book approach to underwriting mental health (FSC cannot impose the use of specific underwriting guidelines on member companies) but rather an amalgamation of factors that should be considered in the assessment process. The purpose of the matrix is to marry the underwriting principles with what is regarded as current medical knowledge in the area of mental health. To achieve this, a rather specific categorisation of mental health conditions is suggested. Furthermore, clinical symptoms, treatment details and other factors that may have an impact on the future morbidity are featured. The matrix also contains unspecific information on the overall prognosis of populations suffering from a specific mental condition and on associated conditions that should be taken into consideration where a company may offer an exclusion clause.

MENTAL HEALTH QUESTIONNAIRE

On the life of _____ Application No. _____

1. Please indicate (by ticking the appropriate box(es)) the mental health condition(s) you have had or received treatment for?

- Anxiety including generalised anxiety, panic or phobic disorder
- Eating disorder including Anorexia nervosa, bulimia
- Depression including major depression, dysthymia
- Manic depressive illness, bi-polar disorder
- Alcohol or other substance abuse or addiction
- Post traumatic stress
- Schizophrenia or any other psychotic disorder
- Stress, sleeplessness, chronic tiredness
- Other (please describe)

2. Please describe your symptoms including the date they started and how long they lasted

Symptoms	Date from	Date to

3. Has any reason for your condition been identified?

- No Go to next question
- Yes Please advise details

4. When was your condition(s) first diagnosed? _____ / _____ / _____

5. Have you had any recurrences of this condition(s)?

- No Go to next question
- Yes How many times _____ When? _____

6. Please advise all treatments you have received, including counselling, name(s) of medications, hospitalisation etc.

Type of treatment	Date commenced	Date ceased

7. Are you currently receiving treatment?

No When did you cease treatment / /

Yes Details

8. Please advise the names and addresses of doctors or health care professionals consulted and the date first and last consulted.

Name and address	Name and address
Date 1st consulted / /	Date 1st consulted / /
Date last consulted / /	Date last consulted / /

9. Has your condition ever caused you to lose time from work?

No Go to next question

Yes Please advise details, including dates

10. Are you limited in your ability to work or to perform your activities of daily living as a result of this condition?

No Go to next question

Yes Please advise details

Declaration

I hereby agree that the above statements are true and complete and agree that this supplementary questionnaire shall form part of the proposed contract of insurance.

Signature of the Life to be Insured

Date / /

ATTENDING DOCTOR'S MENTAL HEALTH QUESTIONNAIRE

Applicant's Surname _____

Given name/s _____

Date of Birth _____

/

/

Application Number/s _____

Please answer each question fully. If insufficient space, please attach a separate page.

<p>1. (a) What was the diagnosis of the condition?</p> <p>(b) Has the person been advised of their diagnosis?</p>	<p>Diagnosis _____</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Date advised _____ / _____ / _____</p>
<p>2. Was the diagnosis made using ICD-10 primary care or standard DSM IV classification? If "no" on what basis was the diagnosis made?</p> <p>3. What were the presenting symptoms and when did they commence?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>_____</p> <p>Symptoms _____</p> <p>Date commenced _____ / _____ / _____</p>
<p>4. Has the person presented with this condition or any mental health condition previously? If 'yes' give dates and details including treatment.</p> <p>5. Was the person hospitalised due to this condition?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Date(s) presented _____</p> <p>Details _____</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Date(s) _____</p> <p>Details _____</p>
<p>6. What was the date of onset and the date(s) of any subsequent episodes?</p>	<p>Date of onset _____</p> <p>Date of subsequent episodes _____</p>
<p>7. Is the person currently suffering from this condition? If "yes" what are the current symptoms? If "no" what was the date that symptoms last presented?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Current Symptoms _____</p> <p>Date of last symptoms _____</p>
<p>8. Has treatment ceased? If "yes" why; type of treatment and on what date?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Type of treatment ceased _____</p> <p>Date ceased _____</p> <p>Reason treatment ceased _____</p>

<p>9 (a) Is a mental health management plan in place? If "Yes" what is it comprised of, including treatment eg medication, counselling, CBT, ECT, etc.</p> <p>(b) Is treatment undertaken outside of a formal mental health management plan? If "yes" give details.</p> <p>If you answered "yes" to 9 (a) complete 9 (c) below otherwise go to 10</p> <p>(c) To what extent has the person been able to participate with the recommended treatment plan?</p>	<p>(a) Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Details _____</p> <p>_____</p> <p>(b) Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Details _____</p> <p>_____</p> <p>(c) Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Details _____</p> <p>_____</p>
<p>10 Would you describe the condition as reactive? If "yes", give details.</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Details _____</p>
<p>11 What is the current impact of this condition on the person's ability to perform his/her job function?</p>	<p>Impact details _____</p> <p>_____</p>
<p>12 Is a change of employment recommended or envisaged as a means of improving the person's outlook?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Details _____</p> <p>_____</p>
<p>13 Did the person require any absence from work due to this condition? If "yes" give dates.</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Dates _____</p>
<p>14 Has the person shown any suicidal tendencies, or attempted suicide? If "yes", give details and dates.</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Dates _____</p> <p>Details _____</p>
<p>15 Has the person ever consulted a psychiatrist or psychologist? If "yes", give full details including name and address?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Details _____</p> <p>_____</p>
<p>16 What is your considered prognosis including the ability of the person to continue to function in their present job?</p>	<p>Details _____</p> <p>_____</p>

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17 Has this condition had any adverse impact on the person's ability to function socially?

Yes No

Details _____

18 Do you suspect or is there evidence of alcohol or drug abuse?

Yes No

Details _____

19 Are there any other relevant features or aspects of the person's condition not already covered above? If yes, give details.

Yes No

Details _____

Doctor's Signature _____ Date _____

Name (BLOCK LETTERS) _____

Qualifications _____

Address _____

Phone _____ Fax _____

**MENTAL HEALTH CONDITIONS: UNDERWRITING MATRIX
DISABILITY INCOME INSURANCE**

Diagnosis	Diagnostic Criteria	Prognostic Criteria	Prognosis	Favourable factors	Less favourable factors	Associated conditions to consider if exclusion is to be offered
Mild depression	One episode Good initial response to non-drug therapy	Current symptoms?	good	short episode good initial response to Rx > 2 years ago no current medication		Dependence (Alcohol/drugs) Anxiety Stress Fatigue
Moderate depression	2-3 episodes Good response to Rx Single medication Not more than 6 weeks off work	Current symptoms?	good- medium	2 episodes only short episode > 2 years ago stable on medication	Co-morbidity? No Expert Treatment	Dependence (Alcohol/drugs) Anxiety Stress Fatigue
Severe depression	More than 3 episodes Prolonged time off work Hospitalisation Expert treatment	No of episodes? Current symptoms? Suicidal thoughts? Social functioning?	medium-poor	3 episodes only > 3 years ago stable on medication	Co-morbidity? No Expert treatment Suicide attempt in the past	Dependence (Alcohol/drugs) Anxiety Stress Psychosis Fatigue
Mixed depression/anxiety (Adjustment disorder)		No of episodes? Hospitalisation? Time off work?	good-medium	1short episode only stable without Rx > 2 years ago		Dependence (Alcohol/drugs) Stress
Bipolar I disorder	1 or more manic or mixed episodes	Current symptoms? Hospitalisation? Suicidal thoughts? Social functioning?	poor	> 5 years ago stable on medication	Suicide attempt in the past	Psychosis
Bipolar II disorder	1 or more major depression. episodes with at least 1 hypomanic episode	Current symptoms? Hospitalisation? Suicidal thoughts? Social functioning?	medium-poor	> 3 years ago < 4 episodes in 12 months stable on medication	Suicide attempt in the past	Psychosis Dependence (Alcohol/drugs)
Dysthymic disorder	Chronic (less severe) depressive symptoms	Current symptoms?	good-medium	> 2 years ago no time off work stable without Rx	No Expert treatment	Dependence (Alcohol/drugs) Anxiety Fatigue
Gen Anxiety disorder	Excessive worries	Duration? Social functioning?	good-medium	no time off work > 1 year ago		Depression
Panic disorder	Unexpected attacks of anxiety and fear of having more attacks	Frequency? Social functioning?	good-medium	no time off work > 1 year ago		Depression Anxiety
PTSD	Anxiety tied to past traumatic experience	Current symptoms? Social functioning?	medium	Good initial response to treatment > 2 years ago	Co-morbidity?	Dependence (Alcohol/drugs) Depression Anxiety
Obs-compuls disorder	Ritualised behaviour or obsessions driven by anxious thought	Current symptoms? Social functioning?	good-medium	no time off work > 1 year ago		Depression Anxiety Psychosis

**MENTAL HEALTH CONDITIONS: UNDERWRITING MATRIX
DISABILITY INCOME INSURANCE (CONTINUED)**

Diagnosis	Diagnostic Criteria	Prognostic Criteria	Prognosis	Favourable factors	Less favourable factors	Associated conditions to consider if exclusion is to be offered
Eating disorder	Anorectic, bulimic or binge-eating episodes	Current symptoms?	medium-poor	> 3 years ago	Physical disorders?	Depression PTSD OCD Dependence (Alcohol/drugs) Stress
Somatisation disorder	Multiple physical complaints without physical base	Current symptoms? Social functioning?	medium	no time off work	Co-morbidity?	Depression Stress Fatigue
Schizophrenia	Range of cognitive and emotional dysfunctions incl. perception, thinking, communication and behaviour	Current symptoms? Social functioning? Suicidal thoughts?	poor	no hospitalisation Paranoid type > 10 years ago	Co-morbidity? Side effects of medication? Suicide attempt in the past	Dependence (Alcohol/drugs) Depression Anxiety, OCD

This chart does not include: Dependence, Personality Disorders, Dementia, other Psychotic Conditions and Childhood/Adolescence Mental conditions

Criteria for consideration of applicants with mental health conditions, who are on current treatment

- Diagnosis confirmed by specialist (usually psychiatrist)
- Treatment prescribed and monitored by specialist or management plan in place with good compliance
- Stable on treatment for more than one year
- No time off work (due to mental illness) during the past two years
- Disorder not work related
- No hospitalisation (due to mental illness) in the past five years
- No suicide attempt in history
- Stable employment/work history in the past three years
- Average hours worked per week over 30, but under 50
- No current high stress occupation
- No extensive travel required
- No signs of destabilised social environment

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