



MEDIA RELEASE

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FSC research: community views on life insurance and genetic tests

The Financial Services Council (FSC) has today published consumer research used to help inform the design of a moratorium on the use of genetic test results in life insurance.

The FSC undertook a survey of 1000 Australians in July 2018 to gauge the community's appetite for an element of cross-subsidy that would occur through the introduction of a moratorium to stop insurers using the results of previously taken genetic tests for life insurance products up to \$500,000.

The moratorium, which the FSC [announced](#) in October, is part of the proposed new Life Insurance Code of Practice and follows calls from geneticists and recommendations from the 2018 Parliamentary Joint Committee inquiry into the life insurance industry.

From July 2019 every Australian will be able to get up to \$500,000 of life insurance cover without having to disclose an adverse genetic test result. It will help ease consumer concerns about taking a genetic test which might impact the ability to get life insurance and will also help geneticists continue their scientific research without barriers.

"Our consumer research shows many Australians are open to taking a genetic test to predict the likelihood of becoming ill in future, but also support the principle of setting insurance premiums individually based on the likelihood of making a claim," FSC Senior Policy Manager Nick Kirwan said today.

"Just over 60 per cent of Australians are against subsidising life insurance premiums for people who are at higher risk of getting ill in the future based on an adverse genetic test result.

"Life insurers need to balance the interests of all Australians, and not just act in the interests of those who have had an adverse genetic test result. The moratorium is designed to help get this balance right."

Next week the FSC will hold consultations about the new Code with a range of stakeholders, including geneticists, mental health advocates, consumer groups, the Life Code Compliance Committee and the Australian Financial Complaints Authority; the latest round of consultations follow public meetings held in Brisbane, Melbourne and Sydney in recent weeks.

Mr Kirwan said with increasing Government support for genetic testing and falling costs, the number of Australians being tested is set to increase.

"The life insurance industry wants to promote genetic inclusion. However, the moratorium cannot be open-ended, because the cost of helping customers who have had an adverse genetic test result falls to the other customers to pay for it. The experience of other countries shows that the cost in

the short term is likely to be small but, with the science advancing so rapidly, no-one knows the long-term cost.

“Australian life insurance policies are for the very long term and can last for 40 or 50 years or more. The industry needs to have caps for the different types of life insurance and regular reviews to ensure the balance is right and the long-term costs are manageable for all customers.

“We believe the policy serves to balance the interests of Australian consumers with the interests of the genetics research community and the sustainability of the life insurance industry.”

The research undertaken by Pollinate for the FSC found:

- Just over half of the community (51 percent) are in favour of setting insurance premiums based on the likelihood of making a claim in the future. For life insurance, this is based on a range of factors such as a person’s age, gender and health history. Only one in five Australians (22 percent) oppose individually set premiums, and one in three are unsure.
- When asked about introducing an element of cross-subsidy, almost two thirds (61 percent) of Australian adults say they are not willing to pay any extra life insurance premiums at all to subsidise people who have had an adverse genetic test result. A small minority are prepared to pay a little extra (\$5), but this reduces dramatically as the subsidy increases. People most opposed to shouldering the cost are more likely to be older and with lower incomes.
- Almost two thirds of Australians (63 percent) would be prepared to take a genetic test that could tell if they have a higher chance of getting a serious disease in the future. Within this group, the overwhelming majority would take a test through the established medical system (for example, Medicare), whereas a few would prefer to pay \$200 to take the test anonymously.

The moratorium is broadly based on European designs but tailored for the Australian market. The Australian cap of \$500,000 is closely aligned to Switzerland (at 400,000 Swiss Francs) and Germany (300,000 Euros) and significantly more than both Holland (160,000 Euros) and Sweden (1,365,000 Krona).

[The research can be accessed here.](#)

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About the Financial Services Council

The Financial Services Council (FSC) is a leading peak body which sets mandatory Standards and develops policy for more than 100 member companies in Australia’s largest industry sector, financial services. Our Full Members represent Australia’s retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services 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.