

IFSA STANDARD NO. 16.00



Family Medical History Policy

December 2005

The main features of this standard are:

- The Family Medical History Policy to be adopted by a member in the operation of its life insurance business; and
- Guidance in the interpretation and application of those standards.

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- 1 Title**
- 1.1 This Standard (The “Standard”) may be cited as IFSA Standard No. 16 ‘Family Medical History Policy’.**
- 2 Standards and Commentary**
- 2.1 The standards set out in this Standard are shown in bold print. Commentary is shown in normal print immediately after the standard to which it relates, as an aid to interpretation of the standard.**
- 3 Date of Issue - 1 December 2005**
- 4 Effective Date – 1 January 2006**
- 4.1 This Standard should be applied in relation to all IFSA Member’s operations on or after 1 January 2006. Earlier application of this Standard is permitted and encouraged.**
- 5 Application**
- 5.1 This Standard applies to all IFSA Members who are a registered life insurance company or have a subsidiary that is a registered life insurance company.**
- 5.2 All life insurance companies registered by APRA who are not IFSA Members are encouraged to follow this Standard.**
- 5.3 Where there is a conflict between the requirements of this Standard and any applicable legislation, the requirements of this Standard should, having regard to the purpose of the Standard, be modified appropriately so that, as far as is practicable, the registered life Insurer complies with the requirements of this Standard.**
- 5.4 This Standard should be read in conjunction with IFSA Standard No.11.00 Genetic Testing Policy and IFSA Standard No.1.00 Code of Ethics & Code of Conduct.**
- 6 Statement of Underlying Principles**
- 6.1 In establishing this Standard, the industry acknowledges the following underlying principles:**
 - that life insurance should remain available to the vast majority of people at standard premium rates;**
 - that risk classification should be free to evolve and reflect the continual development of medical knowledge;**
 - that the price at which standard cover life insurance is offered should be an affordable price for average Australians;**

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- that, given the long term nature of the contracts, the industry must remain viable over the long term. Viability requires prudential management, management of risk including minimal cross-subsidisation between customer groups and provide reasonable returns to shareholders;
- that the Insurer maintain consumer confidence and is accountable and transparent so that nothing the industry does negatively impacts on a consumer's decision to take a genetic test or undergo appropriate medical intervention, nor impact on a person's decision to participate in a research program.
- an Insurer must be provided with full disclosure of an applicant's Family medical history that is reasonably known to the applicant so that it can fairly assess the insurance cover applied for. The requirement to disclose relevant information is in line with the duty imposed by the Insurance Contracts Act 1984.
- Family medical history, like all health status information, may influence a person's motivation to apply or not to apply for insurance cover.
- Family medical history is only one of many factors used to assess an application for insurance. The following are other important factors used in conjunction with Family medical history in the underwriting process:
 - The age of the applicant
 - The type of insurance product (eg life insurance is impacted differently to trauma insurance)
 - The applicant's current and past medical history and whether there are associated risk factors such as their own personal environment and lifestyle
 - The number of 1st degree genetic relatives affected by the medical condition
 - The age at diagnosis of the applicant's 1st degree genetic relative(s)
 - Other relevant risk factors of the applicant such as smoking or excessive consumption of alcohol

7 Statement of Purpose

- 7.1 The purpose of this Standard is to specify Standards relating to the collection, processing and handling of Family medical history, to be adopted by an Insurer in the operation of its business;
- 7.2 Because of the significance individuals place on Family medical history, Insurer's should meet the highest standards in relation to the handling of genetic information within their operations. A variety of legislation, including The Disability Discrimination Act 1992 Cth, Privacy Act (1988) Cth, Insurance Contracts Act 1984 Cth imposes requirements on Insurer's to meet objectives that are deemed important to consumers; therefore Insurer's should closely monitor their obligations on an ongoing basis.
- 7.3 In addition to meeting regulatory requirements, businesses may have other principles and practices that they should follow in order to maintain a high

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standard of conduct in the operation and management of an Insurer's business.

7.4 This Standard, while based on the goal of an efficiently functioning life insurance industry, which remains viable in the long term, also acknowledges the industry's social responsibility to support the advancement and adoption of medical technologies, which improve health outcomes in the community.

8 Application of Materiality

8.1 The standards in this Standard apply to IFSA Members. Failure by a Member to adopt or implement a Standard is material if such failure has the potential to adversely affect:

- **an insured or potential insured person's confidence in the Insurer; or**
- **other insured person's confidence in the Insurer or insurance.**

9 Definitions

In this Standard:

- **'Applicant' means the person to be insured;**
- **'APRA' means the Australian Prudential Regulation Authority;**
- **'Authorised Representative' means any person or entity authorised by the Insurer to provide information or advice to consumers in respect of the sale of a Insurer's life insurance products;**
- **'Family medical history' means information that can capture the interactions of genetic susceptibility, shared environment and common behaviours in relation to disease risk;**
- **'Genetic Test' means "the direct analysis of DNA, RNA, genes or chromosomes for the purpose of determining inherited predisposition to a particular disease or group of diseases, but excluding DNA, RNA, gene or chromosome tests for acquired disease";**
- **'Insurer' means a member of the Investment & Financial Services Association (IFSA);**
- **'Member' means a member of the Investment & Financial Services Association (IFSA).**

10 Family Medical History Policy

10.1 Insurers will not use an adverse underwriting assessment as a result of Family medical history as a reason for an applicant to undergo genetic testing.

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- 10.1.1 Insurers will respect an applicant's right not to know and will not, in any circumstance, encourage or coerce an applicant to undergo a genetic test or to access a genetic test result previously undertaken.
- 10.2 Insurers will not collect Family medical history information in an identifiable format.**
- 10.2.1 Family medical history information collected will be done so on a de-identified basis, that is name and date of birth of the relative will not be collected.
- 10.3 An Insurer may only ask questions about Family medical history where medical research has identified a familial link or for where there is an identifiable genetic link to a condition or conditions.**
- 10.3.1 Insurers will not ask questions relating to Family medical history on conditions that do not have a familial or genetic link.
- 10.4 An Insurer will not require an applicant to supply information in relation to Family medical history if it is not known to the applicant.**
- 10.4.1 An applicant will not be requested by an Insurer to provide information relating to Family medical history if it is not known to the applicant.
- 10.4.2 An Insurer will not expect Family medical history information be provided by the applicant if it is not known in the first instance.
- 10.5 Family medical history will only be used in the assessment of an insurance application with respect to the applicant applying for insurance. Family medical history of that applicant will not be used in the assessment of an insurance application by his or her relatives to the same company.**
- 10.5.1 Insurers will only use the information provided by the applicant to classify the risk of the applicant.
- 10.5.2 The Family medical history of an applicant will not be used by Insurers to assess applications from any of the applicant's relatives.
- 10.6 Insurers will ensure that any information requested from a medical practitioner or other health professional relating to an applicant's Family medical history is obtained only with the written consent of the applicant.**
- 10.6.1 Insurers will not ask a medical practitioner or other health professional for details of an applicant's Family medical history without first having obtained the applicant's written consent.
- 10.7 Insurers will only ask a medical practitioner or other health professional for those details of an applicant's Family medical history that is known to the applicant.**
- 10.7.1 Insurers will only ask medical practitioner or other health professional for details of an applicant's Family medical history that the applicant is aware of.
- 10.7.2 Insurers will not assume that an applicant has non disclosed where new Family medical history is disclosed in a medical report.

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- 10.8 When assessing the overall risk associated with a particular Family medical history, Insurers will take into account the benefits of special medical surveillance, early medical intervention and the likelihood of successful treatment.**
- 10.8.1 Insurers will ensure that they have access to appropriately informed experts (either internal or external) to assist in the underwriting assessment where Family medical history is likely to adversely impact the assessment of an application.
- 10.8.2 Insurers will keep themselves informed of wider developments in genetics and familial disorders likely to affect insurance and risk assessment.
- 10.8.3 Insurers must incorporate into their procedures new information, which affects the way Family medical history is underwritten as quickly as is practicable.
- 10.9 Insurers will ensure that strict standards of confidentiality apply to the handling and storage of Family medical history.**
- 10.9.1 Insurers must maintain strict standards of confidentiality in the handling and storage of all medical information including Family medical history.
- 10.10 Access to details of Family medical history to particular individuals will be restricted to the Insurer's staff and reinsurers. The details will be made available to other parties only with the written authorisation of the applicant or in the normal course of discovery during legal proceedings.**
- 10.10.1 Insurers will always respect the privacy of the applicant and family member in any of its dealings.
- 10.10.2 Insurers will ensure internal policies control access to Family medical history by limiting access to the information to authorised staff.
- 10.10.3 Insurers' authorised staff who have access to Family medical history must sign a confidentiality agreement, acknowledging their understanding of the need to keep Family medical history confidential, as with all other client information.
- 10.11 All underwriting decisions where Family medical history adversely impacted the underwriting decision will be appropriately documented, so that adequate information can be provided to the applicant on request (subject to 10.13.2)**
- 10.11.1 Insurers will ensure internal processes include appropriate documentation of all underwriting decisions.
- 10.12 On request by an applicant, Insurers will provide reasons for offering modifications or rejections due to Family medical history.**
- 10.12.1 Insurers when requested, will inform applicants of the reasons for their decision in relation to an application where Family medical history was a significant factor in the decision.
- 10.12.2 Where an Insurer is provided with written authorisation to forward reasons for the decision to the applicant's own doctor, the reasons will be provided.

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- 10.13 If an Insurer is unable to offer an applicant the cover applied for due to Family medical history, Insurers will endeavour to offer alternative terms or products, where available.**
- 10.13.1 Insurers will exercise care to ensure they are not providing Personal Advice contrary to Financial Services Reform Act 2001 (Chapter 7 Corporations Act 2001).
- 10.14 Insurers will have an internal dispute resolution process to deal with complaints relating to underwriting decisions involving Family medical history. Responses to any complaints must include a reference to the legal remedies available to the applicant.**
- 10.14.1 Insurers receiving any complaints from applicants will refer the complaint to its internal dispute resolution process, which will investigate and deal with the complaint promptly.
- 10.14.2 After an Insurer has considered the complaint lodged by the applicant, and where the dispute with the applicant remains unresolved, then the Insurers response must include a statement on the applicant's legal rights to further challenge the decision.
- 10.15 Members must provide their employees and Authorised Representatives with sufficient information and training so that those employees and Authorised Representatives can reasonably be expected to understand the content and meaning of this Standard so far as it relates to their particular jobs and responsibilities.**
- 10.15.1 Insurers Authorised Representatives must be aware of the need to seek specialist advice before responding to an applicant's questions in relation to the potential impact Family medical history may have on the applicant's application for life insurance.
- 10.16 Members compliance with the Standard must be certified annually according to the terms of IFSA Standard No 1 Code of Conduct and Code of Ethics.**
- 10.16.1 Insurers must monitor their employees and Authorised Representative's compliance with this Standard and must take action where there has been a breach.
- 10.17 Subject to compliance with the Privacy Act, Insurers agree to participate in any IFSA collection of de-identified data on applications in relation to Family medical history. Further, Insurer's agree to allow IFSA to make such de-identified data public in order to aid any future research initiatives.**