

FAMILY HISTORY? NO NEED TO TELL US...

Well, not all of the time.

The UK arm of the Swiss-based Zurich Group has done away with family history questions on its application forms where the coverage ceases before age 55.

Zurich Life's protection director Peter Hamilton says the move will reduce the number of questions from 60 down to 30 for some customers. "This latest development marks the next step in our ongoing commitment to make it easier for advisers [brokers or agents in North American parlance] to do business," he says. "We believe that by simplifying the underwriting process and making it easier for advisers to receive an immediate underwriting decision at the point of application, we will encourage more advisers to consider writing protection business in the future."

We would remind you that this, of course, is happening in a market that operates on a 'pile it high, sell it cheap' model, and where 'further' and 'evidence' are dirty words, especially where GPRs (general practitioner or personal physician reports) are concerned. The aim is to underwrite on the basis of an app if at all possible, although GPRs are obtained at progressively lower sums assured at progressively increasing ages to counter non-disclosure, and some cases do need medical exams – almost always paramedicals – for health risk or sum assured purposes; for the latter, high thresholds apply.

It's all about speed and convenience. As for taking blood or urine samples, well the view in the UK is that people are only applying for insurance: providing samples would put off consumers making what is already often a 'grudge' purchase – and besides, the market has got along well enough without them, very large sum assured cases excepted. And there you have the background, and the distinctive character of the UK market.

A bold move

Even in a market where long apps are viewed as half-necessity and half-evil, deletion of family history questions is a bold move. Has Zurich taken leave of its senses? Let us consider further.

On the one hand it applies only to policies terminating before age 55, the time when the mortality curve really starts to rise in earnest. So the company is avoiding most of the impact of inherited risk. And surely, tailoring the app questions to the nature of the risk being run and the person applying makes sense, especially in this technological age when such things are easily possible?

On the other hand, turning a blind eye to family history means potentially losing pointers to some disorders with significant familial links, such as breast cancer (especially the BRCA gene-related type), multiple sclerosis, colorectal cancer (familial adenomatous polyposis), ovarian cancer, hypertrophic cardiomyopathy, Huntington's disease and certain hyperlipidaemias.

Most of these disorders have a relatively low incidence, and where a positive family history is worth a rating, the result is generally only a small premium addition, so maybe not much is being given away. Furthermore, a significant family history may well be apparent from the remainder of the app if it reveals screening investigations – although, depending on local legislation, people may have no obligation to disclose genetic tests.

But beware critical illness, for which the cancer risk implications can be rather more significant, and beware antiselection too... Relaxing underwriting stringency can be compensated for in the basic price of the coverage, but moves like this need to be executed with full co-operation of underwriters and actuaries, and with corporate eyes wide open.

Actually, there is a touch of irony in all this. The genetics debate has forced life insurers to defend vigorously their right to underwrite. In many cases they have lost the ability to use genetic tests in risk selection, but the legislators have affirmed the right to use family history information. Now here is a company saying it doesn't always want it.

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