

## Life Insurance

There are many different kinds of Life Insurance products available:

**Term Insurance** - This is the simplest kind of Life Insurance. It has a set term, usually 10 or 20 years and pays an agreed lump sum upon the death of the policy holder. If you live longer than the term of the policy it does not pay anything. If you have a **renewable** policy then there is the option to continue the product after the end date without a review of your health.



**Mortgage Term Assurance** - This is very similar to Life Insurance and underwriters use the same information to assess risk. The policy is designed to provide financial security by paying off the remainder of the mortgage of the policy holder. It is officially called Mortgage Decreasing Term Assurance; as the mortgage decreases, so does the sum assured. Endowment Mortgage holders usually have this product included as a way of covering the lender.

**Whole of Life Policy** - This has no fixed term and providing all premiums are up to date, will pay out upon the death of the policy holder.

## Further Information

If you are considering purchasing one of the financial products described in this leaflet, it is highly recommended that you seek financial advice from an Independent Financial Adviser (IFA) who is regulated by the Financial Services Authority.

Organisations such as the Association of British Insurers (ABI) or the British Insurance Brokers Association (BIBA) could also help you to find specialist companies:

### The Association of British Insurers

[www.abi.org.uk](http://www.abi.org.uk)  
Tel: 020 7600 3333  
Email: [info@abi.org.uk](mailto:info@abi.org.uk)

### The British Insurance Brokers Association

[www.biba.org.uk](http://www.biba.org.uk)  
Tel: 0870 950 1790  
Email: [enquiries@biba.org.uk](mailto:enquiries@biba.org.uk)

### Which?

[www.which.co.uk](http://www.which.co.uk)  
Tel: 01992 822800  
Or check out the following weblink:  
[tiny.cc/lifecover](http://tiny.cc/lifecover)

### Genetic Alliance UK

[www.geneticalliance.org.uk](http://www.geneticalliance.org.uk)  
Tel: 020 7704 3141  
Email: [mail@geneticalliance.org.uk](mailto:mail@geneticalliance.org.uk)

Part of a range of information produced by Genetic Alliance UK. More publications available on the website.



# Genetic Alliance UK

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## A Guide to Life Insurance

## Life Risk?

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## Life Insurance

Life Insurance policies are designed to provide financial security for dependants of a policy holder in the event of an early death.

Most policies are taken out to cover a mortgage and can pay out either a lump sum or a set monthly amount.

**Premiums** - There are many different factors that will affect the price (the premium) you pay for your insurance policy. These include, amongst others: your health, occupation, the amount the policy will pay out and the length of time the policy lasts.

Most people will purchase their policy through an Independent Financial Adviser (IFA) who is best placed to know the market and find the right product for you. Comparing different insurance products will help you to find the best price, but remember, the cheapest may not always be the best policy for you.

Ever wondered about the difference between insurance and assurance?



In general terms, **insurance** covers an event that might happen, whereas **assurance** covers an event that will happen. That is why cover for your car is called insurance. A car accident is something that might happen, but life assurance will only pay out upon the death of the policy holder which is ultimately a certainty.

## Life Insurance and Pre-existing Conditions

Life Insurance companies and underwriters need to know what they are covering and if you are taking out a policy in excess of £250,000, they may ask for further information from your GP, or even want you to undergo a medical examination. This is standard practice and allows the insurer to correctly set your premiums. You can request a copy of the report your GP sends to the company; however, this can sometimes delay your policy. If you have a long-term medical condition, you may wish to provide details of your medical specialist too. This may help to speed up your application.

- It is vital that you are honest and upfront about any pre-existing medical conditions you may have.
- Remember, insurers are allowed to ask for details of your family history.
- Try to answer the questions as accurately as possible in order to minimise any problems should a claim arise.
- Always check your policy documents.



There are relatively few insurance companies specialising in insuring people with pre-existing medical conditions. The best way of identifying which company is likely to offer the best terms is to find an experienced Independent Financial Adviser (IFA).

Further information on finding a specialist insurance broker can be found on the back of this leaflet.

## Life Insurance and Genetics

In 2001, the UK Government responded to growing concerns surrounding the use of genetic test results in assessing Life Insurance applications by restricting the use of **predictive** genetic test results in relation to insurance.



The Association of British Insurers (ABI) created a Moratorium and Concordat. This agreement means consumers are not required to disclose details of a predictive test for any policies worth up to £500,000 for Life Insurance or £300,000 for Critical Illness Insurance. It also covers Income Protection Insurance up to £30,000. Even above these amounts, insurers have agreed not to use adverse predictive genetic test results unless the test has been specifically approved by an independent organisation. Only around 3% of all policies sold are above these limits.

Currently the only predictive genetic test approved for use is for Huntington's Disease and only in relation to policies worth more than £500,000.

The Moratorium and Concordat only covers predictive genetic test results and does not cover diagnostic tests which should be disclosed.

Any genetic tests taken after the policy has started do not have to be disclosed. The next proposed review of the Moratorium and Concordat is due to take place in 2011 but the current agreement will run until November 2014.