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Underwriting explained

How we assess your application

Assessing your application

This leaflet is designed to help you understand how we have assessed your application and why we have reached a particular decision.

When you apply for life cover, critical illness cover or income protection, your application will go through a risk assessment process known as underwriting. The underwriting process determines whether you are eligible for insurance cover, and how much your premium will cost.

We carefully consider and assess each individual application. Your age, sex, health, build, family history, smoker status, alcohol consumption, occupation and hobbies are all taken into account when reaching a decision.

Your application is reviewed to identify the level of risk based on the assessment factors shown opposite. Extensive research has been carried out to develop sophisticated underwriting guidelines, insurance tables and statistics, and we use the latest technology to ensure that every application is accurately assessed. Some applications can be assessed electronically using the information given with the application.

Other applications may need medical reports before we are able to give an underwriting decision. In these cases, our underwriters assess your application and they are supported by a team of specialist medical officers to review more complicated applications. To ensure consistency in reaching decisions, each customer is placed in a group of people with similar risks. Each group is then charged the premium appropriate to those similar risks.

Assessment Factors

Age and sex

Insurance tables are used to determine your premium based on your age, sex and smoker status. The cost of buying life assurance rises as you get older. Risk factors change with age and we are more likely to require further medical evidence as age increases. Women pay lower premiums for life assurance because statistics show that women tend to live longer.

Health

Certain medical conditions have a greater risk of mortality (death) or morbidity (disability). Typical conditions include raised blood pressure or cholesterol, heart disease, diabetes, stroke or cancer. When assessing disability cover, conditions like back or joint problems or anxiety and depression are important.

Build

Overweight people are more likely to suffer major diseases such as diabetes and heart disease. The medical profession sets out recommended guidelines for an individual's ideal Body Mass Index (BMI). Your BMI is calculated using your height and weight. If you have a high BMI rate we may have to increase your premium or in certain circumstances decline your application.

Family history

Certain conditions tend to run in families such as coronary heart disease and some types of cancer. If members of your immediate family have suffered

such diseases your risk of developing the condition is increased.

Hobbies and occupations

Some jobs or sports carry an increased risk of accidental death or disease. Examples include certain types of yachting, private aviation, working at heights and certain duties in the armed forces.

Smoking, alcohol and drugs

Using tobacco products, non-prescription drugs and excessive alcohol consumption are well recognised risks. Non-smokers pay lower premiums, as they are less likely to suffer the health problems associated with smoking.

Residence and travel

Current, future and past foreign residency or travel abroad may influence our underwriting decision. The relevant country will be looked at for any increased risks that may affect you - for example war, political instability or the prevalence of HIV infection/AIDS or other diseases. Current legislation also restricts who can be offered cover outside of the UK.

Combination of factors

A combination of two or more of the above factors may have a greater impact upon risk assessment than they would if looked at individually. For example, certain medical conditions are aggravated by factors such as being overweight or smoking.

Types of Decision

Once the assessment factors have all been taken into account, you will receive an underwriting decision. These are the possible underwriting outcomes:

Accepted on standard terms

If after reviewing the assessment factors and the answers you give on your application we feel there is no significant risk, you will be accepted on standard terms for the cover requested.

When we calculate your premium, your age is split into your actual birthday and six months from this date (also known as your half birthday). The premium quoted will be valid until your actual or half birthday (maximum of 6 months). If you pass one of these dates whilst the application is being processed, the premium on your application may rise. Full details can be viewed on the acceptance letter available from your adviser. If a policy start date is known the policy can be started immediately.

Accepted with rating

A rating is where an additional amount has been added to your policy premium. It may be required for any of the reasons stated in the underwriting assessment factors opposite. A rating will mean that guaranteed insurability option's (GIO's) and (if selected) the indexation option and/or waiver of payment benefit can't be offered.

If you don't want to pay the extra premium, your adviser will be able to discuss possible options to enable you to proceed with the application.

Accepted with exclusion

An exclusion clause means you aren't covered for a specified condition, so you can't claim if you are disabled or incapacitated due to this condition. Exclusions usually apply if conditions are pre-existing or are likely to recur, for example, back problems, depression, or where the risk is too high to be covered by a rating, (such as a dangerous hobby).

Declined applications

Insurance cover can't be offered where the risk is too high and is likely to remain so. This decision is usually reserved for either current or recent, serious medical conditions but may be because of other risk factors.

Postponement

We may postpone your cover if you have recently suffered a serious medical event, for example heart attack or cancer. We may also need to postpone acceptance of your application if you are undergoing medical investigations or are waiting for an operation.

Accepted with additional
benefits declined

If a risk is identified as being too high for additional benefits like critical illness cover or waiver of premium benefit, then we may not offer that benefit. For example, we may decline waiver of premium benefit where there has been a history of back pain, for example; or under critical illness cover the definition of disability may be changed from being unable to perform your 'own' occupation to being unable to perform a set of tasks known as functional assessment tests or FATS.

The underwriting process takes into account all the information disclosed. Sometimes the decision to refuse cover will be based on a single factor but it may be because of a combination of factors. For joint life applications, an additional benefit may be declined on both lives even though the additional risk only applies to one of the lives.

Declined waiver of premium
Waiver of premium benefit will pay the premiums due on the selected policy if you are unable to work for more than 26 weeks due to prolonged illness or accident.

Certain medical conditions, especially those that are long term or cause prolonged time off of work will mean we can't offer you this cover. Recurrent back problems or depression would be examples of when we would decline waiver of payment benefit.

We will also decline waiver of premium benefit whenever an application is rated or has an exclusion applied.

Other Information

Your duty of disclosure

You must tell us of any change to the information given on your application between the date of your application and when your policy starts. Failure to do so will very likely mean that a claim will be declined and the policy(ies) cancelled.